



**Guaranteed Mortgage Pass-Through Certificates
(Single-Family Residential Mortgage Loans)**

The Certificates

We, the Federal National Mortgage Association, or Fannie Mae, will issue the guaranteed mortgage pass-through certificates. Each issuance of certificates will have its own identification number and will represent beneficial ownership interests in a distinct pool of residential mortgage loans that are secured by single-family (one- to four-unit) dwellings, or in a pool of participation interests in loans of that type. The mortgage loans or participation interests are held in a trust created under a trust agreement.

Fannie Mae Guaranty

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

For federal income tax purposes, we may elect to treat a mortgage pool as being included in the assets of a “real estate mortgage investment conduit,” commonly referred to as a REMIC.

Consider carefully the risk factors beginning on page 14. Unless you understand and are able to tolerate these risks, you should not invest in the certificates.

The certificates are exempt from registration under the Securities Act of 1933, as amended, and are “exempted securities” under the Securities Exchange Act of 1934, as amended. Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these certificates or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus is June 1, 2019.

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DISCLOSURE DOCUMENTS FOR ISSUANCES OF CERTIFICATES

The disclosure documents for any particular series of certificates include this prospectus, the related prospectus supplement and any information incorporated into these documents by reference as discussed under the heading “**INCORPORATION BY REFERENCE.**”

This Prospectus and the Prospectus Supplements

We will provide information that supplements this prospectus in connection with each issuance of certificates. We will post this prospectus and the related prospectus supplement for each issuance of certificates on our website identified below. In addition, we will deliver these documents either electronically or in paper form to parties who request them in accordance with our procedures. **In determining whether to purchase the certificates of a particular issuance in an initial offering, you should rely ONLY on the information in this prospectus and the related prospectus supplement, and any information that we have otherwise incorporated into these documents by reference. We take no responsibility for any unauthorized information or representation.**

Each prospectus supplement will include information about the certificates being offered as well as information about the pooled mortgage loans backing those certificates. Unless otherwise stated in this prospectus or the related prospectus supplement, information about the mortgage loans will be given as of the issue date stated in the prospectus supplement, which is the first day of the month in which the certificates are issued. Because each prospectus supplement will contain specific information about a particular issuance of certificates, you should rely on the information in the prospectus supplement to the extent it is different from or more complete than the information in this prospectus.

Each prospectus supplement also may include a section under the heading “Recent Developments” that may contain additional summary information with respect to current events, including certain regulatory, accounting and financial issues affecting Fannie Mae.

You should note that the market price of a particular series or class of certificates or a benchmark price may not be readily available.

We provide pool-level data on our pools, including updated information and corrections, through our PoolTalk® application (“PoolTalk”) and at other locations on our website. In addition, we make available on our website certain at-issuance loan-level data on mortgage loans that back certificates issued in 2012 and in later years and certain ongoing loan-level data on mortgage loans that back certificates issued in 2013 and in later years. The data, which is in a downloadable form, is based solely on information that has been provided to us by the sellers and direct servicers of the mortgage loans and that may not have been independently verified by us. Given the volume of loan-level data so provided, we anticipate that some of the data may be incorrect or incomplete. As a result, sellers and direct servicers may notify us that certain loan-level data previously provided to us is incorrect. Accordingly, we cannot provide assurance as to the accuracy or completeness of this loan-level data. Moreover, incorrect or incomplete loan-level data may result in inaccuracies in the related pool-level data. We do, however, update loan-level data on a monthly basis based on data provided by the sellers and direct servicers and, if we are made aware of an error, we publish the correct value if possible. We assume no responsibility for damages incurred in connection with the use of the information contained in the loan-level data for other than its intended purposes.

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

This prospectus and the related prospectus supplement are available on our website at www.fanniemae.com. You may also obtain copies of these documents without charge by emailing us at fixedincome_marketing@fanniemae.com; calling Fannie Mae at 800-2FANNIE (800-232-6643); or writing to Fannie Mae, Attention: Fixed-Income Securities Marketing, 1100 15th Street, NW, Washington, DC 20005. The prospectus supplement is typically available no later than two business days before the settlement date of the related issuance of

certificates. All references to our website address are provided solely for your information. Unless otherwise stated, information appearing on our website is not incorporated into this prospectus or into any prospectus supplement.

The certificates are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (a) a retail client as defined in Point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MIFID II”); (b) a customer within the meaning of Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client as defined in Point (10) of Article 4(1) of MIFID II; or (c) not a qualified investor as defined in the Prospectus Directive (as defined below). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the certificates or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the certificates or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

This prospectus has been prepared on the basis that any offer of certificates in any Member State of the EEA which has implemented the Prospectus Directive (each, a “Relevant Member State”) will be made only to legal entities which are qualified investors under the Prospectus Directive. Accordingly any person making or intending to make an offer in that Relevant Member State of certificates may do so only with respect to qualified investors. We have not authorized, and do not authorize, the making of any offer of certificates in the EEA other than to qualified investors.

For the purposes of the foregoing paragraphs, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

INCORPORATION BY REFERENCE

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

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

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

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

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

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

You may also request copies of any filing from us, at no cost, by contacting us in the manner described in **“DISCLOSURE DOCUMENTS FOR ISSUANCES OF CERTIFICATES—This Prospectus and the Prospectus Supplements.”**

SUMMARY

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

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

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

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

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

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

Sponsor and Depositor We are the sponsor of each issuance of certificates and the depositor of the mortgage loans into the related trust.

Description of Certificates Each certificate will represent a pro rata undivided beneficial ownership interest in (i) a pool of mortgage loans or (ii) a pool of mortgage loan participation interests. We will issue the certificates in book-entry form

	on the book-entry system of the U.S. Federal Reserve Banks. The book-entry certificates will not be convertible into physical certificates.
Minimum Denomination	We will issue the certificates in minimum denominations of \$1,000, with additional increments of \$1.
Issue Date	The first day of the month in which the certificates are issued.
Settlement Date	No later than the last business day of the month in which the issue date occurs.
Distribution Date	The 25th day of each month is the date designated for payments to certificateholders. If that day is not a business day, payments will be made on the next business day. The first distribution date for an issuance of certificates will occur in the month following the month in which the certificates are issued. For example, if an issue date is March 1, the first distribution date is April 25 or, if April 25 is not a business day, the first business day following April 25. The first distribution date is specified in the prospectus supplement under the heading "First Payment Date."
Maturity Date	With respect to any pool, the date, calculated as of the issue date of the related certificates, that is either the first day of the month coinciding with the last scheduled payment date of the mortgage loan in the pool that has the latest final scheduled payment date or, if the last scheduled payment date of that mortgage loan is not the first day of a month, then the first day of the month that immediately follows the last scheduled payment date.
Use of Proceeds	We issue certificates in exchange for the mortgage loans in the pool backing the certificates. In addition, we issue certificates backed by pools of mortgage loans that we already own. In the latter case, we receive cash proceeds that are generally used for purchasing other mortgage loans or for general corporate purposes.
Interest	On each distribution date, we will pass through interest on the certificates as follows: <ul style="list-style-type: none"> • <i>For pools containing fixed-rate mortgage loans:</i> one month's interest at the fixed pass-through rate specified in the prospectus supplement. The fixed pass-through rate is specified in the prospectus supplement under the heading "Weighted Average Net Interest Rate." • <i>For pools containing adjustable-rate mortgage loans:</i> one month's interest at the then-current variable pass-through rate (referred to as the pool accrual rate). The initial variable pass-through rate is specified in the prospectus supplement under the heading "Weighted Average Net Interest Rate." <p>See "RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—<i>Uncertainty relating to the determination of LIBOR and the potential phasing</i></p>

out of LIBOR after 2021 may adversely affect the value of certificates backed by ARM loans using LIBOR indices.” and “—The use of an index in place of LIBOR for determining interest rates may adversely affect the value of certificates backed by ARM loans using LIBOR indices.”

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

Principal We receive collections on the mortgage loans in a pool on a monthly basis. The period we use to differentiate between collections in one month and collections in another month is called the due period. The due period is the period from and including the second calendar day of the preceding month to and including the first calendar day of the month in which the distribution date occurs.

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

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

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

Direct servicers generally have chosen to treat prepayments in full received on the first business day of a

month as if received on the last calendar day of the preceding month. As a result, such a prepayment will be passed through to certificateholders on the distribution date in the same month in which the prepayment actually was received. If a direct servicer chooses not to treat prepayments in full in this way, that prepayment would be passed through to certificateholders on the distribution date in the month following the month in which the prepayment actually was received.

Monthly Pool Factors We publish the monthly pool factor for each issuance of certificates on or about the fourth business day of each month. If you multiply the monthly pool factor by the original principal balance of the certificates (specified in the prospectus supplement as the “investor security unpaid principal balance”), you will obtain the current principal balance of the certificates, after giving effect to the monthly principal payment to be passed through on the distribution date in that month. The most current pool factor is generally available through PoolTalk on our website.

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

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

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

Our guaranty runs directly to the trust and not directly to certificateholders. Certificateholders have limited rights to bring proceedings directly against us to enforce our guaranty. See “**THE TRUST DOCUMENTS—Certificateholders’ Rights upon a Guarantor Event of Default.**” While we are in the current conservatorship, the conservator does not have the right to repudiate our guaranty on the certificates offered by this prospectus. However, if we are placed into receivership, or if we emerge from conservatorship and are then again placed into conservatorship, the receiver or conservator, as applicable, will have the right to repudiate our guaranty on the certificates. See “**RISK FACTORS—RISKS RELATING TO CERTAIN CREDIT CONSIDERATIONS—Fannie Mae Credit Factors.**”

Certificateholders have limited rights to bring proceedings against Treasury if we fail to pay under our guaranty. The total amount that may be recovered from

Treasury is subject to limits imposed in the senior preferred stock purchase agreement. For a description of certificateholders’ rights to proceed against Fannie Mae and Treasury, see “**FANNIE MAE—Certificateholders’ Rights under the Senior Preferred Stock Purchase Agreement.**”

Master Servicing/Servicing	We are responsible as master servicer for certain duties. We generally contract with mortgage lenders to perform servicing functions for us subject to our supervision. We refer to these servicers as our direct servicers. In certain cases, we may act as a direct servicer. For a description of our duties as master servicer and the responsibilities of our direct servicers, see “ THE TRUST DOCUMENTS—Collection and Other Servicing Procedures ” and “ FANNIE MAE PURCHASE PROGRAM—Servicing Arrangements. ”
Business Day	Any day other than a Saturday or Sunday, a day when the fiscal agent or paying agent is closed, a day when the Federal Reserve Bank of New York is closed or is authorized or obligated by law or executive order to remain closed, or, with respect to any required withdrawals for remittance to a paying agent, a day on which the Federal Reserve Bank is closed in the district where the certificate account is maintained if the related withdrawal is being made from that certificate account.
Trust Documents	Each issuance of certificates is issued pursuant to the Amended and Restated 2016 Single-Family Master Trust Agreement effective as of May 1, 2018, as supplemented by an issue supplement for that issuance. We summarize certain pertinent provisions of the trust agreement in this prospectus. You should refer to the trust agreement and the related issue supplement for a complete description of your rights and obligations as well as those of Fannie Mae in its various capacities. The trust agreement may be found on our website.
Trustee	We serve as the trustee for each trust pursuant to the terms of the trust agreement and the related issue supplement.
Paying Agent	An entity designated by us to perform the functions of a paying agent. The Federal Reserve Bank of New York currently serves as our paying agent for the certificates.
Fiscal Agent	An entity designated by us to perform certain administrative functions for our trusts. The Federal Reserve Bank of New York currently serves as our fiscal agent for the certificates.
Mortgage Pools	Each mortgage pool will contain the types of mortgage loans (or participation interests in mortgage loans) described in the prospectus supplement. Each mortgage loan in a pool will be secured by a first or subordinate lien on a single-family, residential property containing one to four dwelling units (including manufactured housing) or on a share in a cooperative housing corporation representing the right to occupy a residential dwelling.

Mortgage Loans We acquire mortgage loans from mortgage loan sellers that we have approved. The mortgage loans may have been originated by the seller or may have been acquired by the seller from the originator of the loans, which may or may not be an approved mortgage loan seller. Each mortgage loan that we acquire must meet our published standards (except to the extent that we have permitted variances from those standards). We may modify our standards from time to time.

Mortgage pools may include the following types of mortgage loans:

- Fixed-rate, equal monthly payment, fully amortizing loans;
- Fixed-rate, equal biweekly payment, fully amortizing loans;
- Fixed-rate loans with monthly payments of interest only for specified initial periods, followed by fully amortizing equal monthly payments of principal and interest for the remaining loan terms;
- Fixed-rate loans with balloon payments due at maturity;
- Fixed-rate loans whose fixed rates have been decreased after satisfaction of certain performance criteria;
- Fixed-rate loans that are refinancings of mortgage loans previously owned by us or held in Fannie Mae guaranteed mortgage pass-through certificates (without regard to the current loan-to-value ratios of the loans);
- Adjustable-rate, monthly pay, fully amortizing loans;
- Adjustable-rate loans with monthly payments of interest only during specified initial periods, followed by fully amortizing monthly payments of principal and interest for the remaining loan terms. The mortgage loans may bear fixed rates of interest during all or a portion of the initial interest-only periods;
- Adjustable-rate loans that may be converted to fixed-rate loans at the option of the related borrowers;
- Loans that became delinquent after we initially acquired them and that are current as of the issue date of the related certificates;
- Loans that became delinquent after we initially acquired them, had their terms modified, and are current as of the issue date of the related certificates; and
- Loans that became delinquent after we initially acquired them, had their terms modified to provide for fixed rates that are increased on specified dates

after the modification, and are current as of the issue date of the related certificates (“reperforming modified step rate loans”).

Minimum Pool Size	Unless the prospectus supplement provides otherwise, each of our pools will typically consist of either: <ul style="list-style-type: none">• Fixed-rate mortgage loans that have an aggregate unpaid principal balance of at least \$1,000,000 as of the issue date; or• Adjustable-rate mortgage loans that have an aggregate unpaid principal balance of at least \$500,000 as of the issue date.
Termination	The trust for a particular issuance of certificates will terminate when the certificate balance of the certificates has been reduced to zero, and all required distributions have been passed through to certificateholders. We do not have any unilateral option to cause an early termination of the trust other than by purchasing a mortgage loan from a pool for a reason permitted by the trust documents.
Federal Income Tax Consequences	Each mortgage pool will be classified as a fixed investment trust. Each beneficial owner of a certificate will be treated as the owner of a pro rata undivided interest in each of the mortgage assets included in that pool. We may file an election to treat a pool as being included in the assets of a real estate mortgage investment conduit (“REMIC”). In that case, for federal income tax purposes the related certificate will represent ownership of a REMIC regular interest in respect of each mortgage loan in the pool. In all such cases, each owner will be required to include in income its pro rata share of the entire income from each mortgage loan in the pool, and certain owners will be entitled to deduct their pro rata shares of the expenses of the trust, subject to the limitations described in this prospectus. See “ MATERIAL FEDERAL INCOME TAX CONSEQUENCES—Application of Revenue Ruling 84-10—Expenses of the Trust. ”
Legal Investment Considerations	Under the Secondary Mortgage Market Enhancement Act of 1984, the certificates offered by this prospectus and the related prospectus supplement will be considered “securities issued or guaranteed by . . . the Federal National Mortgage Association.” Nevertheless, you should consult your own legal advisor to determine whether and to what extent the certificates of an issuance constitute legal investments for you.
ERISA Considerations	For the reasons discussed in “ ERISA CONSIDERATIONS ” in this prospectus, an investment in the certificates by a plan subject to the Employee Retirement Income Security Act (“ERISA”) will not cause the assets of the plan to include the mortgage loans underlying the certificates or the assets of Fannie Mae for purposes of the fiduciary provisions of ERISA or the prohibited transaction provisions of ERISA or

section 4975 of the Internal Revenue Code of 1986, as amended.

Whole Pool Certificates Our counsel, Katten Muchin Rosenman LLP, has advised us that certificates issued under the trust documents that represent 100% of the beneficial interests in a pool of mortgage loans (or participation interests therein) held in the related trust and with respect to which REMIC elections are made will qualify as “whole pool certificates” to the same extent as certificates that represent 100% of the beneficial interests in a pool of mortgage loans (or participation interest therein) held in a trust and with respect to which no REMIC elections are made (including Fannie Mae guaranteed mortgage pass-through certificates issued prior to May 1, 2018).

Resecuritization Following the assignment of mortgage loans to a trust, the related certificates upon issuance will represent the initial securitization of the mortgage loans. Any further assignment of the certificates to a REMIC trust or other issuance vehicle will represent the initial resecuritization of the mortgage loans. Certificates backed by mortgage loans with respect to which REMIC elections are made may be resecuritized to the same extent as, and may be commingled freely with, certificates backed by mortgage loans with respect to which no REMIC elections are made (including Fannie Mae guaranteed mortgage pass-through certificates issued prior to May 1, 2018).

Uniform Mortgage-Backed Securities In 2014, the Federal Housing Finance Agency (“FHFA”) directed Fannie Mae and Freddie Mac to develop a single common mortgage-backed security that is fungible with then-outstanding Fannie Mae guaranteed mortgage pass-through certificates and Freddie Mac Participation Certificates. The FHFA initiative to develop Uniform Mortgage-Backed Securities, or UMBS™ (the “Single Security Initiative”), is intended to maximize liquidity for both Fannie Mae and Freddie Mac mortgage-backed securities in the “to-be-announced” or “TBA market.”

Beginning June 3, 2019, certificates backed by fixed-rate mortgage loans and bearing certain prefixes (whether issued before or after June 3, 2019) will be UMBS in connection with the Single Security Initiative. See “**THE MORTGAGE LOANS—Eligibility for Good Delivery into a TBA Trade**” for more information about which certificates qualify as UMBS. See also “**RISK FACTORS—RISKS RELATING TO ALIGNMENT WITH FREDDIE MAC AND THE SINGLE SECURITY INITIATIVE.**”

RISK FACTORS

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

RISKS RELATING TO INVESTMENT SUITABILITY

The certificates may not be a suitable investment for you.

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

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

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

If a pool holds mortgage loans with loan-to-value ratios greater than 125%, the related certificates are not eligible investments for a real estate mortgage investment conduit (“REMIC”).

A mortgage loan with a loan-to-value ratio in excess of 125% may not be a “qualified mortgage” within the meaning of section 860G(a)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). Any pool with a prefix of “CR” or “CW” will consist exclusively of mortgage loans with loan-to-value ratios greater than 125%. As a result, if a pool contains a mortgage loan with a loan-to-value ratio greater than 125%, a certificate evidencing a beneficial ownership interest in the pool may not be suitable investments for a REMIC or a REIT.

RISKS RELATING TO YIELD AND PREPAYMENT

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

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

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

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

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

Generally, the earlier the payment of principal, the greater the effect on the yield to maturity. As a result, if the rate of principal payment on the certificates during any period is faster or slower than expected, a corresponding reduction or increase in the principal payment rate during a later period may not fully offset the effect of the earlier principal payment rate on your yield.

A disproportionate incidence of prepayments and purchases from a pool containing adjustable-rate mortgage loans with different interest rates will affect your yield.

Holders of certificates in pools of adjustable-rate mortgage loans (“ARM loans”) receive interest at a rate equal to the weighted average of the ARM loan rates, net of guaranty and servicing fees. The weighted average of the ARM loan rates will change each time the interest rates on the loans change. In addition, the weighted average will change whenever an ARM loan in the pool is prepaid, either in whole or in part, or is purchased out of the pool. For that reason, prepayments and purchases of loans from a pool that includes ARM loans with a variety of interest rates may increase or decrease your effective yield.

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

Although an investment in certificates backed by a number of mortgage loans may benefit an investor by providing diversification, the benefit may be realized only if and to the extent that the pool contains many loans that differ from one another as to credit risk and other risk parameters. You should review carefully the prospectus supplement, which provides the number of mortgage loans included in a pool, the geographic locations of the mortgaged properties and other general characteristics of the loans. The diversification of a pool may increase or decrease over time due to repayment of mortgage loans in the pool, purchases of mortgage loans from the pool or substitution of collateral in the pool.

Mortgage loans may be partially or fully prepaid, accelerating the rate of principal payments on the certificates.

Some borrowers may partially or fully prepay the principal on their mortgage loans, thereby reducing or eliminating their outstanding loan balance. In addition, an involuntary prepayment of principal may occur as a result of a casualty or condemnation. For example, if the damage to or destruction of a mortgaged property is wholly or partially covered by insurance, the insurance proceeds may be used to prepay the related mortgage loan rather than repair the property. If a prepayment of principal is made on a mortgage loan (whether voluntarily or involuntarily), the outstanding principal balance of the certificates will be reduced by the amount of the prepaid principal. The prepaid principal will be passed through to certificateholders, accelerating the payment of principal on the certificates. The effect of a prepayment of principal may be greater if the mortgage loan is an interest-only loan for a portion of its term because distributions on the certificates during the interest-only term will include any unscheduled payments of principal made by the borrower during that time.

The characteristics of mortgage loans may differ within a pool and from pool to pool, causing prepayment speeds to differ among different issuances of certificates.

We purchase mortgage loans with many different characteristics. For a description of these characteristics, see “**THE MORTGAGE LOANS.**” We change our loan eligibility requirements and underwriting standards from time to time. A pool may include a mix of mortgage loans with differing characteristics and mortgage loans originated at different times. This means it is possible that not all the mortgage loans in a particular pool will be subject to the same eligibility and underwriting standards. Moreover, the characteristics of the mortgage loans in one pool may differ significantly from the characteristics of the mortgage loans in another pool. The differences among the loan characteristics and the eligibility and underwriting standards that were applied in the mortgage loan purchases may affect the likelihood that a borrower will prepay a mortgage loan under various prevailing economic circumstances or the likelihood that a borrower will become delinquent. Thus, these differences may have an effect upon the extent to which the prepayment of a particular issuance of certificates will follow predicted prepayment speeds or average prepayment speeds of otherwise similar certificates issued at the same time.

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

We purchase mortgage loans throughout the United States and its territories. A pool may include mortgage loans secured by property in one or several states and may be relatively concentrated or diverse in location. Regional economic differences among locations may affect the likelihood that a borrower will prepay a mortgage loan or that a borrower will become delinquent. Thus, the differences among geographic concentrations in pools may affect whether the principal payment rate of a particular issuance of certificates will follow the predicted or average payment speeds of otherwise similar certificates issued concurrently. Furthermore, a natural disaster such as a hurricane, tornado or earthquake could severely affect the economy of a particular region for an extended period of time. This could result in an increase in the number of defaults or repayments by borrowers, causing accelerated principal payments to certificateholders and adversely affecting your yield. See “**YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS—Maturity and Prepayment Considerations—Natural Disasters.**”

Pools containing ARM loans that may be converted into fixed-rate loans may have higher rates of prepayment, accelerating the rate of principal payment on the certificates.

Certain ARM loans permit a borrower to convert the ARM loan to a fixed-rate loan during a specified period of time. Our current servicing policies and practices require us to purchase the mortgage loan from the pool no later than the calendar month before the mortgage loan begins to accrue interest at the new fixed rate. The purchase price will be the ARM loan’s stated principal balance plus one month’s interest at the then-current net interest rate, which will be passed through to certificateholders on the distribution date in the month following the purchase. The purchase of ARM loans, therefore, will accelerate the rate of principal payment on the certificates. As a result, the weighted average life of a pool of convertible ARM loans may be significantly shorter than the weighted average life of an otherwise comparable pool of non-convertible ARM loans, which may adversely affect your yield. See “**YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS—Maturity and Prepayment Considerations—Characteristics of Mortgage Loans—Convertible ARM Loans.**”

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

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

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

Efforts to identify a set of alternative U.S. dollar reference interest rates include proposals by the Alternative Reference Rates Committee (the “ARRC”) of the Federal Reserve Board and the Federal Reserve Bank of New York. We are a member of the ARRC and are participating in several of its working groups. As of the date of this prospectus, we are unable to predict whether or when LIBOR will cease to be available or if one or more alternative reference rates will become the benchmark to replace LIBOR. If LIBOR ceases to be available or changes in a manner that causes regulators or market participants to question its viability, financial instruments indexed to LIBOR could experience disparate outcomes based on their contractual terms, ability to amend those terms, market or product type, legal or regulatory jurisdiction, and a host of other factors. There can be no assurance that legislative or regulatory actions will dictate what happens if LIBOR ceases or is no longer viable. In addition, while the ARRC was created to identify best practices for market participants regarding alternative interest rates, there can be no assurance that broadly adopted industry practices will develop. Divergent industry or market participant actions could result after LIBOR is no longer available or viable. It is uncertain what effect any divergent industry practices will have on the performance of financial instruments, including certificates that we have issued. Overall, uncertainty as to the nature of such potential changes, alternative reference rates or other reforms may adversely affect the trading market for LIBOR-based securities, including those certificates backed by ARM loans using LIBOR indices. In addition, this uncertainty may affect the rate of prepayments on the related ARM loans. Moreover, any future reform, replacement or disappearance of LIBOR may adversely affect the value of and return on those certificates, and may have a material adverse impact on our business generally.

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

Under the terms of ARM loans that currently use LIBOR indices, we will be required to designate an alternative index for the determination of interest rates on such ARM loans in the event that LIBOR is no longer available. In the event of any such designation, we may also be required to designate an alternative method for index determination. We can provide no assurance that any such alternative index or method will yield the same or similar economic results over the lives of the related ARM loans. In addition, although our designation of any alternative index or method will take into account various factors, including then-prevailing industry practices, there can be no assurance that broadly-accepted industry practices will develop, and it is uncertain what effect any divergent industry practices will have on the value of and return on the related certificates. Furthermore, we cannot predict the impact on borrowers or the outcome of any judicial challenge by mortgagors of the designation of an alternative index for the determination of interest rates on ARM loans or the impact of any adverse outcome on the yields for the related certificates. These developments could have a material adverse impact on the liquidity or market value of certificates backed by ARM loans.

We may purchase a mortgage loan from the pool if the loan becomes delinquent, which may result in an early return of principal on the certificates.

A mortgage loan may become delinquent for a variety of reasons, many of which are discussed below. If a mortgage loan in the pool becomes delinquent, you may receive a prepayment of principal on the certificates. Under the trust documents, we have the option to purchase a mortgage loan from a pool after the loan has been in a state of continuous delinquency, without having been fully cured with respect to payments required by the mortgage loan documents, during the period from the first missed payment date through the fourth consecutive payment date (or through the eighth consecutive payment date, in the case of a biweekly mortgage loan). Moreover, in extraordinary circumstances, we have the option to purchase a mortgage loan from a pool after payment default on the mortgage loan is deemed to be reasonably foreseeable or imminent. See “**THE TRUST DOCUMENTS—Purchases of Mortgage Loans from Pools—Optional Purchases by Guarantor.**”

Factors affecting the likelihood of a borrower default on a mortgage loan include the following:

- general economic conditions;
- local and regional employment conditions;
- local and regional real estate markets;
- borrower creditworthiness;
- significant changes in the size of required mortgage loan payments;
- a borrower’s death or a borrower’s change in family status;
- uninsured natural disasters; and
- borrower bankruptcy or other insolvency.

In deciding whether and when to purchase a mortgage loan from a pool, we consider a variety of factors, including our legal ability or obligation to purchase mortgage loans under the terms of the trust documents; our mission and public policy; our loss mitigation strategies and the exposure to credit losses we face under our guaranty; our cost of funds; the impact on our results of operations; relevant market yields; the accounting impact; the administrative costs associated with purchasing and holding the mortgage loans; counterparty exposure to lenders that have agreed to cover losses associated with delinquent mortgage loans; general market conditions; our statutory obligations under the Federal National Mortgage Association Charter Act, as amended (the “Charter Act”); the limit on and the amount of mortgage assets that we may own pursuant to the preferred stock purchase agreement and the portfolio plan requirements imposed by our conservator, FHFA; and other legal obligations such as those established by consumer finance laws. The weight we give to these factors changes depending on market circumstances and other factors.

As of the date of this prospectus, we intend to continue to purchase nearly all mortgage loans that become delinquent as to four or more consecutive monthly payments, subject to economic, market, operational and regulatory constraints. In general, we intend to conduct these voluntary purchases when it is in our economic interest to do so. In

the future, we will continue to review the economics of purchasing mortgage loans that are delinquent as to four or more monthly payments and may reevaluate our practices and alter them if circumstances warrant. See “**YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS—Maturity and Prepayment Considerations—Prepayments Resulting from Servicing Policies and Practices Regarding Distressed Loans—Purchases of Delinquent Loans**” for a discussion of our servicing policies and practices as of the date of this prospectus regarding purchases of delinquent mortgage loans.

When we purchase a delinquent mortgage loan from a pool, its stated principal balance, together with accrued interest, is passed through to certificateholders on the distribution date in the month following the month of purchase. Thus, our purchase of a delinquent mortgage loan from the pool would have the same effect on the timing of payment of principal on the certificates as a borrower prepayment, accelerating the payment of principal on the certificates.

We may purchase or require a third party seller or other responsible person to purchase some or all of the mortgage loans from the pool due to a breach of seller representations and warranties, accelerating the rate of principal payment on the certificates.

We do not re-underwrite the mortgage loans that we acquire. Instead, at the time that mortgage loans are delivered to us, we require that representations and warranties be made to us concerning the mortgage loan seller and the mortgage loans being delivered, including representations and warranties that the loans comply with all applicable federal, state and local laws, including anti-predatory lending laws, and that the loans meet our then-current selling guidelines (subject to any permitted variances). If the representations and warranties were not true when made, we may require the third party or parties responsible for the representations and warranties to purchase the mortgage loans from the pool (sometimes referred to as a “repurchase”) or, in some cases, we may purchase the mortgage loans ourselves. If this occurs, the stated principal balance of the mortgage loans, together with accrued interest, will be distributed to certificateholders on the distribution date in the month following the month of purchase. The affected mortgage loans could include some or all of the loans in the pool. See “**FANNIE MAE PURCHASE PROGRAM—Seller Representations and Warranties**” for a description of the representations and warranties that we require.

For conventional mortgage loans that we acquired before January 1, 2013, we continue to perform quality control reviews on a random basis or when a mortgage loan becomes seriously delinquent or defaults. Conventional mortgage loans that we acquired on or after January 1, 2013 and before July 1, 2014, however, are governed by a different representation and warranty framework (the “2013 framework”) under which we augmented the random sampling approach we previously used when selecting new mortgage loans for review with more targeted, discretionary loan selections. Under the 2013 framework, mortgage loan sellers may be relieved of certain repurchase obligations for mortgage loans that meet specific payment history and other eligibility requirements.

A modified framework applies to conventional mortgage loans acquired on and after July 1, 2014 (the “2014 framework”). Under the 2014 framework, a mortgage loan seller may obtain relief from repurchase requirements for mortgage loans through one of two different methods: (i) relief based on an acceptable payment history, or (ii) relief based on a Fannie Mae full-file quality control review. This changed quality control review process allows us to determine much earlier in the life of a mortgage loan either that the loan is acceptable, which results in repurchase relief for the mortgage loan seller, or that there has been a breach of a representation and warranty related to the loan, which may lead to the repurchase of the loan from a pool earlier in its term.

In November 2014 we updated and clarified aspects of our 2014 framework, and in October 2015, we announced alternatives to repurchase that may be available to mortgage loan sellers in the case of underwriting defects. We continue to modify our framework to provide greater certainty and clarity to mortgage loan sellers regarding their exposure to repurchase requests and liability on future deliveries. In December 2017, we further updated the framework to allow mortgage loans in disaster-related forbearance, repayment plans and modifications to be eligible for relief from representations and warranties under certain conditions. For additional information, see “**FANNIE MAE PURCHASE PROGRAM—Seller Representations and Warranties—Methods for Mortgage Loan Sellers to Obtain Relief from Repurchase Requirements.**”

Our decision to grant repurchase relief to a mortgage loan seller does not waive our right as issuer to purchase a mortgage loan from a pool for a breach of representations and warranties. Thus, we could, at any time, still purchase a mortgage loan from a pool if we determine that a representation and warranty has been breached, even if we have previously granted repurchase relief.

When we purchase a mortgage loan from a pool, its stated principal balance, together with one month’s accrued interest, is passed through to the certificateholders on the distribution date in the month following the month

of purchase. Thus, a breach of a representation and warranty resulting in the purchase of a mortgage loan from the pool would have the same effect on the timing of payment of principal on the certificates as a borrower prepayment, accelerating the payment of principal on the certificates.

We are obligated to purchase mortgage loans from pools under certain other conditions and permitted to purchase mortgage loans from pools under certain additional conditions, accelerating the rate of principal payment on the certificates.

We may purchase a mortgage loan from a pool for reasons other than the delinquency of the loan or a breach of a representation and warranty related to the loan. The trust agreement requires that we purchase a mortgage loan from a pool upon the occurrence of specified events and gives us the option to purchase a mortgage loan from a pool upon the occurrence of other specified events. These events are described in **“THE TRUST DOCUMENTS—Purchases of Mortgage Loans from Pools.”**

Mortgage loans with loan-to-value ratios greater than 80% may have different prepayment and default characteristics than conforming mortgage loans generally.

A pool may contain mortgage loans with loan-to-value ratios greater than 80% but less than or equal to 125% (an “>80% LTV loan”). It is possible that mortgage loans of this type may experience rates of default and voluntary prepayment that differ from otherwise comparable mortgage loans with lower loan-to-value ratios. In general, >80% LTV loans may be viewed as posing a greater risk of default than loans with lower loan-to-value ratios because borrowers may decide that it is not in their economic interest to continue making monthly payments. To the extent >80% LTV loans go into default, certificates backed by >80% LTV loans may be paid more quickly than expected, reducing the weighted average life of the certificates and adversely affecting your yield.

If an >80% LTV loan is a refinance mortgage loan, such mortgage loan is likely to have a lower interest rate than the predecessor mortgage loan, which may make it easier for the related borrower to continue to make monthly principal and interest payments. In that case, certificates backed by >80% LTV loans may be paid more slowly than expected, extending the weighted average life of the certificates, and may adversely affect your yield.

Mortgage loans with loan-to-value ratios greater than 125% may have different prepayment and default characteristics than conforming mortgage loans generally.

A pool may contain mortgage loans with current loan-to-value ratios greater than 125% (“very high LTV loans” and, together with >80% LTV loans, “high LTV loans”). It is possible that mortgage loans of this type may experience rates of default and voluntary prepayment that differ from otherwise comparable mortgage loans with lower loan-to-value ratios. In general, very high LTV loans may be viewed as posing a greater risk of default than loans with lower loan-to-value ratios because borrowers may decide that it is not in their economic interest to continue making monthly payments. To the extent very high LTV loans go into default, certificates backed by very high LTV loans may be paid more quickly than expected, reducing the weighted average life of the certificates and adversely affecting your yield.

If a very high LTV loan was a refinance mortgage loan, such mortgage loan is likely to have a lower interest rate than the predecessor mortgage loan, which may make it easier for the related borrower to continue to make monthly principal and interest payments. In that case, certificates backed by very high LTV loans may be paid more slowly than expected, extending the weighted average life of the certificates and may adversely affect your yield.

Borrowers may have incurred, or may later incur, additional indebtedness secured by mortgaged properties that also secure the mortgage loans in the pool.

Some of the mortgage loans in the pool may be secured by mortgaged properties that were already subject to subordinate mortgage liens when the mortgage loans were originated and that were considered in the underwriting of those loans. In other cases, subordinate mortgage loans may subsequently be placed on mortgaged properties. Borrowers generally may obtain additional mortgage loans secured by their respective properties at any time; we are not generally required to be notified when a borrower does so. Therefore, it is possible that borrowers have obtained additional post-origination subordinate mortgage loans. If a borrower later obtains a subordinate mortgage loan secured by a mortgaged property, the combined loan-to-value ratio of the two mortgage loans is generally higher than the original loan-to-value ratio of the mortgage loan when it was originated, and there may be an increase in the risk that the value of the mortgaged property is less than the total indebtedness secured by the property. Subordinate mortgage loans may adversely affect default rates because the related borrowers must now make two or more monthly payments, and because the borrowers have less equity in the mortgaged properties. A default on a subordinate

mortgage loan could cause the related mortgaged property to be foreclosed upon at a time when the first mortgage loan remains current as to scheduled payments. If this should occur, there may be a prepayment of the mortgage loan in the pool, accelerating the payment of principal on the certificates.

We have not independently verified the existence of subordinate liens on any mortgaged properties securing the mortgage loans in the pool. Any information we disclose concerning subordinate liens secured by mortgaged properties that also secure the mortgage loans is based solely on the representations made by the related mortgage loan sellers when we acquired the mortgage loans.

Pools containing mortgage loans secured by second homes or investment properties may perform differently than do otherwise comparable pools containing mortgage loans secured by primary residences.

Mortgage loans secured by mortgaged properties acquired as second homes or investments may present a greater risk that the borrowers will stop making monthly payments if the borrowers' financial conditions deteriorate and may have a higher frequency of delinquencies or defaults than mortgage loans secured by properties that are owner-occupied. A borrower who does not reside in the related mortgaged property may be more likely to abandon the property. This risk may be especially pronounced for borrowers with mortgage loans on more than two properties. In addition, income expected to be generated from an investment property may have been considered for underwriting purposes in addition to the income of the borrower from other sources. If this income does not materialize, it is possible the borrower would not have sufficient resources to make payments on the mortgage loan.

Pools containing relocation mortgage loans may perform differently than do otherwise comparable pools containing non-relocation mortgage loans.

A pool may contain relocation mortgage loans made to borrowers whose employers relocate their employees. The rate of prepayment of these mortgage loans will be influenced by, among other factors:

- the circumstances of individual employees and employers;
- the characteristics of the relocation programs; and
- the occurrence and timing of the relocation of the borrowers.

Because these factors and the importance of these factors will vary among borrowers, pools containing relocation mortgage loans may have different rates of prepayment than otherwise comparable pools containing non-relocation mortgage loans. See “**THE MORTGAGE LOANS—Eligibility for Good Delivery into a TBA Trade—Special Feature Mortgage Loans—Relocation Loans.**”

Pools containing mortgage loans secured by interests in cooperative housing corporations may perform differently than do otherwise comparable pools containing mortgage loans secured by other types of property.

Due to the structure of cooperative housing corporations, mortgage loans secured by interests in cooperative housing corporations (“cooperative share loans”) may present a greater risk that borrowers will default on their mortgage loans as compared with mortgage loans secured by other types of property. A cooperative share loan is secured by two types of collateral: the stock or certificate of membership (or other similar evidence of ownership) issued by the cooperative housing corporation to the borrower, and the proprietary lease, occupancy agreement or other similar agreement granting the borrower the right to occupy a particular dwelling unit in the cooperative housing project owned by the cooperative housing corporation. The borrower's ownership interest and occupancy rights are subject to restrictions on sale or transfer.

In addition to making the monthly mortgage payment, the borrower generally must pay a proportional share of real estate taxes on the cooperative housing project and of payments on any blanket mortgage loan made to the cooperative housing corporation and secured by the cooperative housing project. If the borrower fails to pay as required, the cooperative housing corporation can terminate the borrower's occupancy rights. In addition, the borrower's occupancy rights are subordinate to the lien of any blanket mortgage loan on the housing project. If the cooperative housing corporation defaults on its blanket mortgage loan, the holder of the blanket mortgage loan (which may be Fannie Mae) could foreclose on the housing project and terminate the occupancy rights of the borrower. If the borrower's occupancy rights are terminated, the cooperative share loan would default.

In many cases, a single lender will have made cooperative share loans to several residents of the same cooperative housing project. If all of those loans are included in the same pool, holders of certificates backed by those loans would be significantly at risk for multiple prepayments resulting from defaults on the cooperative share loans

that were caused by a default by the cooperative housing corporation under its blanket mortgage loan. See “**THE MORTGAGE LOANS—Eligibility for Good Delivery into a TBA Trade—Special Feature Mortgage Loans—Cooperative Share Loans.**”

Mortgage loans that became delinquent after we initially acquired them, and that in some cases may have been modified, may perform differently than do mortgage loans without a history of delinquency.

If so indicated by the pool prefix, a pool may contain conventional mortgage loans that became delinquent after we initially acquired them and, without modification of their terms, are current as of the issue date of the related certificates (“reperforming loans”). In addition, if so indicated by the pool prefix, a pool may contain reperforming loans whose terms were modified and that are current as of the issue date of the related certificates (“reperforming modified loans”).

It is possible that a relatively high proportion of the reperforming loans and reperforming modified loans may experience varying degrees of delinquency over time. While we cannot predict the future rate and severity of delinquency for reperforming loans and reperforming modified loans, it is possible that the delinquency rate may be higher than the delinquency rate of mortgage loans with no history of delinquency, which may result in a faster rate of prepayment. However, it is possible that reperforming loans and reperforming modified loans may be less likely to refinance, which may result in a lower rate of prepayments.

In addition, if so indicated by the pool prefix, a pool may contain mortgage loans insured by the Federal Housing Administration (“FHA”) or guaranteed by the Veterans Administration (“VA”) that were ninety days or more delinquent at some time during the 12 months immediately preceding issuance of the related certificates but that are current as of the applicable issue date (“reperforming government loans”). As is true for conventional reperforming loans, reperforming government loans may perform differently than government mortgage loans without similar delinquency histories.

A borrower’s receipt of an incentive payment during the term of a reperforming modified loan would reduce the unpaid principal balance of the loan, resulting in the prepaid principal being passed through to certificateholders and a possible reamortization of the principal balance, which may adversely affect your yield.

We generally do not permit the reamortization of principal if a curtailment is made on a mortgage loan. However, a mortgage loan in the pool may have been modified under our Home Affordable Modification Program (“HAMP®”), a loss mitigation program under the Making Home Affordable Program, making the borrower eligible to receive incentive payments upon satisfaction of certain performance criteria. As we announced in 2016, a mortgage loan modified under the program on or before December 1, 2017 is eligible for incentive payments in accordance with the program requirements. If a borrower receives an incentive payment that reduces the unpaid principal balance of the mortgage loan, the prepaid principal will be passed through to certificateholders, adversely affecting your yield. In addition, the reduced unpaid principal balance may be reamortized, causing the monthly scheduled principal payment for that loan to be reduced, which would adversely affect your yield. See “**YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS—Maturity and Prepayment Considerations—Prepayments Resulting from Servicing Policies and Practices Regarding Distressed Loans.**”

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

Certain actions taken by the federal government may cause interest rates to decline or remain low. If prevailing interest rates decline and borrowers are able to obtain new mortgage loans at lower rates, they are more likely to refinance their existing mortgage loans. This may be especially true for borrowers that have substantial equity in their homes as a refinancing may allow them to take out cash and then refinance their existing mortgage loans into loans with higher principal balances. The mortgage loans in the pool may or may not contain prepayment premiums that discourage borrowers from prepaying. In addition, some mortgage loans may have been originated at interest rates above the then-current market rate. Such mortgage loans may carry such rates due to the creditworthiness of the borrower or the acquisition by the lender of lender-paid mortgage insurance, as compensation for some form of down payment assistance, or for some other reason. Such mortgage loans may be more likely to be refinanced as long as prevailing rates are below the rates carried by such mortgage loans. As a result, the mortgage loans in the pool may, on average, prepay more quickly than expected, causing you to receive payments of principal on the certificates more quickly than expected. This may result in the certificates remaining outstanding for a shorter period of time than expected, which may occur at a time when reinvestment rates are lower.

Prevailing interest rates may rise, resulting in fewer borrowers refinancing their mortgage loans, slowing the rate of principal payment on the certificates.

Certain actions taken by the federal government may cause interest rates to rise. If prevailing interest rates rise and borrowers are less able to obtain new mortgage loans at lower rates or to obtain mortgage loans at all, they may be less likely to refinance their existing mortgage loans. If borrowers do not refinance their mortgage loans, the loans in the pool may, on average, prepay more slowly than expected, causing you to receive payments of principal on the certificates more slowly than expected. Moreover, this may occur at a time when reinvestment rates are higher. In addition, efforts to impose stricter mortgage qualifications for borrowers or to reduce the presence of Fannie Mae or the Federal Home Loan Mortgage Corporation (“Freddie Mac”) in mortgage loan financing could lead to fewer refinancing alternatives for borrowers. The Consumer Financial Protection Bureau has issued a rule that generally requires creditors to make a reasonable, good faith determination of a borrower’s ability to repay a mortgage loan and establishes certain protection from liability under the rule for qualified mortgages. The rule, which defines “qualified mortgage,” may reduce the availability of mortgage loans in the future that do not meet the criteria of a qualified mortgage and may adversely affect the ability of borrowers to refinance the mortgage loans in a pool. These acts may reduce alternatives for borrowers seeking to refinance their mortgage loans and may result in higher rates of delinquencies on those mortgage loans.

Pools containing mortgage loans that are cash-out refinance transactions may have higher rates of prepayment due to default than otherwise comparable pools containing mortgage loans originated for other purposes.

When a borrower refinances a mortgage loan and pays off an existing mortgage loan, the borrower may or may not obtain additional funds. In a cash-out refinance transaction, the borrower obtains additional funds that may be used to pay off subordinate mortgage loans or used for any other purpose. In other refinance transactions, the borrower receives no additional funds or receives funds that may be used in limited amounts for certain specified purposes. Mortgage loans resulting from cash-out refinancings may present a higher risk of default than mortgage loans resulting from refinance transactions in which the borrower does not receive additional funds.

The pool may include mortgage loans that are eligible for refinancing under our high loan-to-value refinancing option. If any of the eligible mortgage loans are refinanced, you will receive an early payment of principal on the certificates.

On November 1, 2018, we implemented the high loan-to-value refinance option (the “high LTV refinance option”) which allows qualified borrowers to refinance mortgage loans that we currently own or guarantee into new mortgage loans even if the principal balances of the original mortgage loans significantly exceed the current values of the related mortgaged properties and allows existing mortgage insurance to be carried forward to the new mortgage loan. To qualify for a high LTV refinance option refinancing, a mortgaged property may be owner-occupied or non-owner-occupied, and the borrower needed to be current in its monthly payments and have an acceptable payment history over the most recent 12-month period. In addition, the original mortgage loan was required to be a first-lien, conventional mortgage loan that was closed on or after October 1, 2017 and that satisfied certain additional criteria.

For a further description of the high LTV refinancing option, see “**THE MORTGAGE LOANS—High Loan-to-Value Mortgage Loans.**” The availability of these programs may increase the number of refinancings of mortgage loans in the pool relative to the number of refinancings that would occur if the programs did not exist.

If the pool includes high LTV loans that were closed after October 1, 2017, and any of these loans are refinanced, you will receive an early payment of principal on the certificates, the weighted average life of the certificates may be reduced and your yield may be adversely affected.

Loan-to-value ratios for mortgage loans in the pool may be higher in the future than at the time the loans were originated, resulting in fewer borrowers refinancing their mortgage loans and slowing the rate of principal payment on the certificates.

The loan-to-value ratio disclosed in a prospectus supplement generally is based on the value of the related mortgaged property at the time the mortgage loan was originated. A decline in the value of the mortgaged property after that time will result in a higher loan-to-value ratio for that mortgage loan, which may make refinancing of the loan more difficult for the borrower, especially if the mortgage loan is not eligible for refinancing under our high LTV refinancing option. Thus, these mortgage loans on average may prepay more slowly than expected.

Hybrid ARM loans with long initial fixed-rate periods may be more likely to be refinanced or become delinquent than other mortgage loans.

Hybrid ARM loans with long initial fixed-rate periods may experience increases in their interest rate at the first interest rate adjustment date. Depending upon the then-current interest rate environment, the increase in the interest rate may be significant. Borrowers may be more likely to refinance hybrid ARM loans before a rate increase becomes effective. If interest rates have risen significantly by the end of the initial fixed-rate period and a borrower is unable to refinance a hybrid ARM loan, the borrower may find it increasingly difficult to remain current in its scheduled monthly payments following the increase in the monthly payment amount.

Fixed-rate and ARM loans with long initial interest-only payment periods may be more likely to be refinanced or become delinquent than other mortgage loans.

Certain fixed-rate and ARM loans have scheduled monthly payments that consist only of accrued interest for a long period after origination. After the interest-only period, the scheduled monthly payments on those mortgage loans are increased to amounts sufficient to cover accrued interest and to fully amortize the principal balances of the mortgage loans by their respective maturity dates. In particular, for certain ARM loans, borrowers may experience a substantial increase in payments if the first change to the interest rate and payment amount coincides with the end of the interest-only period on that mortgage loan. As a result, borrowers may be more likely to refinance those mortgage loans before the scheduled monthly payment increase becomes effective. If a borrower is unable to refinance such a mortgage loan, the borrower may find it increasingly difficult to remain current in its scheduled monthly payments following the increase in the monthly payment amount.

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

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

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

If a mortgaged property is sold, the new owner may be unable to assume the existing mortgage loan either because the mortgage loan contains a due-on-sale clause or because the new owner is unable to satisfy the requirements for assumption. In that case, the borrower may pay the mortgage loan in full, along with any required prepayment premium; as a result, you may receive payments of principal on the certificates more quickly than expected.

Credit scores may not accurately predict the likelihood that a mortgage loan will default.

The credit scores that we disclose are generated by models developed by third-party credit reporting organizations that analyze data on borrowers to predict a borrower's probability of default. A credit score is based on a borrower's historical credit data, including, among other things, payment history, delinquencies on accounts, levels of outstanding indebtedness, length of credit history, types of credit, and bankruptcy experience and represents an opinion of the related credit reporting organization of a borrower's creditworthiness. A credit score purportedly measures the relative degree of default risk a borrower represents to a lender. However, credit scores are designed to indicate a level of default probability over a two-year period, which does not correspond to the life of most mortgage loans, and were not designed specifically for use in connection with mortgage loans. Therefore, credit scores do not consider particular mortgage loan characteristics that influence the probability of repayment by the borrower. You should determine how much to rely on the credit scores for the mortgage loans in the pool.

Mortgage loans made to certain borrowers may present a greater risk of default.

Defaults on certain mortgage loans in a pool may be higher as a result of the circumstances of the related borrowers. Some borrowers may have less regular or predictable income than do other borrowers, which may increase the risk that these borrowers do not make timely payments. In addition, borrowers who are significantly increasing the amount of their housing payments may find it difficult to adjust to the higher required payments even though their

debt-to-income ratios may be within the guidelines. As a result of their circumstances, these borrowers may present a greater risk of default on their mortgage loans.

If you hold certificates backed by pools containing adjustable-rate mortgage loans, your yield will be affected by changes in the index used to set interest rates on the loans and by limits on interest rate changes.

ARM loans bear interest at rates that change periodically in response to changes in an index. Some indices respond more quickly to changes in market interest rates than do other indices. As a result, a change in the index value will not necessarily cause an immediate change in the pool accrual rate. On the issue date of an adjustable-rate pool, we expect all of the ARM loans in the pool to have the same index and to adjust with the same frequency (quarterly, semiannually, annually, etc.). On occasion, due to delivery errors, one or more ARM loans in a pool may have a different index. In addition, the ARM loans in an adjustable-rate pool may vary with respect to their mortgage margins and the dates of their interest rate changes. As a consequence, ARM loans in a single pool may have different interest rates. If the interest rates on ARM loans in the pool change less frequently than the index value, changes in the effective yield on the certificates will lag behind changes in the index.

In addition, the interest rate on many ARM loans changes based on the value of the applicable index at a date that is days or weeks before the effective date of the change in an ARM loan's interest rate. As a result, in a time of rapidly increasing or decreasing market interest rates, the interest rates on the ARM loans in the pool may not reflect current market interest rates. Moreover, many ARM loans have caps and floors that set the maximum and minimum size of periodic interest rate changes on the ARM loans and may have lifetime caps and floors that set the maximum and minimum interest rates that ARM loans may bear over their lifetimes. Because holders of certificates backed by pools of ARM loans receive interest at a rate that is the weighted average of the interest rates on the ARM loans in the pool, net of servicing and guaranty fees, any or all of these factors will affect the yield on the certificates.

Under the terms of ARM loans, we will be required to designate an alternative index for the determination of interest rates on such ARM loans in the event that the index specified under the loan terms is no longer available. See **“RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—*Uncertainty relating to the determination of LIBOR and the potential phasing out of LIBOR after 2021 may adversely affect the value of certificates backed by ARM loans using LIBOR indices.*”** and **“—*The use of an index in place of LIBOR for determining interest rates may adversely affect the value of certificates backed by ARM loans using LIBOR indices.*”**

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

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

Loan-to-value ratios are based on the estimated values of mortgaged properties and may not accurately reflect property values at origination or current market values.

We provide a loan-to-value ratio for each mortgage loan backing the certificates. Such loan-to-value ratio is calculated based on the unpaid principal balance of the mortgage loan at the issue date and a recent property valuation. The property valuation may have been obtained or determined through an appraisal, an automated property valuation service, zip code level home price indices or another method approved by our Selling and Servicing Guides (as so updated and amended, the “Guides”). In each case, the resulting value represents an estimate, and may not accurately reflect the actual value of the mortgaged property. For example, an appraisal represents the analysis and opinion of the appraiser at the time the appraisal is prepared; a different appraiser might not assign the mortgaged property the same value. Moreover, the value assigned to a mortgaged property could be significantly higher than the amount that would be obtained from the sale of the property under a distressed or liquidation sale.

In addition, property values may have declined in some real estate markets since the time the valuations were obtained or determined. It is therefore possible that the valuations of the mortgaged properties may not accurately

reflect the current market values of the properties. The current market values of the mortgaged properties could be lower, and in some cases significantly lower, than the values indicated in the valuations used in calculating the original loan-to-value ratios we disclose. (With respect to a reperforming modified loan, we note that the Guides require that a property valuation be obtained in connection with the modification.) Because valuations may not accurately reflect the values or condition of the mortgaged properties and because property values may have declined since the time valuations were obtained or determined, the original loan-to-value ratios and the original combined loan-to-value ratios we disclose for the mortgage loans in the pool may be lower, and in some cases significantly lower, than the loan-to-value ratios that would result if different methods had been used, different appraisers had appraised the mortgaged properties, or if current appraised values of the mortgaged properties were used to determine loan-to-value ratios. You should determine how much reliance to place on the original loan-to-value ratios and the original combined loan-to-value ratios for the mortgage loans in the pool.

Loan-to-value ratios for reperforming loans and reperforming modified loans are only estimates and may not accurately reflect current market values.

We disclose two loan-to-value ratios for reperforming loans and reperforming modified loans: the loan-to-value ratio at origination of the loan and an estimated loan-to-value ratio at the issue date of the certificates. The estimated loan-to-value ratio uses the current unpaid principal balance of the mortgage loan at the issue date and is based on a recent property valuation, which may have been obtained or determined through an appraisal, an automated property valuation service, zip code level home prices indices, or another method approved by the Guides. Because the estimated loan-to-value ratio for a reperforming loan or a reperforming modified loan may not accurately reflect the current market value of the related mortgaged property, you should determine how much reliance to place on the estimated loan-to-value ratio for the loan.

RISKS RELATING TO LIQUIDITY

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

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

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

- our financial condition and rating;
- our future structure, organization, and the level of government support for the company;
- whether we are in conservatorship or receivership;
- any increase or decrease in the level of governmental commitments to engage in market purchases of our certificates;
- the method, frequency and complexity of calculating principal or interest on the mortgage loans or the certificates;
- the age of the mortgage loans in the pool;
- the outstanding principal balance of the mortgage loans in the pool;
- the prepayment features or other characteristics of the mortgage loans in the pool;
- the availability of current information about the mortgage loans in the pool;
- the outstanding principal amount of certificates of that issuance and other issuances with similar features offered for resale from time to time;
- the minimum denominations of the certificates;

- any significant reduction in our securitization volume due to a decline in mortgage loan originations by our principal lenders and mortgage loan sellers that have experienced liquidity or other major financial difficulties;
- any legal, regulatory or judicial restriction or tax treatment that limits demand for the certificates;
- the availability of comparable or complementary securities;
- market uncertainty;
- the level of interest rates generally, the volatility with which prevailing interest rates are changing, and the direction in which interest rates are, or appear to be, trending; and
- the financial condition and rating of the mortgage loan seller and the direct servicer of the mortgage loans backing the certificates.

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

In recent years, the Federal Reserve has purchased a significant amount of mortgage-backed securities issued by us, Freddie Mac and Ginnie Mae. The Federal Reserve began to taper these purchases in January 2014 and concluded its asset purchase program in October 2014. From October 2014 through September 2017, the Federal Reserve maintained a policy of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities; therefore, it continued to purchase a significant amount of agency mortgage-backed securities. In October 2017, the Federal Reserve initiated a balance sheet normalization program. Under this program, the Federal Reserve's securities holdings have been gradually reduced by decreasing reinvestment of principal payments from those securities. In March 2019, the Federal Reserve announced a plan to end this run-off of its \$4 trillion portfolio, which began in October 2017. In May 2019, the Federal Reserve began to slow the run-off of assets and will cease the reduction entirely by the end of September 2019. After that, however, the Federal Reserve's holdings of mortgage-backed securities will continue to decline as the Federal Reserve will invest proceeds from mortgage-backed securities in Treasury securities. The Federal Reserve's balance sheet normalization program likely contributed to increases in mortgage interest rates, which reduced acquisition volume. The continued run-off of mortgage-backed securities could adversely affect our business and reduce demand for our MBS, including the certificates offered by this prospectus, which could adversely affect the price of those certificates.

A revised Financial Industry Regulatory Authority (FINRA) rule may adversely affect the liquidity of the certificates.

On June 15, 2016, the SEC approved amendments to FINRA Rule 4210 to establish margin requirements for "to be announced" transactions, Specified Pool Transactions and certain forward transactions involving collateralized mortgage obligations (collectively, the "Covered Agency Transactions").

Pursuant to the amended rule, FINRA members that engage in Covered Agency Transactions must establish risk limits for these transactions in accordance with the member's written risk policies and procedures. In addition, FINRA members must collect margin (cash and/or securities transferred from one counterparty to another to reduce the risks associated with a transaction) for certain Covered Agency Transactions. The revised margin requirements for Covered Agency Transactions are currently scheduled to become effective on March 25, 2020.

The amendments to FINRA Rule 4210 may adversely affect the liquidity of our MBS in the market, including the certificates offered by this prospectus.

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

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

list is updated monthly. If the data discrepancies or issues are resolved, the certificates will be removed from the restricted certificate list and become eligible for resecuritization.

RISKS RELATING TO CERTAIN CREDIT CONSIDERATIONS

Fannie Mae Credit Factors

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

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

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

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

We may not certify certain mortgage loan documents related to reperforming loans or reperforming modified loans.

In accordance with our customary policy, we certify the mortgage loan documents for each mortgage loan at the time of original acquisition. However, in the case of any mortgage loan that has become a reperforming loan or a modified reperforming loan, we may in our discretion decide not to recertify the related mortgage loan documents before including the loan in a new pool. As a result, there may be an increased risk of missing or defective mortgage loan documents. If a reperforming loan or a modified reperforming loan defaults and we are unable to make distributions under our guaranty, any absence of or defect in the mortgage loan documents may hinder or prevent enforcement of the loan against the defaulting borrower.

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

The dividend provisions of the senior preferred stock purchase agreement permit us to retain only up to \$3.0 billion as capital reserves, provided our conservator directs us to declare and pay senior preferred stock dividends in full in the future. As a result, we may not have sufficient capital reserves to avoid a net worth deficit if we have a comprehensive loss in a future quarter.

We have experienced and expect to continue to experience volatility in our financial results from period to period due to a number of factors, particularly changes in market conditions that result in fluctuations in the estimated fair value of the financial instruments, such as derivatives and certain securities, that we mark-to-market through our earnings. Other factors that may result in volatility in our quarterly financial results include developments that affect our loss reserves, such as redesignation of loans from “held for investment” to held for sale, changes in interest rates, home prices or accounting standards, or events such as natural disasters. Accordingly, the potential volatility in our financial results, which may be significant from quarter to quarter, could result in a net worth deficit in a future quarter. In addition, other factors such as legislative or regulatory actions could result in a net worth deficit in a future quarter.

For any quarter for which we have a net worth deficit, we will be required to draw funds from Treasury under the senior preferred stock purchase agreement to avoid being placed into receivership. The maximum amount of remaining funding under the agreement was \$113.9 billion as of December 31, 2018. If we were to draw additional funds from Treasury under the agreement in respect of a future period, the amount of remaining funding under the agreement would be reduced by the amount of our draw. Dividend payments we make to Treasury do not restore or

increase the amount of funding available to us under the agreement. Accordingly, if we experience multiple quarters of net worth deficits, the amount of remaining funding available under the senior preferred stock purchase agreement could be significantly reduced from its current level.

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

For so long as we remain in the current conservatorship, FHFA, as conservator, has the right to transfer or sell any of our assets or liabilities, including our guaranty obligations, without any approval, assignment or consent from us or any other party. However, during the current conservatorship, FHFA has no authority to repudiate any contracts entered into after we were placed into conservatorship, including our guaranty related to the certificates we issue during the current conservatorship, including the certificates offered by this prospectus. The Federal Housing Finance Regulatory Reform Act of 2008 (the “2008 Reform Act”) does not restrict the rights of holders of certificates issued during the current conservatorship.

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

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

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

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

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

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

If we are placed into a new conservatorship or receivership and do not or cannot fulfill our guaranty obligations, certificateholders could become unsecured creditors of Fannie Mae with respect to claims made under

our guaranty to the extent that the mortgage loans underlying the certificates were insufficient to satisfy the claims of certificateholders. Certificateholders have certain limited rights to proceed against Treasury if we fail to pay under our guaranty. However, the total amount that may be recovered from Treasury is subject to limits imposed in the senior preferred stock purchase agreement. See “**FANNIE MAE—Certificateholders’ Rights under the Senior Preferred Stock Purchase Agreement.**”

Seller and Servicer Credit Factors

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

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

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

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

RISKS RELATING TO CONFLICTS OF INTEREST

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

We serve as sponsor, master servicer, guarantor and trustee for the certificates that we issue. In our role as trustee, we agree to administer the trust fund and the certificates in accordance with the terms of the trust documents. In our role as the sponsor, master servicer and/or guarantor, however, our interests may differ from those of the certificateholders. For example, the trust documents provide that the guarantor may at its option purchase mortgage loans from a trust under specified circumstances. See “**THE TRUST DOCUMENTS—Purchases of Mortgage Loans from Pools—Optional Purchases by Guarantor.**” Any such mortgage loan repurchases will result in prepayments on the certificates. Provided that the terms of the trust documents are followed, no independent third party has the authority to consent or withhold consent to such a repurchase decision.

RISKS RELATING TO OPERATIONAL FAILURE

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

Shortcomings or failures in our internal processes, data management or systems could disrupt our business or have a material adverse effect on our risk management, liquidity, financial statement reliability, financial condition and results of operations. We also face the risk of operational failure, termination or capacity constraints of paying agents or other financial intermediaries we use to facilitate our transactions. In addition, we use Common Securitization Solutions, LLC (“CSS”) and the Common Securitization Platform (“CSP”) to perform certain operational functions associated with issuing and managing certificates on our behalf, including data acceptance,

issuance support, bond administration and the production of disclosures. The CSP is also used to enable commingling of Fannie Mae UMBS and Freddie Mac UMBS in resecuritization transactions. Accordingly, we are reliant on CSS and the CSP for the operation of several of our securitization activities. These activities are complex and present significant operational and technological challenges and risks. Any measures we take to mitigate these challenges and risks might not be sufficient to prevent a disruption to our securitization activities related to our certificates generally, or to correct errors made by CSS, including, but not limited to, data, disclosure or bond administration and payment errors. Our business activities could be adversely affected and the market for the certificates could be disrupted if the CSP were to fail or otherwise become unavailable to us or if CSS were unable to perform its obligations to us. Any such failure, termination, constraint or other similar event could have a significant adverse impact on our business, liquidity, financial condition, net worth and results of operations. Any such failure could lead to a payment delay to certificateholders, and may adversely affect the liquidity or market value of the certificates. See **“RISK FACTORS”** the Applicable Form 10-K and our most recent Form 10-Q.

RISKS RELATING TO ALIGNMENT WITH FREDDIE MAC AND THE SINGLE SECURITY INITIATIVE

Fannie Mae UMBS may not be fungible with Freddie Mac UMBS, which may adversely affect the liquidity and market value of your Fannie Mae UMBS.

The goal of the Single Security Initiative is for Fannie Mae UMBS and Freddie Mac UMBS to be fungible for purposes of TBA transaction settlement. Many factors affecting fungibility, including those discussed below, are beyond the control of Fannie Mae. If fungibility is not achieved, the liquidity and market value of your Fannie Mae UMBS may be adversely affected.

On March 7, 2019, the Securities Industry and Financial Markets Association (“SIFMA”) revised its “good-delivery guidelines” to permit UMBS TBA contracts to be settled by delivery of UMBS issued by either Fannie Mae or Freddie Mac (each an “Enterprise” and together the “Enterprises”). While the revised SIFMA guidelines provide for fungibility in settling TBA transactions, it is uncertain whether these rule changes will have the effect of achieving widespread market acceptance. Uncertainty surrounding the implementation and overall impact of the Single Security Initiative could lead to an increase in stipulated trades. (A stipulated trade is a trade in which the investor stipulates that it will accept delivery of a security issued only by one Enterprise or by the other – i.e., either a Fannie Mae UMBS or a Freddie Mac UMBS.) If investors do not accept the fungibility of Fannie Mae UMBS and Freddie Mac UMBS, the liquidity and market value of your Fannie Mae UMBS may decline, and our financial condition may be negatively impacted.

Notwithstanding SIFMA’s actions to date, the industry has expressed concerns that Fannie Mae UMBS and Freddie Mac UMBS may not be truly fungible for a variety of reasons. In response to these concerns and pursuant to instructions from FHFA, the Enterprises have taken steps designed to increase the alignment of cash flows across comparable UMBS cohorts. In March 2019, FHFA issued a final rulemaking and a directive mandating specific requirements with respect to the economic characteristics of mortgage loans pooled to back UMBS. However, notwithstanding these and any further FHFA-instructed alignment efforts, it is possible that cash flows on particular cohorts could diverge immediately or over time. It is also possible such efforts will have disparate impacts on UMBS that are issued at different times and on holders who purchase UMBS at different times. Similarly, even if alignment is achieved in programs, policies and practices, the execution by the Enterprises may diverge over time, and the liquidity and market value of your Fannie Mae UMBS may be adversely affected.

Even if the Single Security Initiative is successfully launched and achieves initial market acceptance, a failure on the part of investors to accept the fungibility of Fannie Mae UMBS and Freddie Mac UMBS over the longer term could adversely affect the liquidity or market value of your Fannie Mae UMBS. Moreover, our securitization program is an integral aspect of our mortgage purchase program. If investors prefer Freddie Mac UMBS over Fannie Mae UMBS, our competitive position with regard to the acquisition of single-family mortgage loans and the volume of our single-family guaranty business could be adversely affected. This in turn could adversely affect the volume of our UMBS issuance, which could adversely affect the liquidity and market value of your Fannie Mae UMBS and could have a significant adverse impact on our business, liquidity, financial condition, net worth and results of operations.

The Single Security Initiative is unique both in character and scope. The continued support of FHFA, Treasury, SIFMA and certain other regulatory bodies is critical to the success of the Single Security Initiative and the fungibility of Fannie Mae UMBS and Freddie Mac UMBS. If FHFA or Treasury were to cease its support for the Single Security Initiative for any reason or if SIFMA were to revise its good-delivery guidelines to limit or restrict the ability to deliver UMBS issued by either Enterprise in settlement of TBA contracts, the liquidity and market value of

your Fannie Mae UMBS could be adversely affected. Furthermore, if either Enterprise were to exit conservatorship in the future, it is unclear whether the programs, policies and practices of the Enterprises in support of the Single Security Initiative would be sustained. See **“FANNIE MAE—Regulation and Conservatorship”** for more information about the conservatorship. Legal, regulatory, judicial and competitive developments, among other factors, may serve to limit or eliminate that support. Any such actions could have a material adverse impact on the liquidity and market value of your Fannie Mae UMBS.

The transition to the new UMBS security may be delayed, and developments arising from the transition may adversely affect the mortgage-backed securities market.

As part of the Single Security Initiative, the Enterprises are scheduled to commence issuing UMBS on June 3, 2019. This is a significant development for the mortgage market, particularly for investors, dealers and other participants in the market for Freddie Mac and Fannie Mae mortgage-backed securities. Market participants may be required to update their systems and modify their trading practices, business operations or governing documentation (including, but not limited to, those related to diversification or concentration limits). Individual market participants may not be adequately prepared for the transition to UMBS, which could lead to disruption or delay. Uncertainty surrounding the implementation and overall impact of the Single Security Initiative could lead to declines in the liquidity and market value of your Fannie Mae UMBS or otherwise adversely affect our financial condition or results of operations especially during the transition period.

You should be aware that we may be required by FHFA to take certain actions to facilitate the transition to UMBS, including, but not limited to, utilizing our retained mortgage portfolio to buy, sell and finance the purchase of securities to minimize disruptions in the TBA market. Any such actions could have a material adverse impact on the liquidity and market value of your Fannie Mae UMBS.

The value of your Fannie Mae UMBS may decline if participants are unable or unwilling to commingle Fannie Mae UMBS and Freddie Mac UMBS.

An important feature of the Single Security Initiative is that Fannie Mae UMBS and Freddie Mac UMBS are designed to be commingled in resecuritizations. This presents significant risks, as the Enterprises have not previously attempted to commingle their securities. It is possible that investors and market participants may be unable to commingle Fannie Mae UMBS and Freddie Mac UMBS due to operational or systems difficulties, or as a result of similar difficulties at Fannie Mae, Freddie Mac or CSS. It is also possible that investors may choose not to commingle Freddie Mac UMBS and Fannie Mae UMBS. As a result, there is no assurance that you will be able to commingle your Fannie Mae UMBS with Freddie Mac UMBS. Similarly, there can be no assurance that such commingling could be achieved economically, particularly if either Enterprise were to exit conservatorship in the future. Any such impediments could have a material adverse impact on the liquidity and market value of your Fannie Mae UMBS.

Adverse changes in Freddie Mac’s performance, or market perceptions related to Freddie Mac’s performance, could adversely affect the value of your Fannie Mae UMBS.

In the event Freddie Mac were to fail (for credit or operational reasons) on any payment date to make a payment on Freddie Mac UMBS that we resecuritized, we would be obligated under our guaranty to make the entire payment on the related Fannie Mae resecuritized securities on that payment date. Our paying agent’s operational infrastructure requires us to fund any such guaranty payments in advance to ensure that our outstanding Fannie Mae certificates will be paid on that payment date. As a result, even if you do not commingle your certificates with Freddie Mac UMBS, payments on your certificates may depend on the timely payment of Freddie Mac (or our ability to fund any shortfalls attributable to Freddie Mac UMBS in a timely manner). We do not anticipate that our pricing will reflect any incremental credit, liquidity or operational risk associated with our guaranty, and we could be dependent on Freddie Mac and on the senior preferred stock purchase agreements between each of the Enterprises and Treasury to avoid a liquidity event or a default under our guaranty.

The Single Security Initiative will create significant interdependence between the single-family mortgage securitization programs of Fannie Mae and Freddie Mac. Accordingly, it is possible that the market value of your Fannie Mae UMBS could be affected by events relating to Freddie Mac, even if those events do not directly relate to Fannie Mae or your Fannie Mae UMBS. For example, any actual or perceived adverse change in Freddie Mac’s financial performance or condition, mortgage credit quality, or systems and data reliability could adversely affect the market value of your Fannie Mae UMBS. Similarly, any disruption in Freddie Mac’s securitization activities or any adverse events affecting Freddie Mac’s significant mortgage sellers and servicers also could adversely affect the market value of your Fannie Mae UMBS.

FANNIE MAE

General

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

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

As discussed below, we are currently in conservatorship.

Regulation and Conservatorship

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

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

The conservatorship has no specified termination date, and there continues to be uncertainty regarding the future of our company, including how long we will continue to exist in our current form, the extent of our role in the market and what form we will have. On March 27, 2019, President Trump released The Memorandum on Federal Housing Finance Reform directing the Treasury secretary to, among other things, develop a plan for administrative and legislative reforms to end the conservatorship of Fannie Mae and Freddie Mac upon completion of specified reforms. For more information on the risks to our business relating to the conservatorship and uncertainties regarding the future of our company and business, see **“RISK FACTORS”** in the Applicable Form 10-K. On September 7, 2008, we entered into a senior preferred stock purchase agreement with Treasury pursuant to which we issued to it one million shares of senior preferred stock and a warrant to purchase, for a nominal price, shares of common stock equal to 79.9% of the outstanding common stock of Fannie Mae. The senior preferred stock and the warrant were issued as an initial commitment fee for Treasury’s commitment. As a result of the dividend provisions of the senior preferred stock and quarterly directives from our conservator, we are obligated to pay Treasury each quarter the amount, if any, by which our net worth as of the end of the immediately preceding fiscal quarter exceeds an applicable capital reserve amount. This capital reserve amount was scheduled to decrease to zero in 2018; however, in December 2017, FHFA entered into a letter agreement with Treasury on our behalf that modified the dividend and liquidation preference provisions of the senior preferred stock. The December 2017 letter agreement increased the capital reserve amount to \$3.0 billion, effective January 1, 2018. The letter agreement also provided that if we do not declare and pay the dividend amount in full for any dividend period for which dividends are payable, then the capital reserve amount will thereafter be zero. The FHFA Director has stated that, beginning in 2018, dividends will be declared and paid subject to such \$3.0 billion reserve, absent exigent circumstances. The senior preferred stock purchase agreement and the warrant contain covenants that significantly restrict our operations and that are described in the Applicable Form 10-K.

Because we are permitted to retain only a limited amount of capital reserves, we may not have sufficient reserves to avoid a net worth deficit if we experience a comprehensive loss in a future quarter. Therefore, if we have a comprehensive loss for a quarter, we may also have a net worth deficit for that quarter. Although we expect to remain

profitable on an annual basis for the foreseeable future, the potential volatility in our financial results, which may be significant from quarter to quarter, could result in a net worth deficit in a future quarter.

For any quarter for which we have a net worth deficit, we will be required to draw funds from Treasury under the senior preferred stock purchase agreement in order to avoid being placed into receivership. As of December 31, 2018, the maximum amount of remaining funding under the agreement was \$113.9 billion. If we were to draw additional funds from Treasury under the agreement in a future period, the amount of remaining funding under the agreement would be reduced by the amount of our draw. Dividend payments we make to Treasury do not restore or increase the amount of funding available to us under the agreement.

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

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

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

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

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

Possibility of Future Receivership

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

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

Certificateholders' Rights under the Senior Preferred Stock Purchase Agreement

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

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

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

USE OF PROCEEDS

The majority of the certificates that we issue are in swap transactions, in which the certificates are issued in exchange for the mortgage loans in the pool that backs the certificates. These mortgage loans may be newly originated loans or seasoned loans. However, we also issue certificates backed by pools of mortgage loans that we already own. (We refer to these pools as “portfolio pools.”) If we sell certificates backed by a portfolio pool, we generally receive cash proceeds. Unless otherwise stated in the prospectus supplement, we apply the cash proceeds to the purchase of other mortgage loans and for other general corporate purposes.

DESCRIPTION OF THE CERTIFICATES

This prospectus relates to certificates issued on and after June 1, 2019 under our Amended and Restated 2016 Single-Family Master Trust Agreement (as amended or replaced from time to time, the “trust agreement”). For information about certificates issued before June 1, 2019, see the related MBS prospectus that was in effect at the time those certificates were issued. For each issuance of certificates, there is an individual issue supplement identifying the related trust and the mortgage loans or mortgage loan participation interests held in the trust. We refer to the trust agreement and the related issue supplement as the “trust documents.”

General

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

The description of the certificates generally applies to certificates backed by mortgage loans or mortgage loan participation interests, as the case may be, unless stated otherwise in the prospectus supplement. We will hold participation interests, in our capacity as trustee, for the benefit of all holders of certificates of the same issuance. In addition, as described in “**MATERIAL FEDERAL INCOME TAX CONSEQUENCES—Internal Revenue Service Guidance Regarding the Certificates,**” we may make an election to treat a pool as being an asset of a REMIC.

Issuance in Book-Entry Form

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

A certificateholder is an entity that appears in the records of a Federal Reserve Bank as the owner of the certificate. Only entities that are eligible to maintain book-entry accounts with a Federal Reserve Bank may be certificateholders. These entities are not necessarily the beneficial owners of the certificates. If a certificateholder is not also the beneficial owner of a certificate, the certificateholder and all other financial intermediaries in the chain

between the certificateholder and the beneficial owner are responsible for establishing and maintaining accounts for their customers. A “beneficial owner” or an “investor” is anyone who acquires a beneficial ownership interest in the certificates. As an investor, you will not receive a physical certificate. Instead, your interest will be recorded on the records of the brokerage firm, bank, thrift institution or other financial intermediary that maintains an account for you.

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

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

The unpaid principal balance of any certificate at any time will be the balance reflected on the book-entry system of the applicable Federal Reserve Bank. Because such system may truncate such balance to a whole dollar amount, the unpaid principal balance of a certificate may, in some cases, be slightly less than that of the mortgage loans in the related pool.

Settlement

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

Distributions on Certificates

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

Interest Distributions

On each distribution date, we will distribute to certificateholders one month’s interest, calculated on the certificate’s outstanding principal balance immediately prior to that distribution date.

- For fixed-rate pools, we will distribute one month’s interest at the fixed pass-through rate specified in the prospectus supplement under the heading “Weighted Average Net Interest Rate.”
- For adjustable-rate pools, we will distribute one month’s interest at a variable pass-through rate (based on the rates of interest accruing on the underlying mortgage loans), which we refer to as the pool accrual rate. The initial pool accrual rate is specified in the prospectus supplement under the heading “Weighted Average Net Interest Rate.”

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

Interest Accrual Basis

We will calculate the amount of interest due each month on the certificates by assuming that each month consists of 30 days and each year consists of 360 days (a “30/360 basis”). We calculate interest in this way even if some or all of the mortgage loans in the pool provide that interest is calculated on a different basis, such as simple

interest. Simple interest, also called daily interest, means that interest on the mortgage loans is calculated daily based on the actual number of days in each month, with a year consisting of 365 days (or 366 days, as applicable), and on the assumption that the borrower's payment is credited on the date it is received.

Principal Distributions

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

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

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

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

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

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

In each case, the first distribution date is specified in the prospectus supplement under the heading "First Payment Date."

The percentage of mortgage loans in a pool, if any, that have no scheduled principal payments until the second due period after the issue date of the certificates will be identified in the prospectus supplement under "Not Paying Principal in First Distribution."

Direct servicers generally have chosen to treat prepayments in full received on the first business day of a month as if received on the last calendar day of the preceding month. As a result, such a prepayment will be passed through to certificateholders on the distribution date in the same month in which the prepayment actually was received. (For example, a prepayment received on the first business day of February would be treated as if it had been received on January 31 and would be passed through to certificateholders on February 25, or the next business day if February 25 is not a business day.) If a direct servicer chooses not to treat prepayments in full in this way, that prepayment would be passed through to certificateholders on the distribution date in the month following the month

in which the prepayment actually was received. (For example, a prepayment received on the first business day of February would be passed through to certificateholders on March 25, or the next business day if March 25 is not a business day.)

If a mortgage loan in the pool provides that interest is calculated on a daily or simple interest basis, the scheduled principal payment for that mortgage loan will equal the amount of principal that would have been due on the mortgage loan under an amortization schedule that assumes interest accrues monthly on a 30/360 basis instead of a daily or simple interest basis. For any mortgage loan in the pool, the amount of scheduled principal payments passed through to certificateholders will be affected by any change made to the amortization schedule of the loan that results from a borrower prepayment. It is possible that a portion of the stated principal balance of a mortgage loan in the pool may be forgiven. Nevertheless, as a result of our guaranty, the amount of principal distributed to certificateholders on a distribution date will **not** be affected by any principal forgiveness or other loss mitigation measure taken with respect to, or other loan modification made to, a mortgage loan while it remains in the trust.

The amount of principal distributed on a distribution date may also reflect a correction of an error in an earlier distribution of principal that resulted in an overpayment or underpayment of principal on an earlier distribution date or an error at issuance of the certificates.

In certain instances, a distribution date for principal prepayments may differ slightly from the description above. For example, sometimes the direct servicer is unable to provide us with prepayment information in time to allow us to include the prepayment in the monthly pool factor for a distribution date. In addition, in instances of a natural disaster, terrorist attack, or other similar catastrophic event, we may not receive reporting information from the direct servicer in time to reflect on a distribution date the payments actually received by the direct servicer. In those instances, we will distribute to certificateholders on a distribution date only the scheduled principal amount (and accrued interest). Any principal prepayments that were received but not reported in a timely manner will be distributed to certificateholders on the first distribution date that follows our receipt and reconciliation of the required prepayment information from the direct servicer.

Reports to Certificateholders

Monthly Reports

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

- the amount due on the certificates on that distribution date on account of interest;
- the amount due on the certificates on that distribution date on account of total scheduled and unscheduled principal;
- the total cash distribution on the certificates on that distribution date;
- the principal balances of the certificates on that distribution date after giving effect to any distribution of principal on that date; and
- for adjustable-rate pools, the pool accrual rate for that distribution date.

Tax Information

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

Administration and Operational Functions

We use CSS and the CSP to perform certain operational functions associated with issuing and managing certificates on our behalf, including data acceptance, issuance support, bond administration and the production of disclosure. See "**RISK FACTORS—RISKS RELATING TO OPERATIONAL FAILURE—A failure in our operational systems or infrastructure, or those of third parties, could materially adversely affect our business, cause financial losses or impair liquidity in the certificates.**"

YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS

Effective Yield

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

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

Your yield will depend upon the type of certificates that you own. We issue fixed-rate certificates backed by mortgage loans with rates that are fixed throughout their terms, adjustable-rate certificates backed by mortgage loans with rates that are subject to adjustment throughout their terms, and adjustable-rate certificates backed by mortgage loans with variable rates during a portion of their terms.

Yield on Fixed-Rate Certificates

Certificates backed by fixed-rate mortgage loans bear interest at a fixed rate of interest that remains the same throughout the term of the loans. A complete description of fixed-rate mortgage loans and their characteristics and of pools containing fixed-rate mortgage loans may be found in “**THE MORTGAGE LOANS—Fixed-Rate Mortgage Loans.**”

A prepayment of principal by a borrower will result in the prepaid principal being distributed to certificateholders. As a result, the effective yield on fixed-rate certificates may be affected if one or more mortgage loans in the pool are prepaid, in whole or in part, during the term of the certificates.

Yield on Reperforming Modified Step Rate Fixed-Rate Certificates

Fixed-rate certificates backed by reperforming modified step rate mortgage loans bear interest at an initial fixed rate of interest that may be increased after one or more specified periods. A complete description of reperforming modified step rate mortgage loans and their characteristics and of pools containing reperforming modified step rate mortgage loans may be found in “**THE MORTGAGE LOANS—Fixed-Rate Mortgage Loans—Types of Fixed-Rate Mortgage Loans—Reperforming modified step rate mortgage loans.**”

Yield on Adjustable-Rate Certificates

Certificates backed by ARM loans bear interest at a variable rate that is based on the interest rates of the loans in the pool. Those interest rates adjust based upon changes in the value of a stated index. The method by which the index value is determined, the way in which the index value changes, the actual changes in the interest rates on the ARM loans in the pool and other features of the ARM loans will affect the yield on the related certificates. See “**THE MORTGAGE LOANS—Adjustable-Rate Mortgage Loans (ARM Loans)**” for information regarding the different types of ARM loans and the methods for adjusting their interest rates. See also “**RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT**” for a discussion of the possible effect on your yield of changes in index values and interest rates.

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

- ***The index.*** At the time the certificates backed by an adjustable-rate pool are issued, we expect that all of the ARM loans have the same index, which will be identified in the prospectus supplement. On occasion, due to delivery errors, one or more ARM loans in a pool may have a different index.
- ***Initial fixed-rate period.*** The ARM loans in a pool may have an initial interest rate that is not based on the index. If so, and if the first interest rate adjustment date on any ARM loan in the pool has not occurred before the issue date of the certificates, the certificates will have an initial pool accrual rate that does not reflect the index. In some pools, not all of the ARM loans have the same first interest rate adjustment

date. Such pool accrual rate will not reflect the index until all the ARM loans in the pool have had their first interest rate adjustment date. Information about the initial fixed-rate period and interest rate adjustment dates is provided, at the pool level, in the prospectus supplement.

- **Mortgage margin.** The mortgage margin for each ARM loan in a pool is specified in the related mortgage note. On any interest rate change date for an ARM loan, the interest rate on the ARM loan is adjusted to equal the sum of the mortgage margin and the index value determined as of a date specified in the mortgage note, subject to any interest rate caps, ceilings and floors. The result may be rounded according to the rounding convention stated in the mortgage note (usually to the nearest, next lower or next higher 1/8th or 1/4th of 1%).
- **Index change frequency.** If the interest rates on the ARM loans in a pool change less frequently than the index value, changes in the effective yield on the certificates will lag behind changes in the index. Thus, a change in the index value does not necessarily cause an immediate change in the pool accrual rate. Such pool accrual rate is affected only as, and to the extent that, the ARM loans in the pool experience interest rate changes.
- **Interest rate adjustment date.** Some or all of the ARM loans in a pool may have different interest rate adjustment dates. As a result, the index values upon which the related interest rate changes are based may vary among the ARM loans in a pool at any given time.
- **Lookback period.** The lookback period for an ARM loan in a pool creates a lag (usually 45 days, unless the prospectus supplement specifies otherwise) between the index value upon which interest rate changes on the loan are based and the index value in effect at the time the interest rate on the loan actually adjusts.
- **Interest rate cap, ceiling and floor.** Following a change in the index value, interest rate caps, ceilings and floors may prevent the interest rate on ARM loans in a pool from increasing as high or decreasing as low as they would have in the absence of such interest rate caps, ceilings and floors. As a result, the yield paid on the certificates may be affected whenever ARM loans in a pool are subject to interest rate caps, ceilings and floors.
- **Convertible loans:** Some ARM loans permit a borrower to convert the loan to a fixed-rate loan. Under our servicing policies and procedures as of the date of this prospectus, if a borrower exercises such a conversion option, we will purchase the ARM loan from the pool before the conversion date.
- **Prepayments and purchases of ARM loans from pools.** A pool may contain ARM loans with different interest rates. Certificateholders receive a rate of interest that is equal to the weighted average of the loan interest rates less the fee percentage (the sum of the servicing fee and our guaranty fee) on the ARM loans. (Weighting is based on the stated principal balance of each ARM loan then remaining in the pool.) Thus, the resulting rate of interest for certificateholders will change whenever an ARM loan in the pool is prepaid, either in whole or in part, or is purchased out of the pool. A disproportionate incidence of prepayments and purchases among ARM loans of different interest rates may increase or decrease the effective yield to certificateholders.
- **Low initial interest rates.** In a few cases, prevailing market interest rates may be so low that the initial interest rate for an ARM loan in a pool is less than the applicable mortgage margin specified in the mortgage note. As a result, the interest rate on such an ARM loan may not be set at a rate greater than or equal to the applicable mortgage margin until the first interest rate adjustment has occurred depending on any periodic interest rate caps or ceilings that apply to the mortgage loan. Because the amount of interest distributed to certificateholders before payment changes on the ARM loans is based on the initial interest rates for the ARM loans in the pool, certificateholders may receive less interest than they would have received if the amount of interest was based on the applicable MBS margin (the mortgage margin of a mortgage loan less the fee percentage on that loan).

A more detailed description of ARM loans and their characteristics and of pools containing ARM loans may be found in “**THE MORTGAGE LOANS—Adjustable-Rate Mortgage Loans (ARM Loans)**.” Also, see “**RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—Uncertainty relating to the determination of LIBOR and the potential phasing out of LIBOR after 2021 may adversely affect the value of certificates backed**”

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

Maturity and Prepayment Considerations

The weighted average life of an issuance of certificates will depend upon the extent to which each payment on the mortgage loans in the pool is applied to principal rather than to interest. For a description of the types of mortgage loans that may be included in a pool, see “**THE MORTGAGE LOANS.**”

Prepayments of mortgage loans may occur for a variety of reasons. Some of the most common reasons are discussed in this section. The reasons are not all equally applicable to all pools, as they relate in part to features of the mortgage loans that differ among pools. Because of these variables, we do not provide estimates of the future prepayment experience of the mortgage loans in our pools. See our most recent Form 10-K for recent information regarding the prepayment experience of our mortgage loan portfolio. This prepayment experience is not, however, indicative of any one pool of mortgage loans, including the pool backing the certificates.

Characteristics of Mortgage Loans

Prepayments of mortgage loans may be affected by the characteristics of certain mortgage loans.

Amortizing Mortgage Loans

Fully amortizing mortgage loans with equal monthly payments include both fixed-rate loans and ARM loans that are reamortized each time a payment is adjusted. In the early years of these mortgage loans, most of the monthly payment is allocated to interest. In later years, a greater portion of the monthly payment is allocated to principal. For example, for a fully amortizing mortgage loan with equal monthly payments and an original term to maturity of 30 years: if the borrower makes all scheduled payments (but no prepayments), one-half of the original principal balance of the mortgage loan will be repaid by the 18th to 21st year of the mortgage loan, depending on the interest rate of the mortgage loan. (Higher interest rates result in a slower scheduled amortization of principal.) For a fully amortizing mortgage loan with equal monthly payments and an original term to maturity of 15 years: if the borrower makes all scheduled payments (but no prepayments), one-half of the original principal balance of the mortgage loan will be repaid by the 8th to 9th year, again depending on the interest rate of the loan. (These examples assume interest rates in the 3% to 5% range.)

A balloon mortgage loan has equal monthly payments that are calculated on the basis of an amortization schedule (generally 30 years) that is longer than the contractual term to maturity of the mortgage loan (typically 7 to 10 years). The remaining principal balance becomes due in a lump sum payment on the loan’s contractual maturity date. Only a small portion of the principal amount of the mortgage loan may have amortized before the balloon payment on the loan is due. Although we currently do not acquire mortgage loans with balloon payments at maturity, the pool may contain previously acquired mortgage loans with balloon payments at maturity.

Interest-Only Mortgage Loans

Some mortgage loans provide for the payment of only interest for an initial period. After this initial period, the payments on the mortgage loan will include principal and interest, with the payments set at an amount that permits the stated principal balance of the loan to fully amortize over the remaining term. There is no scheduled amortization of principal during the interest-only period. As a result, assuming no prepayments by the borrower, the mortgage loan amortizes more slowly than does a mortgage loan of the same term and interest rate that provides for monthly payments of principal and interest for its entire term. Certificateholders whose certificates are backed by pools of interest-only mortgage loans will receive only interest during the initial period, except to the extent of borrower prepayments during the initial period. Any borrower prepayments of principal will be passed through to certificateholders, resulting in earlier than anticipated receipt of principal. Although we currently do not acquire interest-only mortgage loans, the pool may contain previously acquired interest-only mortgage loans.

Convertible ARM Loans

Some ARM loans permit the borrowers to convert the loans to fixed-rate loans. If a borrower exercises any such conversion option, under our servicing policies and procedures as of the date of this prospectus, we will purchase the ARM loan from the pool during the calendar month before the loan begins to accrue interest at the new fixed rate of interest. The purchase price for the loan will equal its stated principal balance plus one month’s interest at its then-current pool accrual rate. The stated principal balance of that mortgage loan will be passed through to certificateholders, reducing the outstanding principal balance of the certificates, on the distribution date in the month

following the month of purchase. As a result, the weighted average lives of the certificates for a pool of convertible ARM loans may be significantly shorter than for a comparable pool of non-convertible ARM loans. See “**THE MORTGAGE LOANS—Adjustable-Rate Mortgage Loans (ARM Loans)—Types of ARM Loans.**”

ARM Loans Permitting Rate Changes upon an Assumption

ARM loans generally permit the purchaser of the related mortgaged property to assume the mortgage loan, provided that the purchaser is creditworthy. In some cases, the mortgage loan documents provide that at the time of the assumption, the maximum and minimum interest rates, the mortgage margin or the amount of the monthly payment may be reset to take into account then-prevailing market conditions. If such an ARM loan is assumed, we will purchase the mortgage loan from the pool before the effective date of the reset.

Biweekly Mortgage Loans

Most mortgage loans provide for monthly payments by the borrower. Biweekly mortgage loans, however, provide for payments by the borrower every 14 days. The biweekly payment is half of the amount that would have been due on an otherwise identical mortgage loan with 12 equal monthly payments. Because payments are made every 14 days, 26 payments are made per year (27 payments in some years), which is equivalent to making one additional monthly payment (1 1/2 monthly payments in some years) on a comparable monthly payment mortgage loan. Because the principal balance of a biweekly mortgage loan is reduced every 14 days, the total dollar amount of payments made by a borrower on a biweekly mortgage loan in a year is greater than the total dollar amount of payments that would be made by a borrower on an otherwise identical monthly payment mortgage loan in a year. As a result, a biweekly mortgage loan will be paid down more quickly than an otherwise identical monthly payment mortgage loan, all other factors (including prepayments) being equal. Because biweekly mortgage loans are paid down more quickly, certificates backed by pools of 30-year biweekly mortgage loans have shorter stated maturities, usually in the range of approximately 20 years, as compared with certificates backed by 30-year monthly payment mortgage loans. In addition, due to the way in which a biweekly payment amount is calculated, a biweekly mortgage loan with a higher interest rate will amortize more rapidly than an otherwise identical biweekly mortgage loan with a lower interest rate. Therefore, certificates backed by pools of biweekly mortgage loans with higher interest rates will have shorter stated terms to maturity than certificates backed by otherwise identical biweekly mortgage loans with lower interest rates.

Non-Standard Collection Option Mortgage Loans

Traditional biweekly mortgage loans require biweekly payments for the entire term of a mortgage loan. In contrast, some mortgage loans may be subject to a non-standard payment collection plan under which a borrower may elect during the term of the mortgage loan to use a non-standard payment method (i.e. payments are made more than once a month) that could reduce the loan’s principal balance more rapidly than would a monthly payment method. Although as a general rule these payments are not applied against the principal balance on the same schedule as they are received, over a period of time during which a borrower on a mortgage loan subject to a non-standard collection plan has elected to make mortgage payments on a non-standard basis, the principal balance of the mortgage loan may be reduced more quickly than the principal balance of an otherwise identical monthly payment mortgage loan that does not have non-standard payment terms, all other factors (including prepayments) being equal.

Reperforming Loans and Reperforming Modified Loans

Reperforming loans, which are conventional mortgage loans that became delinquent after we initially acquired them but are current as of the issue date of the related certificates, may perform differently than mortgage loans with no history of delinquency. In addition, reperforming modified loans, which are conventional mortgage loans that became delinquent after we initially acquired them, had their terms modified, and are current as of the issue date of the related certificates, may perform differently than mortgage loans with no history of delinquency. Reperforming loans and reperforming modified loans may have a higher risk of future delinquency and eventual default, resulting in a faster rate of prepayment relative to mortgage loans with no history of delinquency; however, these loans may be less likely to be refinanced, resulting in a slower rate of prepayment relative to mortgage loans with no history of delinquency. Any prepayments of principal as the result of default will be passed through to certificateholders. See “**THE MORTGAGE LOANS—Previously Delinquent Mortgage Loans—Reperforming Loans,**” “**—Reperforming Modified Loans**” and “**—Reperforming Modified Step Rate Loans**” for additional information.

Reperforming Government Loans

Some pools contain reperforming government loans, which are FHA and VA mortgage loans that were ninety days or more delinquent during the 12 months immediately before issuance of the certificates but that are current as of the issue date of the related certificates. As is true for conventional reperforming loans, reperforming government loans may experience more delinquencies and a faster rate of prepayment than mortgage loans without similar delinquency histories. See “**THE MORTGAGE LOANS—Previously Delinquent Mortgage Loans—Reperforming Government Loans**” for additional information.

Borrower Refinancings

When a borrower refinances a mortgage loan in a pool, the proceeds from the borrower’s new mortgage loan pay off the mortgage loan in the pool, resulting in a prepayment of principal for the certificateholders. Borrowers seek to refinance their mortgage loans for a number of different reasons, some of which are discussed below.

Decline in Mortgage Interest Rates

Refinancings are common when current interest rates on new mortgage loans have declined below the interest rates on existing loans. It is difficult to predict how low interest rates must decline before significant numbers of mortgage loans are refinanced, resulting in prepayments. In the past, many lenders (in some cases in conjunction with us) instituted streamlined refinance procedures and liberalized fee structures and underwriting guidelines for refinance loans. These actions contributed to an increase in the number of borrowers for refinance loans and to a decrease in the interest rate differential that would make refinancing attractive to borrowers. More recently, however, lenders have imposed stricter underwriting guidelines for refinance loans, making it more difficult for many borrowers to refinance their mortgage loans even though interest rates are near historic lows.

Solicitations of Refinancings

Increased borrower sophistication about the benefits of refinancing and mass solicitations of borrowers by lenders (including our direct servicers) also may increase the frequency of refinancings. Our customary policy permits lenders who service mortgage loans in our pools to advertise in a general manner their availability and willingness to make new refinancing loans, but does not permit them specifically to target borrowers whose mortgage loans are in our pools.

Moreover, in certain circumstances, we act as the direct servicer for mortgage loans that we own or that back our certificates. See “**FANNIE MAE PURCHASE PROGRAM—Servicing Arrangements.**” We generally contract with unaffiliated third parties to act as subservicers to perform daily servicing activities for these mortgage loans. In these situations, we expect that our subservicers will solicit refinancings from borrowers on mortgage loans in our pools as well as from borrowers on mortgage loans that we hold as “whole loans” in our portfolio. The subservicers may do so, however, even if they are not soliciting refinancings from borrowers more generally.

Borrower Financial and Interest Rate Considerations

In some cases, borrowers seek to refinance their mortgage loans to alleviate financial pressures or to avoid delinquency or default. In addition, borrowers who are current on their mortgage loans may wish to refinance their loans into loans with lower interest rates or shorter terms. Borrowers may be eligible to refinance their mortgage loans under the high LTV refinance option or other refinancing programs, if any. See “**THE MORTGAGE LOANS—High Loan-to-Value Mortgage Loans.**”

Interest Rate Changes from Fixed Rate to Adjustable Rate

Some borrowers have ARM loans with long initial fixed-rate interest periods. Because the interest rates on these loans could increase significantly at the first interest rate adjustment date, borrowers may be more likely to refinance those loans at or before the first interest rate adjustment date.

We disclose mortgage loans that are refinances of previously existing mortgage loans as refinances in the loan purpose table of the prospectus supplement. In addition, if a lender modifies an existing mortgage loan instead of refinancing the loan and then delivers the loan to us, we disclose the loan as a refinance in the loan purpose table. It is a common practice in some states, including the states of Florida, Maryland, and New York, to modify an existing mortgage loan in lieu of doing a traditional refinance in which the previous mortgage loan is extinguished and a new mortgage loan is created. We disclose these mortgage loans as refinances in the loan purpose table as well. See **Exhibit B-1** and **Exhibit B-2** to this prospectus.

Prepayments Resulting from Servicing Policies and Practices Regarding Distressed Loans

We are committed to keeping borrowers in their homes if there is a reasonable chance that they can meet their mortgage loan obligations. However, our loss mitigation efforts may affect the timing of prepayments of principal you receive on the certificates.

We currently have a number of loss mitigation alternatives available to assist borrowers who are unable (or expect in the near future to become unable) to make their mortgage payments. We encourage our direct servicers to use one or more of these alternatives to help a struggling borrower bring or keep a mortgage loan current and avoid foreclosure. Moreover, as the mortgage market evolves and new loss mitigation alternatives are created to deal with these struggling borrowers, we may, at any time, expand the measures we use. At any given time and depending on a variety of factors (including, without limitation, those factors described in “**THE TRUST DOCUMENTS—Purchases of Mortgage Loans from Pools**”), we may use certain loss mitigation alternatives more than others. For example, under one such alternative, we will offer streamlined modifications to particular groups of struggling borrowers who meet certain requirements and successfully complete certain remedial actions that we may request of them, such as a trial period payment plan, but who have not submitted an application for a loss mitigation solution. At other times, we may conduct our loss mitigation efforts on a more individualized, case-by-case basis, sometimes using streamlined measures. Some loss mitigation measures occur while a distressed mortgage loan remains in a pool and others are used after a distressed mortgage loan is purchased from a pool. We consider a mortgage loan to be distressed if either (i) the mortgage loan is in default, or (ii) the direct servicer has determined that a payment default on the mortgage loan is reasonably foreseeable. Under the terms of the trust documents, in certain circumstances and subject to certain restrictions, a direct servicer may use one or more permitted loss mitigation measures involving a concession in the payment terms for a distressed mortgage loan while it remains in the pool. The direct servicer may consider, as set forth in the trust documents, a number of factors in making that determination to the extent that those factors are not inconsistent with the Code. Pursuant to our servicing policies and practices as of the date of this prospectus, a direct servicer typically may consider a payment default to be reasonably foreseeable when the servicer is notified or becomes aware of an event that would cause the current borrower to default within the next 90 days. See “**THE TRUST DOCUMENTS—Purchases of Mortgage Loans from Pools.**”

Some of the more common measures we use in attempting to bring a struggling borrower current are forbearance, repayment plans and loan modifications. These measures may be used either alone or in combination with each other. For example, a borrower may sign one document that combines (x) forbearance for a number of months while his or her delinquent mortgage loan is in a pool (during which period the borrower may or may not be required to make certain reduced monthly payments) with (y) a permanent loan modification once the delinquent mortgage loan is purchased from a pool.

Forbearance and Repayment Plans

Under a forbearance arrangement, the direct servicer agrees either to accept a reduced payment or to forgo payment and refrain from pursuing remedies for default against a struggling borrower during the term of the forbearance. Under a repayment plan, a borrower repays delinquent amounts by making payments that are typically higher than the regularly scheduled payments until the mortgage loan is brought current. A mortgage loan subject to a forbearance arrangement or a repayment plan usually remains in a pool during the respective forbearance or repayment plan period unless the loan reaches a specified delinquency status and is removed from the pool. While the trust documents do not limit the length of our forbearance arrangements or repayment plans, we have imposed limits under our servicing policies and practices. For example, when a direct servicer uses a combination of loss mitigation measures, we typically require the direct servicer to limit the loss mitigation to 36 months in the aggregate, although a direct servicer may receive permission from us to go beyond that period.

Short Payoffs, Deeds in Lieu, and Foreclosure

If we believe that a struggling borrower’s circumstances so warrant, we may accept a “short payoff” of the mortgage loan, accept a deed-in-lieu of foreclosure, or foreclose on the mortgaged property. With a short payoff, although the full principal amount of the mortgage loan is due, we accept less than the loan’s stated principal balance from sale or refinancing proceeds received by the borrower. If we accept a short payoff by the borrower, we will pass through the stated principal balance of the mortgage loan to certificateholders after the payoff (even if the stated principal balance is more than the payoff proceeds we receive). We generally purchase a mortgage loan from the related trust before we accept a deed in lieu of foreclosure or foreclose on a mortgaged property and pass through the stated principal balance of the loan to certificateholders.

We do not anticipate that a trust will hold any REO property at any time. However, in the unlikely event that a trust holds REO property, current federal income tax rules require REO property to be purchased from a trust no later than the close of the third calendar year following the calendar year in which the trust acquired the REO property. This timing may be affected by any future changes in the federal income tax rules. See “**THE TRUST DOCUMENTS—Purchases of Mortgage Loans from Pools—Mandatory Purchases by Issuer.**”

Loan Modifications

In a loan modification, the direct servicer, on our behalf, and the borrower enter into an agreement that revises the original terms of the mortgage loan. The revised terms may include a different interest rate on the mortgage loan, a reduced monthly payment amount under the loan, the capitalization of past due amounts as part of the principal balance of the loan, an extension of the maturity of the loan and/or forbearance of a portion of the principal until the maturity of the loan. Although the trust documents permit such modifications on mortgage loans in our pools as loss mitigation alternatives, our servicing policies and practices as of the date of this prospectus require us to purchase a delinquent mortgage loan from the pool before a modification becomes effective. A delinquent mortgage loan is purchased from a pool if it is determined that modification is the appropriate loss mitigation technique at that time. Before a mortgage loan has been purchased for purposes of modification, it may have been the subject of other loss mitigation measures.

Purchases of Delinquent Loans

Under the trust documents, we may purchase a mortgage loan from the pool if the mortgage loan has been in a state of continuous delinquency during the period from the first missed payment date through the fourth consecutive payment date (or eighth consecutive payment date, in the case of a biweekly mortgage loan), even though the borrower may have made some payments during that period. For example, if a borrower fails to pay the January 1 payment but makes a full or partial monthly payment on February 1, March 1, and April 1, the mortgage loan could be purchased from the pool as soon as April 2. Under our servicing policies and practices as of the date of this prospectus, we use this method to remove a mortgage loan from a pool in order to modify the loan. In the future, we may revise our servicing policies and practices to use this method of measuring delinquency more often.

Under our servicing policies and practices as of the date of this prospectus and as permitted under the trust documents, we may purchase a delinquent mortgage loan when our direct servicer confirms to us that four consecutive months (or eight consecutive biweekly payment periods, in the case of a biweekly mortgage loan) have elapsed since the last payment date on which the direct servicer applied funds totaling a full monthly (or biweekly) loan payment. For example, if a borrower makes the mortgage loan payment due on December 1 but fails to make the mortgage loan payments due on January 1, February 1, March 1, and April 1, the mortgage loan could be purchased from the pool as soon as April 2. We refer to this method of measuring delinquency as the “last paid installment method” or “LPI method.”

As of the date of this prospectus, we intend to purchase nearly all mortgage loans that become delinquent as to four or more consecutive monthly payments, as measured using the LPI method, subject to economic, market, operational and regulatory constraints. In general, we intend to conduct these voluntary purchases when it is in our economic interest to do so. In the future, we will continue to review the economics of purchasing mortgage loans that are delinquent as to four or more monthly payments and may reevaluate our practices and alter them if circumstances warrant. See “**THE TRUST DOCUMENTS—Purchases of Mortgage Loans from Pools—Optional Purchases by Guarantor**” for a description of the types of factors we consider in making a purchase decision. Subject to certain conditions, we must purchase a mortgage loan from the pool no later than the day on which the mortgage loan becomes 24 months past due. See “**THE TRUST DOCUMENTS—Purchases of Mortgage Loans from Pools—Mandatory Purchases by Issuer.**”

The trust documents also allow us the flexibility, in certain limited circumstances (as described in “**THE TRUST DOCUMENTS—Purchases of Mortgage Loans from Pools—Optional Purchases by Guarantor**”), to purchase a mortgage loan from a trust at any time after payment default is deemed to be reasonably foreseeable. Under our servicing policies and practices as of the date of this prospectus, a direct servicer typically may consider a payment default to be reasonably foreseeable when the servicer is notified or becomes aware of an event that is expected to cause the borrower to default within the next 90 days. In light of our servicing policies and practices as of the date of this prospectus, we would instruct our servicers to use this additional flexibility only in extraordinary circumstances and only after obtaining our prior written consent. If we decide to use this flexibility more often, there will be an increase in prepayments of principal to you.

Natural Disasters

Recent catastrophic weather events may present a risk of increased mortgage loan defaults. For example, in late summer 2017, Hurricane Harvey, Hurricane Irma and Hurricane Maria resulted in catastrophic damage to extensive areas of the Southeastern United States, Puerto Rico and the Virgin Islands. Thousands of residents were displaced and interruptions in the affected regional economies were significant. The long-term effects of such events remain unclear, and could lead to a general economic downturn in the affected regions, including job losses and declines in real estate values.

Under our forbearance policies, servicers are authorized to suspend or reduce a borrower's mortgage payments immediately for up to 90 days without borrower contact if the servicer believes the borrower has been affected by a disaster. Payment forbearance of up to 12 months (including the aforementioned 90-day suspension period in the case of forbearance without borrower contact) is available in many circumstances. We generally remove loans from a pool when the borrower is delinquent with respect to four consecutive payments in full. However, under our current policy, a loan in forbearance will remain in the related pool even if the loan is reported as being delinquent for four or more months. In such case, certificateholders will continue to receive payments of scheduled principal and interest under our guaranty during the forbearance period. If the payment status for a loan is not current at the expiration of the forbearance plan, we may exercise our option to purchase the loan out of the pool or the servicer may elect one or more options under which the loan would remain in the pool. Investors should note that we continue to evaluate our policies with respect to loans affected by natural disasters, including payment forbearance, and we may in the future modify or replace our current policies based on a wide range of considerations.

In general, the rate of mortgage loan defaults in areas affected by natural disasters may be expected to increase. Subject to applicable payment forbearance, any such increase will result in early payments of principal to holders of certificates with underlying mortgage loans secured by properties in the affected areas. Additionally, casualty losses on mortgaged properties with hurricane or flood damage may result in early pay-offs of principal by borrowers and, accordingly, early payments of principal to holders of the related certificates. Please review the Property State Table in the pool statistics portion of the prospectus supplement to determine the concentration of mortgage loans in the pool that are secured by properties located in the affected areas.

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

Other Factors Affecting Prepayments

Prepayment rates are influenced by factors in addition to those specified above, including homeowner mobility, general economic circumstances, mortgage loan features and borrowers' choices. See "**RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT.**" Some of these additional factors are discussed below.

Mortgage Loan Features/Borrower Choices

Certain mortgage loans permit borrowers to pay only accrued interest for extended periods of time without requiring borrowers to make any principal payments. A borrower's decisions about the refinancing of such a mortgage loan or a borrower's expectations regarding the sale of the mortgaged property securing such a mortgage loan may be affected by the fact that, because no principal payments were required, the unpaid principal balance of the loan has not been reduced. Other factors that may affect the timing of borrower prepayments and prepayment rates include a borrower's payment of additional principal, including a borrower's paying additional principal on a mortgage loan to reduce the loan-to-value ratio to 80%, thereby eliminating payments for mortgage insurance; a borrower's request to reamortize a mortgage loan after a large principal prepayment; a borrower's decision to enter into an agreement at loan origination to have the monthly payment on the mortgage loan cancelled or reduced (or in extremely limited circumstances, have the borrower's unpaid principal balance cancelled) in the event of an adverse event in the borrower's life; or a borrower's decision after loan origination (including during the period between the date we purchase the mortgage loan and the date that we deposit the mortgage loan into a trust for securitization) to enter into a biweekly or other non-standard payment collection option that results in the regular collection of unscheduled principal and a faster rate of amortization of principal.

A borrower's decision to take any of these actions may affect the prepayment rate on the certificates.

Due-on-Sale Clause

Many fixed-rate mortgage loans include a provision (a “due-on-sale clause”) allowing the lender to require payment in full if the borrower sells or transfers the related mortgaged property. The enforceability of a due-on-sale clause, however, is limited both by certain laws and by provisions of the trust documents. When a borrower sells or transfers the property securing a fixed-rate mortgage loan in a pool, we will either enforce the due-on-sale clause (unless enforcement is prohibited by law or by the trust documents) or purchase the mortgage loan from the pool. In either case, the principal of the mortgage loan will be paid to the certificateholders on the distribution date in the month following the month in which the mortgage loan was prepaid or purchased from the pool.

Some fixed-rate mortgage loans may contain a provision that allows the mortgage loan to be assumed if the new borrower is the buyer of the related mortgaged property and meets certain credit underwriting and other eligibility standards. Either all of the fixed-rate mortgage loans in a pool will be assumable or none of the loans will be assumable. The pool prefix will identify a pool containing assumable fixed-rate mortgage loans.

Most ARM loans contain a due-on-sale clause with an exception that generally permits an ARM loan to be assumed by a new borrower either after expiration of an initial fixed-rate period or at any time if the new borrower is the buyer of the mortgaged property and meets certain credit underwriting and other eligibility standards. For all other ARM loans, even those with terms that prohibit assumptions, we may permit buyers of the mortgaged properties to assume the loans if they meet certain credit underwriting and other eligibility standards, unless otherwise stated in the prospectus supplement.

In some cases, the mortgage loan documents may provide that, at the time of the assumption, the maximum and minimum interest rates, the mortgage margin or the amount of the monthly payment may be reset to take into account then-prevailing market conditions. The prospectus supplement will indicate if an adjustable-rate pool includes ARM loans that permit any of these features to be reset at the time an ARM loan is assumed. If such an ARM loan is assumed, we will purchase it from the pool before the effective date of the reset.

Mortgage loans that are guaranteed or insured by a government agency typically contain provisions permitting assumption of a loan upon the sale of the related mortgaged property, subject generally to the purchaser’s compliance with the credit and underwriting guidelines of the governmental agency. However, some government agencies, including the U.S. Department of Agriculture, through its Rural Development Housing and Community Facilities Program (“Rural Development”), have informed us that a mortgage loan insured or guaranteed by them may be “due on sale” upon the transfer of the related property at a lender’s election.

Prepayment Premiums

Although we currently do not acquire mortgage loans with prepayment premiums, the pool may contain previously acquired mortgage loans that require borrowers to pay a prepayment premium if the mortgage loan is paid in part or in full prior to its maturity. Prepayment premiums apply for the time period specified in the mortgage note (for example, for the first three years after the mortgage loan’s origination). The requirement to pay a prepayment premium may affect a borrower’s decision whether or when to sell the related property or to refinance or otherwise pay off the mortgage loan. Thus, inclusion of prepayment premium provisions in mortgage loans may affect the speed with which the mortgage loans in a pool prepay. A direct servicer that is servicing a mortgage loan with a prepayment premium provision may decide not to enforce the prepayment premium provision if the borrower chooses to refinance with that direct servicer. Even if charged and collected, prepayment premiums will not be paid to certificateholders, unless so stated in the prospectus supplement.

If any of the mortgage loans in a pool contain prepayment premium provisions, all of the mortgage loans in that pool will have prepayment premium features unless the prospectus supplement states otherwise. We will describe any prepayment premium features in the prospectus supplement. In addition, if a pool of fixed-rate mortgage loans has prepayment premium provisions, we will use a special pool prefix in addition to the prospectus supplement description. Unless the prospectus supplement states otherwise, none of the mortgage loans in a pool will contain prepayment premium provisions. We prohibit our direct servicers from charging or enforcing a prepayment premium when the prepayment arises because the borrower must sell the property to cure a default, or when enforcement of the prepayment premium is otherwise prohibited by law. We also encourage our direct servicers to waive enforcement of prepayment premiums on sales of homes to third parties. Furthermore, state and federal laws may affect when or if a prepayment premium may be collected or may limit the prepayment premium that a lender may collect from a borrower when a mortgage loan is prepaid. We cannot ensure that imposition of a prepayment premium is enforceable

under any of these laws or that a change in any law will affect a borrower's decision whether or when to sell the related property or to refinance or otherwise pay off the mortgage loan.

Subordinate Lien Mortgage Loans

Borrowers may be more likely to prepay subordinate lien mortgage loans than first-lien mortgage loans for several reasons. First, because the loan term of a subordinate lien mortgage loan typically is shorter than the loan term of a first-lien mortgage loan (although a subordinate lien mortgage loan can have an original maturity of up to 30 years), borrowers may not view subordinate lien mortgage loans as permanent financing. Second, the interest rate on a subordinate lien mortgage loan is typically higher than that of a first-lien mortgage loan originated in the same interest rate environment, which may cause the borrower to place a higher priority on the early repayment of the subordinate lien mortgage loan. Finally, the principal amount of a subordinate lien mortgage loan typically is smaller, which may make its prepayment easier for the borrower to fund.

THE MORTGAGE LOAN POOLS

We deposit residential mortgage loans into pools and issue our guaranteed mortgage pass-through certificates, or MBS, which evidence beneficial ownership interests in the pooled mortgage loans. We may also create pools of participation interests in mortgage loans. For purposes of the description here, a participation interest is considered as if it were a separate mortgage loan, and payments on the participation interest are treated as if they were payments on the underlying mortgage loan. If we create a pool of participation interests, the prospectus supplement for the certificates will specify that the pool is composed of participation interests in mortgage loans.

Each mortgage loan in a pool is evidenced by a promissory note and secured by a deed of trust, mortgage or similar security instrument creating a first lien (or, in some cases, a subordinate lien) on a single-family (one- to four-unit) residential property. The mortgage loans bear interest at either a fixed or an adjustable rate. Each mortgage loan requires the borrower to make payments of principal and interest on a monthly or biweekly basis, unless provided otherwise in the prospectus supplement. The mortgage loans may be originated for the purpose of financing the purchase of, or refinancing a mortgage loan on, a single-family property.

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

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

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

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

In connection with the approval of a new mortgage loan seller, we file a Uniform Commercial Code financing statement (a UCC-1) against each mortgage loan seller. In the event of a bankruptcy or receivership of a mortgage loan seller, a court could determine that the mortgage loans were not sold to us but were pledged to us to secure a financing. Courts may also deny our standing to enforce delinquent mortgage loans if we cannot adequately prove our ownership. If as a result of any such determination mortgage loan payments were inadequate to cover the amounts due to certificateholders, we would make payments to the trust under our guaranty in the amount required by the trust

to pay certificateholders what they are due. See “**RISK FACTORS—RISKS RELATING TO CERTAIN CREDIT CONSIDERATIONS—Seller and Servicer Credit Factors.**”

Age of Mortgage Loans at Time of Pooling

Mortgage loans in our pools may be newly originated, which means they were originated 12 months or less before pooling, or they may be seasoned, meaning they were originated more than 12 months before pooling. In most cases, mortgage loans are deposited into a pool shortly after we acquire them. In other cases, we deposit mortgage loans that were held in our loan portfolio for some period of time into a portfolio pool. Investors should consult the prospectus supplement for an issuance of certificates for further information about the age of the mortgage loans in their pools. Mortgage loans in Fannie Majors pools must be originated 12 months or less before pooling. See “—**Fannie Majors.**”

Pool Disclosure Documents

For each issuance of certificates, we prepare disclosure documents that describe the terms of the certificates. These issuance disclosure documents are available on our website through PoolTalk on our website. The issuance disclosure documents for an issuance of certificates consist of this prospectus, the related prospectus supplement and any documents incorporated by reference into this prospectus or related prospectus supplement. See “**INCORPORATION BY REFERENCE.**” The prospectus supplement, which is typically available no later than two business days before the settlement date of the related issuance of certificates, discloses the pool prefix and, for pools containing ARM loans, the subtype, and provides pool-level data as of the issue date of a pool. See “—**Pool Prefixes and Subtypes.**”

Issuance disclosure documents contain the most current information available to us as of the issue date of the certificates, unless the related prospectus supplement provides for a different date. After certificates are issued, the related issuance disclosure documents may be corrected during the applicable offering period and made available through PoolTalk on our website. We do not revise the issuance disclosure documents after the offering period to provide any updated information. In determining whether to purchase any issuance of certificates in an initial offering, you should rely **ONLY** on the information in this prospectus, the related prospectus supplement and any information that we have incorporated into these documents by reference. We take no responsibility for any unauthorized information or representation.

We provide pool-level data on our pools, including updated information and corrections, through PoolTalk and at other locations on our website. In addition, we make available on our website certain at-issuance loan-level data on mortgage loans that back certificates issued in 2012 and in later years and certain ongoing loan-level data on mortgage loans that back certificates issued in 2013 and in later years. The data, which is in a downloadable form, is based solely on information that has been provided to us by the sellers and direct servicers of the mortgage loans and that may not have been independently verified by us. Given the volume of loan-level data so provided, we anticipate that some of the data will be incorrect or incomplete. As a result, mortgage loan sellers and direct servicers may notify us that certain data previously provided to us is incorrect. Accordingly, we cannot provide assurance as to the accuracy or completeness of this loan-level data. Moreover, incorrect or incomplete loan-level data may result in inaccuracies in the related pool-level data. We do, however, update loan-level data on a monthly basis based on data provided by the mortgage loan sellers and direct servicers and, if we are made aware of an error, we publish the correct value if possible. We assume no responsibility for damages incurred in connection with the use of the information contained in the loan-level data for other than its intended purposes.

Pool Prefixes and Subtypes

A pool may contain either fixed-rate mortgage loans or ARM loans. No pool will contain both fixed-rate and ARM loans. We assign a separate pool number to each pool of mortgage loans and the related issuance of certificates. We also assign a two-character pool prefix that identifies the type of mortgage loans in that pool and the basic terms of the certificates. The type of information reflected by the pool prefix includes whether the underlying mortgage loans are conventional loans or are insured or guaranteed by the government; whether the loans bear interest at a fixed rate or an adjustable rate; for fixed-rate pools, the general term to maturity; and for adjustable-rate pools, various other features. Each adjustable-rate pool is also assigned a subtype designation, which provides a summary of the loan characteristics for that pool, including, among other characteristics, the index; the frequency of rate and payment adjustments; the percent and timing of certain interest rate adjustments (caps, ceilings and floors); the applicability of any prepayment premiums or interest-only payment periods; and any option of the borrower to convert an underlying

loan to a fixed-rate loan. We also provide information regarding these characteristics in the related prospectus supplement.

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

Some frequently used pool prefixes are listed on **Exhibit A** at the end of this prospectus. Current information about pool prefixes and subtypes, including any pool prefixes and subtypes that may be created after the date of this prospectus, may be found on our website. It should be noted that in some cases Megas backed by single-family certificates and Fannie Majors (discussed below) use the same pool prefixes.

Minimum Pool Size

Each of our pools will typically consist of either:

- Fixed-rate mortgage loans that generally have an aggregate unpaid principal balance of at least \$1,000,000; or
- ARM loans that have an aggregate unpaid principal balance of at least \$500,000.

In each case, the aggregate unpaid principal balance is measured as of the first day of the month in which the certificates are issued. We may, from time to time, make exceptions to these pooling minimums.

Fannie Majors

In addition to issuing our typical certificates, we also issue certificates called Fannie Majors®, which are identified by the same set of pool prefixes assigned to our typical certificates. Each Fannie Majors pool is composed of mortgage loans of a single mortgage type originated within 12 months of the issue date and usually has a principal balance that exceeds \$200 million at issuance. Some Fannie Majors pools are larger than \$500 million. Fannie Majors pools are backed by fixed-rate or ARM mortgage loans. Fannie Majors pools are generally larger and potentially more geographically diversified than our typical certificates and usually contain mortgage loans delivered to us by multiple lenders. However, some Fannie Majors pools may contain mortgage loans from only a single lender.

During the month of issuance of a Fannie Majors pool, we may issue certificates from time to time as mortgage loans are delivered to us and deposited into the pool and before all final mortgage loan deliveries are made. As a result, if you receive the certificate earlier in the month of issuance before all mortgage loans have been delivered and deposited, your pro rata beneficial interest in the Fannie Majors pool represented by the certificate at the time you receive it will not yet include any beneficial interest in the mortgage loans that have not yet been delivered and deposited. During the month of issuance, we will periodically publish on our website the cumulative outstanding certificate balance of each open Fannie Majors pool as of the current business day. The cumulative outstanding certificate balance for each open Fannie Majors pool will be updated throughout the month as additional mortgage loans are delivered and deposited and the related new certificates are issued until that Fannie Majors pool is closed to further deliveries at the end of the month. We publish an interim prospectus supplement each time we issue a certificate representing an interest in a portion of the Fannie Majors pool during the month. We then publish a final prospectus supplement when the Fannie Majors pool has closed.

Mortgage Pool Statistics

In each prospectus supplement, we will set forth certain characteristics of the underlying mortgage loans in the pools. We will disclose some of these characteristics both by a weighted average (or simple average, in some cases) for that pool and in a quartile distribution (including a maximum and a minimum). We will disclose certain other characteristics in either tabular or quartile format only. The statistics listed in each prospectus supplement generally include the characteristics listed in **Exhibit B-1** (for fixed-rate mortgage loan pools) and **Exhibit B-2** (for ARM loan pools) to this prospectus. If a pool does not include mortgage loans with characteristics that would otherwise be disclosed in a table contained in the pool statistics portion of the prospectus supplement, the table will be omitted. For a description of how we obtain information provided in the pool statistics portion of the prospectus supplement, you should read the Pool Statistics Methodology in **Exhibit C**. Certificateholders should determine for

themselves how to use the pool statistics. We may, from time to time, make additional data elements available to investors by including the data in the prospectus supplement.

The issue date principal balance (specified in the prospectus supplement under the heading “Investor Security UPB”) of each pool may vary by up to one percent from the amount specified in the prospectus supplement.

Monthly Disclosures

The following disclosures are published each month on our website and are available to all market participants for review and analysis.

Pool-Level Disclosures

We generally update certain information about each pool on an ongoing monthly basis on our website. Certificateholders should note that, unless otherwise stated in this prospectus or a prospectus supplement, information on our website is *not* incorporated by reference in this prospectus or in any prospectus supplement.

On or about the fourth business day of each month, we will publish the current monthly pool factor for each issuance of certificates that remains outstanding. If you multiply the monthly pool factor by the original principal balance of the certificates (specified in the prospectus supplement as the “investor security unpaid principal balance”), you will obtain the then-current principal balance of the certificates, after giving effect to the monthly principal payment to be passed through on the distribution date in that month. We will also publish the fixed-rate quartiles, which will provide quartiles of certain data elements regarding the mortgage loans backing our fixed-rate certificates.

We will provide certain additional disclosures regarding the certificates on a monthly basis. We publish the geographical statistics and a supplemental file to provide information regarding the characteristics of the underlying mortgage loans, including, but not limited to, state, year of origination, loan purpose, and occupancy type. For our adjustable-rate certificates, we publish the ARM statistics file and the adjustable-rate quartiles files, which disclose rate, adjustment, and cap information as well as certain data elements (by quartiles) of the underlying mortgage loans. For our certificates with initial interest-only periods, we specify the number of months remaining in the interest-only period.

Loan-Level Disclosures

Each month, we publish certain ongoing loan-level data on mortgage loans that back certificates issued in 2013 and in later years. See “—*Pool Level Disclosures*” for further information.

Glossary

The “Single-Family Single-Class Disclosure Glossary & Calculation Guide,” which is available in PoolTalk, contains definitions of the terms used on **Exhibit B-1**, **Exhibit B-2** and throughout PoolTalk.

THE MORTGAGE LOANS

Each mortgage loan in a pool was originated for the purpose of purchasing, or refinancing a loan secured by, a one- to four-unit residential property and is evidenced by a promissory note and secured by a deed of trust, mortgage or similar security instrument creating a first lien (or, if the prospectus supplement so states, a subordinate lien) on a one- to four-unit residential property. Each mortgage loan requires the borrower to make monthly payments of principal and interest, except as provided otherwise in the prospectus supplement. The mortgage loans bear interest at either a fixed or an adjustable rate. The residential properties may be homes of one to four dwellings, townhouses, individual condominium units, manufactured homes, or individual units in planned unit developments (each, a “mortgaged property”). Mortgage loans may also be secured by pledges of ownership interests and assignments of occupancy rights in cooperative housing corporations. The properties may be either owner-occupied or non-owner-occupied.

In addition, from time to time we may pool manufactured housing loans secured by chattel or personal property (as determined by state law). If we do so, these mortgage loans will be identified by a separate pool prefix that indicates that the loans are secured by personal property instead of real property.

Conventional and Government Mortgage Loans

Most of the mortgage loans included in our pools are conventional mortgage loans—that is, mortgage loans that are not insured by the FHA or guaranteed by HUD, the VA, or the Rural Development program of the Department of Agriculture. We refer to non-conventional loans as government loans. We refer to pools consisting exclusively of

government loans as government pools and designate them with a separate pool prefix. Our policy as of the date of this prospectus is to place government loans, including HUD-guaranteed Native American loans and Rural Development loans guaranteed under the Section 502 Guaranteed Mortgage Program, solely in government pools, but this policy may change in the future. Rural Development loans made under the Section 502 Direct Leverage Mortgage Program may be placed into pools with conventional loans.

Both conventional loans and government loans may bear interest at either a fixed rate or an adjustable rate and may have different methods for calculating interest and repaying principal. The following discussion describes the types of interest rate and loan repayment terms that may be features of the mortgage loans in a pool. The prospectus supplement identifies which of these types of mortgage loans are included in the pool.

Fixed-Rate Mortgage Loans

Generally, fixed-rate mortgage loans bear interest at rates that are fixed at origination and remain constant until the maturity date. Fixed-rate pools consist entirely of fixed-rate mortgage loans that may bear different fixed rates of interest. The pass-through rate on a fixed-rate pool is set on the issue date of the related certificates and is equal to the weighted average of the interest rates less the fee percentages for each mortgage loan in the pool. The fee percentage of a mortgage loan is the sum of the servicing fee and the guaranty fee for that mortgage loan. The fixed pass-through rate is specified in the prospectus supplement under the heading “Weighted Average Net Interest Rate.”

In most instances, fixed-rate mortgage loans in a single pool have interest rates that are within a 112.5 basis point range; however, such range may be changed from time to time in the future. The net interest rate for each mortgage loan in a fixed-rate pool is the same; therefore, the pass-through rate will not change if prepayments occur, even if those prepayments cause a change in the weighted average interest rate of the remaining loans in the pool. However, because interest is paid based on the outstanding principal balance of the certificates, and principal prepayments are passed through to certificateholders, thereby reducing the outstanding principal balance of the certificates, principal prepayments may affect the yield on the certificates. For a discussion of how prepayments can affect yield, see “**YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS.**”

Types of Fixed-Rate Mortgage Loans

Each type of fixed-rate mortgage loan is described below. Unless the prospectus supplement states otherwise, a pool will not include more than one type of fixed-rate mortgage loan, except that graduated payment mortgage loans and growing equity mortgage loans that have become eligible for inclusion may be pooled with fully amortizing mortgage loans.

- *Fully amortizing equal payment fixed-rate mortgage loans.* Each scheduled monthly payment of principal and interest is in the same amount and fully amortizes the principal of the mortgage loan over its term. The term is usually 10, 15, 20, 25, 30 or 40 years. The pool prefix indicates the general maturity of the mortgage loans in the pool. Although we currently do not acquire mortgage loans with terms of 40 years, the pool may contain previously acquired mortgage loans with 40-year terms.
- *Interest-only initially to fully amortizing equal payment fixed-rate mortgage loans.* During an initial period of time, no scheduled principal payment is due on the mortgage loan, and the borrower’s required monthly payment is set at an amount sufficient to pay only the monthly interest due on the outstanding principal balance of the mortgage loan at the mortgage interest rate. Consequently, during this initial period, distributions on certificates backed by mortgage loans of this type will consist of interest alone at the fixed pass-through rate and unscheduled principal from partial or full prepayments on the loans. On the first payment due date after the end of the initial interest-only period, the monthly payment amount will change to the amount necessary to pay interest at the mortgage interest rate and to pay principal in an amount that fully amortizes the outstanding principal balance of the mortgage loan on a level payment basis over the remainder of its term. Accordingly, after the end of the interest-only period, distributions on the certificates will include scheduled and unscheduled principal and monthly interest at the fixed pass-through rate. Although we currently do not acquire mortgage loans with interest-only periods, the pool may contain previously acquired mortgage loans with interest-only periods.
- *Balloon fixed-rate mortgage loans.* Each scheduled monthly payment of principal and interest, except the final payment, is in the same amount. The scheduled monthly payments, however, are not sufficient to amortize the mortgage loan fully over its term. The final scheduled payment at maturity is a lump sum or balloon payment that is at least twice the size of the immediately previous scheduled payment.

Although we currently do not acquire mortgage loans with balloon payments at maturity, the pool may contain previously acquired mortgage loans with balloon payments at maturity.

- *Biweekly fixed-rate mortgage loans.* Each scheduled payment of principal and interest is in the same amount and fully amortizes the principal of the mortgage loan over its term. Payments are due every 14 days. The borrower's biweekly payment is equal to half the amount of the monthly payment that would be required for a fully amortizing 30-, 25-, 20-, 15-, or 10-year mortgage loan, as applicable, with the same principal amount and interest rate. Because the borrower's payments are due every 14 days, there are 26 payments in a year (or 27 payments in some years). Biweekly mortgage loans generally have two biweekly payments during ten months of the year and three payments in the other two months. In years with 27 payments, biweekly mortgage loans have two biweekly payments during nine months and three payments in the other three months.
- *Graduated payment fixed-rate mortgage loans.* The scheduled monthly payments of principal and interest gradually increase over a fixed period of time, in accordance with a pre-set schedule. Because the scheduled monthly payments in the early years of the mortgage loan are not sufficient to pay all of the accrued interest, some of the interest is deferred during that time and added to principal. Although we currently do not acquire graduated payment mortgage loans, the pool may contain previously acquired graduated payment mortgage loans so long as no further payment increases will occur, and no further interest will be deferred, after the issue date of the related certificates.
- *Growing equity fixed-rate mortgage loans.* The scheduled monthly payments of principal and interest gradually increase over a fixed period of time, in accordance with a pre-set schedule. The amount of the increases is applied solely to principal. Although we currently do not acquire growing equity mortgage loans, the pool may contain previously acquired growing equity mortgage loans so long as no future payment increases will occur after the issue date of the related certificates.
- *Reperforming modified step rate mortgage loans.* The interest rate and monthly principal and interest payment are set at the time of the modification. Typically, the initial interest rate for a reperforming modified step rate mortgage loan is fixed for a specified period of time (five years, if the modification was made under HAMP) at a rate below the then-current market interest rate. At the end of the initial fixed-rate period, the interest rate may increase until it reaches the market rate of interest that was current at the time of the modification (the maximum annual increase for a loan modified under HAMP is 1%). Pools containing these mortgage loans are identified by a step rate pool prefix. Under our current policy, reperforming modified step rate mortgage loans are not pooled until their step rate adjustments are completed.
- *Timely Payment Rewards[®] mortgage loans ("TPR mortgage loans").* The scheduled monthly payments of principal and interest are set based on a somewhat higher interest rate than the interest rate for a typical fixed-rate mortgage loan. If all payments are made on time during a specified period, the mortgage loan is eligible to receive a one-time interest rate reduction of up to one percentage point, which would reduce the interest portion of the scheduled monthly payments. Although we currently do not acquire TPR mortgage loans, the pool may contain previously acquired TPR mortgage loans so long as no further interest rate changes will occur after the issue date of the related certificates.

Adjustable-Rate Mortgage Loans (ARM Loans)

Adjustable-rate pools consist entirely of ARM loans that bear interest at rates that adjust periodically in response to changes in an index. Some of the more frequently used indices are described under "*—ARM Indices.*" ARM loans may have an initial fixed interest rate period during which interest accrues at a fixed rate that is not based upon an index or a loan's mortgage margin. Beginning on the first interest rate adjustment date for an ARM loan, interest on the ARM loan will accrue at a rate equal to the index value plus the mortgage margin that was specified in the related mortgage note, subject to rounding and to any applicable interest rate caps, ceilings and floors. The first interest rate adjustment date for an ARM loan in the pool may have occurred before the issue date of the certificates.

We calculate interest for each adjustable-rate pool at a monthly rate (the "pool accrual rate") that is equal to the weighted average of the mortgage interest rates (less the fee percentages) for each ARM loan in that pool. (Weighting is based on the stated principal balance of each ARM loan then remaining in the pool.) Such pool accrual

rate is not a fixed pass-through rate and generally will vary from month to month as the interest rates on the ARM loans change and as the ARM loans amortize or prepay.

Certain Defined Terms for ARM Loans

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

Mortgage Interest Rate	=Index Value + Mortgage Margin (mortgage interest rate subject to rounding and any applicable interest rate caps, ceilings and floors)
Fee Percentage	=Servicing Fee + Guaranty Fee
MBS Margin	=Mortgage Margin–Fee Percentage
Net Interest Rate	=Mortgage Interest Rate–Fee Percentage for each ARM loan in a pool.
Pool Accrual Rate	=Weighted Average of the Net Interest Rates for all ARM loans in a pool.

MBS Margin

We generally establish the MBS margin for an ARM loan in a pool in one of two ways:

- **Fixed MBS margin pool.** In some adjustable-rate pools, the MBS margins are the same for all ARM loans in the pool even though the mortgage margins, the servicing fees and the guaranty fees among the loans may differ.
- **Weighted average MBS margin pool.** In other adjustable-rate pools, the MBS margins vary among the ARM loans in the pool. In these pools, the servicing fees for all ARM loans in the pool are the same but the mortgage margins and the guaranty fees differ from loan to loan.

We provide information about the MBS margins for the ARM loans in the pool in the pool statistics portion of the prospectus supplement. Moreover, each month we make available updated MBS margin information for each pool on our website.

ARM Indices

The prospectus supplement will identify the index used to determine the mortgage interest rates on the ARM loans in the pool. The interest rates on all ARM loans in a pool will adjust based upon the same index. Most mortgage notes for ARM loans provide that if the applicable index is no longer available, the holder, which is Fannie Mae for all ARM loans in a pool, will choose a new index that is based upon comparable information. Some of the indices we commonly use are described below. We make no representations as to the continued availability of these indices or the date on which any particular index is published or made publicly available.

- **U.S. Treasury Indices.** The weekly average yield on U.S. Treasury securities adjusted to a constant maturity of one year (One-Year Treasury Index), three years (Three-Year Treasury Index), five years (Five-Year Treasury Index) and ten years (Ten-Year Treasury Index), each as made available by the Federal Reserve Board.¹ These indices are sometimes referred to as the constant maturity Treasury or “CMT” indices.

¹ These indices are published by the Board of Governors of the Federal Reserve System in Federal Reserve Statistical Release: Selected Interest Rates No. H.15 (519). This release usually appears on Monday (or Tuesday, if Monday is not a business day) of every week. You can obtain a copy by accessing the Federal Reserve website at www.federalreserve.gov/releases, by writing the Publications Department at the Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW, Washington, DC 20551, or by calling (202) 452-3245. We do not intend this Internet address to be an active link.

- *WSJ LIBOR Indices.* The average of LIBOR for six-month (Six-Month WSJ LIBOR Index) and one-year (One-Year WSJ LIBOR Index) United States dollar-denominated deposits, as published in *The Wall Street Journal*.

See “**RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—Uncertainty relating to the determination of LIBOR and the potential phasing out of LIBOR after 2021 may adversely affect the value of certificates backed by ARM loans using LIBOR indices.**” and “**—The use of an index in place of LIBOR for determining interest rates may adversely affect the value of certificates backed by ARM loans using LIBOR indices.**”

Types of ARM Loans

Each type of ARM loan is described below. An adjustable-rate pool generally holds ARM loans of only one type, which will be identified in the prospectus supplement.

- *Fully amortizing ARM loan.* The interest rate on the loan adjusts periodically during its term. Each time the rate is adjusted, the monthly payment amount is changed to an amount necessary to pay interest at the then-applicable interest rate and to pay principal in an amount that fully amortizes the outstanding principal balance of the loan on a level payment basis over the remainder of its term, based on the current interest rate. Unless we specify otherwise in the applicable prospectus supplement, each loan included in an ARM pool is a fully amortizing ARM loan.
- *Interest-only initially to fully amortizing ARM loan.* During an initial period, no scheduled principal payment is due on the loan. The loan may have a fixed rate of interest during the entire interest-only period; alternatively, the loan may have a fixed-rate of interest during a portion of the interest-only period and an adjustable rate of interest during the remaining portion of the interest-only period. In either case, during the interest-only period, the borrower’s required monthly payment is set at an amount sufficient to pay only the monthly interest due on the outstanding principal balance of the ARM loan at the then-current interest rate. During this initial period, distributions on certificates backed by pools of these ARM loans will be based on interest alone at the loans’ then-current interest rates (less the applicable fee percentages) and any unscheduled principal from partial or full prepayments on the loans.

On the first interest rate adjustment date, and on each subsequent interest rate adjustment date, the interest rate will adjust to a rate based on the index and mortgage margin that are specified in the mortgage note, subject to any applicable interest rate caps, ceilings and floors. On the first payment due date following the first interest rate adjustment date, and each subsequent interest rate adjustment date, the monthly payment amount will change to an amount necessary to pay interest at the new interest rate and to pay principal in an amount that fully amortizes the outstanding principal balance of the loan on a level payment basis over its remaining term, based on the then-current interest rate. Although we currently do not acquire mortgage loans with interest-only periods, the pool may contain previously acquired mortgage loans with interest-only periods.

- *Fully amortizing ARM loan with fixed-rate conversion option.* These ARM loans permit the borrower to convert the loan to a fixed interest rate loan at certain times specified in the mortgage loan documents. The interest rate and payments adjust in the same manner as fully amortizing ARM loans, described above, unless the loan is converted to a fixed-rate loan. If the borrower exercises the right to convert the ARM loan to a fixed-rate loan, our servicing policies and procedures at the date of this prospectus provide that we will purchase the loan from the pool during the calendar month before the loan begins to accrue interest at the new fixed rate. The purchase price for the loan will be equal to its stated principal balance, together with one month’s interest at its then-current net interest rate. In general, the new fixed rate is based on a spread of at least 0.375% above the net yield that we require or that Freddie Mac requires when purchasing 30-year fixed-rate loans under short-term mandatory delivery commitments in effect at the time the ARM loan converts to its fixed rate. (If the original term of the convertible ARM loan is 15 years or less, the new fixed rate is based on an interest rate spread above the required net yield for 15-year fixed-rate loans.) The prospectus supplement for a pool of convertible ARM loans will specify the times at which the ARM loans may begin to accrue interest at a fixed rate. Unless stated in the prospectus supplement, we will not include convertible ARM loans in a pool. See “**YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS—Maturity and Prepayment Considerations—Characteristics of Mortgage Loans—Convertible ARM Loans.**”

Under the terms of ARM loans that currently use LIBOR indices, we will be required to designate an alternative index for the determination of interest rates on such ARM loans in the event that LIBOR is no longer available. See “**RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—** *The use of an Index in place of LIBOR for determining interest rates may adversely affect the value of certificates backed by ARM loans using LIBOR indices.*”

How ARM Loans Work

ARM loans bear interest at rates that adjust periodically in response to changes in an index. Some of the frequently used indices are described in “—**ARM Indices.**”

- *Initial fixed-rate period.* For an initial period, interest on most ARM loans accrues at a fixed rate, which may or may not be based on the index value in effect at the time of the loan’s origination. The prospectus supplement will specify (i) the initial interest rate if an ARM loan has not yet had an interest rate change, or the current interest rate if an ARM loan has had an interest rate change, (ii) the length of time from loan origination to the first interest rate adjustment date for each ARM loan in the pool, and (iii) the frequency of interest rate adjustments.
- *Calculation of the adjustable interest rate.* After the initial fixed-rate period, if any, the interest rate on an ARM loan is adjusted at regular intervals specified in the mortgage note. On each interest rate adjustment date, subject to any applicable interest rate caps, ceilings and floors, the interest rate is adjusted to equal the sum of the index value most recently available as of a date specified in the mortgage note plus the mortgage margin specified in the mortgage note. The result may be rounded according to the rounding convention stated in the mortgage note (usually to the nearest, next lower or next higher 1/8th or 1/4th of 1%). Unless the prospectus supplement states otherwise, the index value used in this calculation is the index value that was most recently available as of the date that is 45 days before the adjustment date. (This 45-day period is referred to as the lookback period.)
- *Interest rate caps, ceilings and floors.* Most ARM loans contain periodic interest rate caps, which limit the amount by which the interest rate can increase or decrease on each interest rate adjustment date. ARM loans also specify a lifetime interest rate ceiling and may specify a lifetime interest rate floor. A lifetime interest rate ceiling provides that the interest rate may never increase above the lifetime interest rate ceiling, regardless of the applicable index value, while a lifetime interest rate floor provides that the interest rate may never decrease below the lifetime interest rate floor, regardless of the applicable index value. The prospectus supplement will specify any periodic interest rate caps that apply to the initial interest rate adjustment and each later interest rate adjustment and will also disclose any applicable lifetime interest rate ceilings and lifetime interest rate floors.
- *Payment change frequency and payment caps.* Unless the prospectus supplement states otherwise, all payment changes on ARM loans will take effect in the month after each interest rate adjustment. In addition, the prospectus supplement will disclose whether interest rate adjustments are subject to a payment cap and payment floor that limit the amount by which the borrower’s payment can increase or decrease with each interest rate adjustment. A payment cap and payment floor may be, for example, 2.0% above or below the amount of the monthly payment before the interest rate change. The prospectus supplement will also disclose whether interest rate changes are subject to any ceilings or floors that limit interest rate changes over the lives of the mortgage loans.
- *Rate changes upon assumption of an ARM loan.* ARM loans generally permit the purchaser of the related mortgaged property to assume the loan, provided that the purchaser is creditworthy. For additional information about the rules that apply in this circumstance, see “**YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS—Maturity and Prepayment Considerations—Other Factors Affecting Prepayments—Due-on-Sale Clause.**” In some cases, the mortgage loan documents may provide that at the time of the assumption, the maximum and minimum interest rates, the mortgage margin or the amount of the monthly payment may be reset to take into account then-prevailing market conditions. The prospectus supplement may indicate if an adjustable-rate pool includes ARM loans that provide for resets of any of these features at the time a loan is assumed. If such an ARM loan is assumed, we will purchase the ARM loan from the pool before the effective date of the reset.

Uniform Hybrid ARM Loans

Some ARM loans have fixed interest rates for an initial period of years and then adjust annually after this initial period. We call these ARM loans “hybrid ARM loans.” Some pools contain hybrid ARM loans as well as certain other types of ARM loans, while other pools, which are designated with a specific pool prefix and a subtype, contain only hybrid ARM loans with a uniform set of attributes. We refer to this latter type of pool as a “uniform hybrid ARM” pool.

A uniform hybrid ARM pool that is so identified by pool prefix and subtype has a structure that combines both fixed and weighted attributes. All hybrid ARM loans in a uniform hybrid ARM pool have a fixed interest rate during an initial period equal to a specific number of scheduled payments and then have an adjustable interest rate during the remainder of their term. Although the first interest rate adjustment dates vary among the loans in the pool, the dates are within a specified range that is narrower than the range of first interest rate adjustment dates for most other pools containing hybrid ARM loans. The initial fixed interest rate period for a uniform hybrid ARM loan is usually 3, 5, 7, or 10 years. During the adjustable-rate period following the initial fixed-rate period, the interest rate is determined by reference to an index as discussed above. After the first interest rate change, the pool accrual rate will equal the weighted average of the net interest rates of the mortgage loans in the pool. In a uniform hybrid ARM pool, all of the mortgage loans are subject to certain periodic caps and lifetime interest rate ceilings and floors (as specified in the related pool prefix and subtype). We refer to a lifetime interest rate ceiling as the maximum mortgage interest rate on a hybrid ARM loan. In addition, the mortgage interest rate for a uniform hybrid ARM loan may never decrease below the mortgage margin for that mortgage loan. We refer to this interest rate floor as the minimum mortgage interest rate. Our current form of uniform hybrid ARM pool contains mortgage loans that are called “5/1 uniform hybrid ARM loans.” Each of these mortgage loans has an initial fixed-rate period of approximately five years (54 to 62 scheduled monthly payments) during which the mortgage loan’s initial interest rate is fixed at a competitive market rate. After the initial fixed-rate period, the interest rate on each 5/1 uniform hybrid ARM loan will change annually to equal (i) the One-Year WSJ LIBOR Index value that is most recently available 45 days before the interest rate adjustment date, plus (ii) the mortgage margin that was set forth in the mortgage note when the mortgage loan was originated. As a result of the periodic and lifetime interest rate caps, ceilings and floors on a 5/1 uniform hybrid ARM loan, at the first annual interest rate adjustment date, the mortgage interest rate may not be adjusted to a rate that is more than five percentage points above or below the initial interest rate. On each of the following annual interest rate adjustment dates, the interest rate on the mortgage loan may not be adjusted to a rate that is more than two percentage points above or below the previous mortgage interest rate. In addition, the lifetime cap will not allow the interest rate on the mortgage loan to adjust to a rate that is more than five percentage points above the initial interest rate.

The hybrid ARM loans in a uniform hybrid ARM pool are generally not assumable until the expiration of the initial fixed-rate period. See “**YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS—Maturity and Prepayment Considerations—Other Factors Affecting Prepayments—Due-on-Sale Clause.**” The original terms of those hybrid ARM loans may range up to 30 years.

High Loan-to-Value Mortgage Loans

HARP and the High LTV Refinancing Option

HARP was a refinancing program under the Making Home Affordable Program that offered additional refinancing flexibility to eligible borrowers who were current on their mortgage loans and whose mortgage loans were owned or guaranteed by Fannie Mae or Freddie Mac and meet certain additional criteria. Although the submission deadline for applications to refinance a mortgage loan under HARP was December 31, 2018, we will accept delivery of loans refinanced under HARP until September 30, 2019.

The high LTV refinancing option is a program that offers additional refinancing flexibility to eligible borrowers who were current on their mortgage loans and whose mortgage loans were owned or guaranteed by Fannie Mae and meet certain additional criteria. Among such additional criteria is the requirement that the loan to value ratio of the mortgage loan be greater than (i) with respect to an owner-occupied mortgaged property with one unit, 97%, (ii) with respect to an owner-occupied mortgaged property with two units, 85%, (iii) with respect to an owner-occupied mortgaged property with three or four units, 75%, (iv) with respect to a mortgaged property that is a second home, 90% and (v) with respect to a mortgaged property that is an investment property, 75% (the “high LTV refinancing option minimum LTV”). The high LTV refinancing option was implemented on November 1, 2018. Although a lender or servicer may solicit eligible borrowers for refinancing as described in “**YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS—Maturity and Prepayment Considerations—Borrower Refinancings—**

Solicitations of Refinancings,” solicitation of eligible borrowers by lenders or servicers specifically for a refinancing under the high LTV refinancing option is not permitted.

HARP and the high LTV refinancing option are referred to as the “high LTV refinancing programs.”

Mortgage Loans Eligible for Refinancing

To refinance a mortgage loan under the high LTV refinancing programs as implemented by Fannie Mae, the borrower needed to meet certain credit standards, and the existing loan (the “original loan”) needed to have the following characteristics:

- a first-lien, conventional whole mortgage loan;
- with respect to HARP, closed on or before May 31, 2009;
- with respect to the high LTV refinancing option, closed on or after October 1, 2017;
- with respect to HARP, had a loan-to-value ratio greater than 80%;
- with respect to the high LTV refinancing option, had a loan-to value ratio greater than the high LTV refinancing option minimum LTV;
- not originated under HARP (unless, solely with respect to loan refinanced under HARP, it was originated in March, April or May 2009);
- current in its monthly payments at the time of the refinancing;
- an acceptable payment history; and
- with respect to the high LTV refinancing option, the date of the new mortgage loan obtained through the high LTV refinancing option must be at least 15 months after the date of the original loan note (for example, if the note date on the original loan is January 1, 2018, the note date on the new mortgage loan can be no earlier than April 1, 2019).

The new mortgage loan resulting from a refinancing under either high LTV refinancing program (the “new loan”) must meet the criteria specified under “—***Newly Originated Mortgage Loans.***”

Newly Originated Mortgage Loans

The pool may contain newly originated high LTV loans that are the result of the refinancings described above. A fixed-rate pool may contain mortgage loans that, at acquisition, had (i) loan-to-value ratios greater than 80% but not exceeding 105%, (ii) loan-to-value ratios greater than 105% but not exceeding 125%, or (iii) loan-to-value ratios greater than 125%. An ARM pool may contain mortgage loans that, at acquisition, had loan-to-value ratios greater than 80% but not exceeding 105%. The loan-to-value ratio disclosed for a newly originated high LTV loan is calculated using the principal balance of the new mortgage loan at origination and a property value that may be the value from a recent appraisal, an update of the original value based on a standardized process, or the value from the original appraisal which the mortgage loan seller has represented and warranted remains valid.

Any new loan resulting from a refinancing under either high LTV refinancing program has the following characteristics:

- with respect to HARP, was originated pursuant to a loan application submitted on or before December 31, 2018;
- with respect to the high LTV refinancing option, was originated pursuant to a loan application that closed on or after October 1, 2017;
- a loan-to-value ratio (i) with respect to an ARM loan, no greater than 105% or (ii) with respect to a fixed-rate mortgage loan with a term of up to 30 years, that is not capped; and
- provided a benefit to the borrower by
 - with respect to HARP, lowering the monthly payment relative to the monthly payment on the original mortgage loan;

- with respect to the high LTV refinancing option, lowering the monthly principal and interest payment relative to the monthly principal and interest payment of the original loan;
 - reducing the interest rate relative to the rate on the original mortgage loan;
 - reducing the amortization term of the mortgage loan relative to the amortization term on the original mortgage loan; and/or
 - resulting in a more stable loan product (for example, moving from an ARM loan to a fixed-rate mortgage loan).
- Each high LTV refinancing program provides that:
 - the new mortgage loan may be secured by any property if that property was eligible as security at the time of the original mortgage loan;
 - new property appraisal was not required in many cases;
 - existing mortgage insurance on the original mortgage loan may be carried forward to the new mortgage loan or, if the original mortgage loan did not have mortgage insurance, mortgage insurance was not required for the new mortgage loan;
 - certain risk-based fees may be eliminated for borrowers whose new mortgage loan had a shorter term than the original mortgage loan (and, in some cases, for other borrowers); and
 - lenders' liability was reduced for certain breaches of representations and warranties with respect to the original mortgage loans.

Each newly originated very high LTV loan will be a mortgage loan resulting from the refinancing of a prior very high LTV loan that was closed (a) with respect to HARP, on or before May 31, 2009 and (b) with respect to the high LTV refinancing option, on or after October 1, 2017. A pool will not hold any newly originated very high LTV loan that is not the result of such a refinancing. A pool of very high LTV loans will have a CR or CW pool prefix. Certificates with such pool prefixes are not suitable investments for a REMIC and may not be suitable investments for a REIT. For tax considerations related to such pools, see **“RISK FACTORS—RISKS RELATING TO INVESTMENT SUITABILITY—If a pool holds mortgage loans with loan-to-value ratios greater than 125%, the related certificates are not eligible investments for a real estate mortgage investment conduit (‘REMIC’).”**

Eligibility for Good Delivery into a TBA Trade

Securities that are backed by fixed-rate mortgage loans and that bear a CI, CL, CN or CT pool prefix are generally eligible for “good delivery” into a “to be announced” or “TBA” trade; however, the pool prefixes which are eligible for “good delivery” into a TBA trade are subject to change at any time. A TBA pool may include mortgage loans with the special features described in **“—Special Feature Mortgage Loans”** if the aggregate issue date unpaid principal balance of those mortgage loans does not exceed (a) 10% of the issue date principal balance of the related certificates for any single special feature, or (b) subject to certain exceptions, 15% of the issue date principal balance of the related certificates for any combination of special features. The exceptions are described below in this section and under **“—‘J’ Prefix Pools for Fixed-Rate Mortgage Loans.”**

Beginning on June 3, 2019, those securities that are eligible for “good delivery” into a TBA trade will also be UMBS, whether issued before or after June 3, 2019. See **“RISK FACTORS—RISKS RELATING TO ALIGNMENT WITH FREDDIE MAC AND THE SINGLE SECURITY INITIATIVE.”**

Special Feature Mortgage Loans

Some mortgage loans have special features that distinguish them from standard mortgage loans. The special features may include the availability of a temporary interest rate reduction on the loan, the type of property securing the loan, the purpose of the mortgage loan, the size of the loan and certain characteristics of the borrower on the loan. These mortgage loans may have fixed or adjustable interest rates and payment structures of a type described in **“—**

Fixed-Rate Mortgage Loans” and “**Adjustable-Rate Mortgage Loans (ARM Loans)**.” Certain special features are described below.

Buydown Mortgage Loans

To induce home purchases, builders and sellers of homes, or other interested parties, including lenders, may agree to pay some of the costs of the related mortgage loans, including subsidizing monthly mortgage payments for agreed-upon periods of time. These arrangements, which we refer to as “buydowns,” may enable borrowers to qualify for mortgage loans. Buydowns may include “significant temporary interest rate buydown mortgage loans,” which are buydowns of more than two percentage points below the note rate or buydowns that are in effect for more than two years.

If significant temporary interest rate buydown mortgage loans comprise more than 10% of the mortgage loans in a pool, as determined by the aggregate issue date unpaid principal balance of the mortgage loans in the pool, then (i) for fixed-rate pools the pool prefix will identify the pool as a “significant temporary interest rate buydown mortgage loan pool” and the pool statistics portion of the prospectus supplement will show the percentage of significant temporary interest rate buydown mortgage loans in the pool, and (ii) for adjustable-rate pools, the pool statistics portion of the prospectus supplement will identify the pool as a “significant temporary interest rate buydown mortgage loan pool” (but the pool prefix in this case will not so identify the pool) and will show the percentage of significant temporary interest rate buydown mortgage loans in the pool. Significant temporary interest rate buydown mortgage loans also may be included in other pools but will not exceed 10% of the pool on its issue date, as determined by the aggregate issue date unpaid principal balance of the mortgage loans in the pool.

Cooperative Share Loans

In some communities (particularly in the New York City metropolitan area), residents of residential units in multi-tenant housing projects own their dwellings through ownership in a cooperative housing corporation. Unlike borrowers under traditional mortgage loans, the borrowers do not buy the real estate but rather acquire interests in the cooperative housing corporation with rights to occupy their respective dwelling units.

A cooperative share loan is secured by two types of collateral: the stock or certificate of membership (or other similar evidence of ownership) issued by the cooperative housing corporation to the borrower as tenant-stockholder or resident-member, and the proprietary lease, occupancy agreement or other similar agreement granting the borrower as tenant-stockholder or resident-member the right to occupy a particular dwelling unit in the cooperative housing project owned by the cooperative housing corporation. The borrower’s ownership interest and occupancy rights are subject to restrictions on sale or transfer.

In addition to making the monthly mortgage payment, the borrower generally must pay a proportional share of real estate taxes on the cooperative housing project and of payments on any blanket mortgage loan made to the cooperative housing corporation and secured by the cooperative housing project. If the borrower fails to pay its required share, the corporation can terminate the borrower’s occupancy rights. In addition, the borrower’s occupancy rights are subordinate to the lien of any blanket mortgage loan on the cooperative housing project. If the corporation should default on its blanket mortgage loan, the holder of the corporation’s blanket mortgage loan (which could be Fannie Mae because we acquire cooperative blanket mortgage loans through our multifamily program) could foreclose on the cooperative housing project and terminate the occupancy rights of the borrower. If the borrower’s occupancy rights are terminated, the cooperative share loan would default and, if the default was not cured, would be purchased from the pool, resulting in a prepayment of principal on the related certificates.

In many cases, a single lender will have made cooperative share loans to several residents of the same cooperative project. If all of those loans are included in the same pool, holders of certificates backed by those loans would be significantly at risk for multiple prepayments resulting from defaults on the cooperative share loans caused by a default by the cooperative housing corporation under its blanket mortgage loan.

If cooperative share loans comprise more than 10% of the mortgage loans in a pool, as determined by the aggregate issue date unpaid principal balance of the mortgage loans in the pool, then (i) for fixed-rate pools, the pool prefix will identify the pool as a “cooperative share loan pool” and the pool statistics portion of the prospectus supplement will show the percentage of cooperative share loans in the pool, and (ii) for adjustable-rate pools, the pool statistics portion of the prospectus supplement will identify the pool as a “cooperative share loan pool” (but the pool prefix in this case will not so identify the pool) and will show the percentage of cooperative share loans in the pool.

Cooperative share loans also may be included in other pools but will not exceed 10% of the pool on its issue date, as determined by the aggregate issue date unpaid principal balance of the mortgage loans in the pool.

Relocation Loans

Some employers have established employee relocation programs that include assistance with obtaining a mortgage loan for employees that it relocates to new job locations in the employer's normal course of business. These mortgage loans are made to finance the purchase of a home at a new job location and may involve a financial contribution by the employer, which can include subsidies and interest rate buydowns. In general, employees who obtain these mortgage loans are highly mobile and expect to be relocated frequently. Because the employer frequently has a financial interest in the mortgage loan, a beneficial change in the interest rate environment may cause the employer to encourage the employee to refinance the loan. However, in addition to the factors affecting loan prepayment rates in general, the prepayment of relocation loans depends on the individual circumstances of employees and employers and the characteristics of specific relocation programs. Furthermore, a change in the economy or in the employer's business, such as an economic downturn or accelerated expansion of the employer's business, could cause an employer to suspend its relocation program or to move its employees more frequently.

If relocation loans comprise more than 10% of the mortgage loans in a pool, as determined by the aggregate issue date unpaid principal balance of the mortgage loans in the pool, then (i) for fixed-rate pools, the pool prefix will identify the pool as a "relocation loan pool," and the pool statistics portion of the prospectus supplement will show the percentage of relocation loans in the pool, and (ii) for adjustable-rate pools, the pool statistics portion of the prospectus supplement will identify the pool as a "relocation loan pool" (but the pool prefix in this case will not so identify the pool) and will show the percentage of relocation loans in the pool. Relocation loans also may be included in other pools but will not exceed 10% of the pool on its issue date, as determined by the aggregate issue date unpaid principal balance of the mortgage loans in the pool.

"J" Prefix Pools for Fixed-Rate Mortgage Loans

If over 15% of the issue date aggregate principal balance of a pool is composed of at least two of the three special feature mortgage loans described above (i.e., significant temporary interest rate buydown mortgage loans, cooperative share loans, and relocation loans), the pool will have a special "J" pool prefix. For example, if on the issue date, significant temporary interest rate buydown mortgage loans comprise 8% of a pool and relocation mortgage loans comprise 9% of a pool, the pool will have a "J" pool prefix, and the pool statistics portion of the prospectus supplement will show the percentages of each category of mortgage loans at the issue date. The "J" pool prefix also may be used to call attention to additional special disclosure characteristics that are disclosed in a prospectus supplement for certain fixed-rate pools. In addition, the "J" pool prefix is used to indicate that a pool contains fixed-rate jumbo-conforming mortgage loans originated from and including July 1, 2007 through February 29, 2008. See "**Mortgage Loans with Original Principal Balances Exceeding Our Traditional Conforming Loan Limits.**"

Community Reinvestment Act Mortgage Loans

Many lenders are required by the Community Reinvestment Act ("CRA") to meet the credit needs of their entire community, including low- and moderate-income neighborhoods. Mortgage loans originated to meet CRA objectives are subject to our eligibility and underwriting criteria and policies, which we may waive or modify from time to time. In addition, the mortgaged properties may be concentrated in low- and moderate-income neighborhoods and localities. An investor must make its own determination as to whether a particular pool meets the CRA objectives or other objectives relevant to that particular investor. Fannie Mae makes available certain additional loan-level information for pools issued and sold through our CRA-targeted MBS program, which can be found on our website by clicking "CRA Targeted MBS" in the "Data Collections" section of the Single Family MBS Web page.

Mortgage Loans with Original Principal Balances Exceeding Our Traditional Conforming Loan Limits

In past years, Congress passed several statutes that have provided us with either temporary or permanent authority to purchase mortgage loans that exceed our general conforming loan limit because the properties securing those mortgage loans are in certain "high-cost" areas. See "**FANNIE MAE PURCHASE PROGRAM—Mortgage Loan Eligibility Standards—Conventional Loans—Dollar Limitations**" for additional information regarding our general conforming loan limits and our ability to purchase mortgage loans that exceed these general conforming loan limits in certain "high-cost" areas.

A TBA pool may include mortgage loans with an issue date principal balance exceeding our general conforming loan limit if (i) the mortgage loans have an origination date on or after October 1, 2008 and (ii) the

aggregate issue date unpaid principal balance of the mortgage loans does not exceed 10% of the issue date principal balance of the related certificates.

Pools with prefixes that are not eligible for good delivery in a TBA trade may contain any number of mortgage loans with original principal balances above our general conforming loan limits. You should review the pool statistics portion of the prospectus supplement for additional information regarding the loan size of the mortgage loans in the pool.

TPR Mortgage Loans

TPR mortgage loans have somewhat higher initial interest rates than do ordinary fixed-rate mortgage loans but are eligible to receive a one-time interest rate reduction of up to one percentage point if the borrower makes timely payments on the mortgage loan for the period specified in the related mortgage loan documents. Although we do not specifically identify TPR mortgage loans, if an interest rate adjustment was made, the loan-level data available on our website with respect to pools holding TPR mortgage loans will disclose, for each TPR mortgage loan, the adjusted interest rate as both the original interest rate and the current interest rate for each such loan. If no interest rate adjustment was made, the loan-level data will disclose, for each TPR mortgage loan, the original interest rate as both the original interest rate and the current interest rate. Although we currently do not acquire TPR mortgage loans, a fixed-rate mortgage loan pool may contain TPR mortgage loans so long as no further interest rate changes will occur after the issue date of the related certificates.

Previously Delinquent Mortgage Loans

Some mortgage loans may have been delinquent in their monthly payments after we initially acquired them but are current as of the issue date of the related certificates. These mortgage loans may be conventional or government loans and may have fixed or adjustable interest rates and payment structures of a type described in “—**Fixed-Rate Mortgage Loans**” and “—**Adjustable-Rate Mortgage Loans (ARM Loans)**.” A conventional mortgage loan may or may not have been modified after the delinquency.

Reperforming Loans

Some pools are composed entirely of reperforming loans, which are conventional mortgage loans that became delinquent after we initially acquired them but are current as of the issue date of the related certificates. Pools of reperforming loans will be identified by a pool prefix. Reperforming loans may experience more delinquencies, resulting in a faster rate of prepayment than similar mortgage loans without delinquency histories; however, these loans may experience a lower rate of refinancings, resulting in a slower rate of prepayment than similar mortgage loans without delinquency histories.

Reperforming Modified Loans

Some pools are composed entirely of reperforming modified loans, which are reperforming loans whose terms were modified and are current as of the issue date of the related certificates. Pools of reperforming modified loans will be identified by a pool prefix. The reperforming modified loans may have been modified through HAMP or through other modification programs for delinquent loans. Reperforming modified loans may experience more delinquencies, resulting in a faster rate of prepayment than similar mortgage loans without delinquency histories, or they may experience a lower rate of refinancings, resulting in a slower rate of prepayment than similar mortgage loans without delinquency histories.

Reperforming Modified Step Rate Loans

In some cases, a reperforming modified loan may be a step rate loan that resulted from a modification. Pools of reperforming modified step rate loans will be identified by a pool prefix. The interest rate and monthly principal and interest payment for a reperforming modified step rate loan were set at the time of modification. Typically, the initial interest rate for a reperforming modified step rate mortgage loan is fixed for a specified period of time (five years, if the modification was made under HAMP) at a rate below the then-current market interest rate. At the end of the initial fixed-rate period, the interest rate may increase until it reaches the market rate of interest that was current at the time of the modification (the maximum annual increase for a loan modified under HAMP is 1%). Under our current policy, reperforming modified step rate mortgage loans are not pooled until their step rate adjustments are completed.

If our current policy changes and we pool reperforming modified step rate mortgage loans that are within the period when their interest rate is adjusting, the prospectus supplement for such pool will disclose certain step rate

attributes, including the date of the terminal step, on the loans in the pool. Unless specified otherwise in the related prospectus supplement, on each distribution date we will pass through one month's interest at the then-current weighted average net interest rate on the certificates related to the pool of step rate mortgage loans that are within the period when their interest rate is adjusting.

Reperforming Government Loans

Some pools are composed entirely of reperforming government loans, which are FHA and VA mortgage loans that were ninety days or more delinquent during the 12 months immediately before issuance of the certificates but are current as of the issue date of the related certificates. Pools of reperforming government loans will be identified by a pool prefix or in the prospectus supplement. Reperforming government loans may experience more delinquencies and a faster rate of prepayment than mortgage loans without similar delinquency histories or they may experience a lower rate of refinancings, resulting in a slower rate of prepayment than similar mortgage loans without delinquency histories.

Certification of Mortgage Loan Documents

In accordance with our customary policy, we certify the mortgage loan documentation for each mortgage loan at the time of original acquisition. However, in the case of any mortgage loan that later becomes a reperforming loan or a modified reperforming loan, we may in our discretion decide not to recertify the related mortgage loan documentation before including the loan in a new pool. As a result, there may be an increased risk of missing or defective mortgage loan documentation. If a reperforming loan or a modified reperforming loan defaults and we are unable to make distributions under our guaranty, any missing or defective mortgage loan documentation may hinder or prevent enforcement of the loan against the defaulting borrower.

FANNIE MAE PURCHASE PROGRAM

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

Selling and Servicing Guides

Our eligibility criteria and policies, summarized below, are set forth in our Guides. We amend our Guides and our eligibility criteria and policies from time to time. Thus, it is possible that not all of the mortgage loans in a particular pool will be subject to the same eligibility standards. Moreover, the standards described in the current Guides may not be the same as the standards that applied when mortgage loans in a particular pool were originated. In addition, we may waive or modify our eligibility and loan underwriting requirements or policies when we purchase mortgage loans. We also may undertake initiatives to evaluate potential changes to our underwriting requirements or policies; mortgage loans sold to us under an initiative may be subject to different underwriting requirements or policies than other mortgage loans sold to us.

Mortgage Loan Eligibility Standards—Conventional Loans

Dollar Limitations

The Charter Act requires that we establish maximum original principal balance dollar limitations for the conventional loans that we purchase. Since early 2008, there have been two sets of loan limits: “general” and “high-cost.”

The general conforming loan limits are reviewed by FHFA annually and currently apply to mortgage loans secured by property in areas that are not considered by FHFA to be “high-cost” areas. As of January 1, 2019, our general national conforming loan limit for conventional loans secured by first liens on residences containing one dwelling unit is \$484,350, two dwelling units is \$620,200, three dwelling units is \$749,650 and four dwelling units is \$931,600. The general conforming loan limit is \$726,525 for conventional loans secured by residences containing one dwelling unit in Alaska, Guam, Hawaii or the Virgin Islands; and 50% higher for each category of residence relative to areas not considered by FHFA to be “high-cost” areas.

The first “high-cost” loan limits applied to mortgage loans originated beginning on July 1, 2007 and were adjusted through legislation as follows:

Economic Stimulus Act of 2008 (ESA): Temporarily increased the conforming loan limit for mortgage loans that were secured by properties in certain “high-cost” areas and that were originated between July 1, 2007 and December 31, 2008. For a one-family residence, the loan limit increased to 125% of the area’s median house price, up to a maximum of \$729,750.

Housing Economic and Recovery Act of 2008 (HERA): Amended the Charter Act to expand the definition of a conforming loan to include higher loan limits for mortgage loans that are secured by properties in “high-cost” areas and that were originated on or after January 1, 2009. For a one-family residence, the “high-cost” conforming loan limit is equal to 115% of the area’s median house price, up to a maximum of 150% of the general conforming loan limit (which maximum is \$726,525 for a first-lien mortgage loan secured by a one-family residence as of January 1, 2019).

American Recovery and Reinvestment Act of 2009 (ARRA): As enacted and then amended, granted us authority to acquire mortgage loans originated in 2009, 2010 and the first nine months of 2011 that are secured by properties in certain designated “high-cost” areas and that meet the higher of the two conforming loan limits established by ESA and HERA. The maximum loan limit under this authority for a one-family residence located in a designated “high-cost” area was \$729,750 until October 1, 2011. A list of “high-cost” areas affected by this legislation is available on our website and on FHFA’s website. The maximum “high-cost” loan limits for mortgage loans secured by property in Alaska, Guam, Hawaii or the Virgin Islands are 50% higher than the “high-cost” loan limits for the rest of the United States.

Our conforming loan limit for mortgage loans secured by second liens on single-family one- to four-unit residences is 50% of the general conforming loan limit for first-lien loans secured by one-unit residences. As of January 1, 2019, the conforming loan limit for subordinate lien mortgage loans is \$242,175. For subordinate lien mortgage loans secured by property in Alaska, Guam, Hawaii or the Virgin Islands, the limit is \$363,262. The Charter Act generally requires us to obtain credit enhancement whenever we purchase a conventional mortgage loan secured by a single-family one- to four-unit residence with a loan-to-value ratio over 80%. In a similar way, if we purchase a second-lien loan, the loan-to-value ratio using the balances of both the first-lien loan and the second-lien loan balances cannot exceed 80% unless we obtain credit enhancement. We are not currently purchasing second-lien loans but may do so in the future.

We may continue to purchase mortgage loans originated on or after July 1, 2007, through and including September 30, 2011, that complied with the “high-cost” area limits set forth in ESA and ARRA.

The aggregate original principal balance of all the mortgage loans we own that are secured by the same residence cannot exceed the amount of the applicable first-lien conforming loan limit for single-family one- to four-unit residences. We may, from time to time, impose maximum dollar limitations on specific types of mortgage loans that we purchase in addition to the limits imposed under the Charter Act and by Congress.

Credit Risk Profile

The credit risk profile of our single-family mortgage credit book of business is influenced by, among other things, the credit profile of the borrowers, the features of the mortgage loans we acquire, the types of properties securing the mortgage loans, and the housing market and economy more generally.

Our “Selling Guide: Fannie Mae Single Family” (as amended from time to time, the “Selling Guide”) establishes the baseline risk parameters, or credit standards, for mortgage loans that we acquire from our approved mortgage loan sellers, and by controlling these parameters we control the credit risk profile of our acquired mortgage loans. Mortgage loan sellers must evaluate the overall level of delinquency risk that is present in each mortgage application by taking into consideration any layering of risk factors, the significance of those factors, and the overall risks present in the mortgage application. Key risk elements addressed in our credit requirements include loan-to-value (“LTV”) ratio, product type, number of units, property type and adequacy of collateral, occupancy type, credit score, debt-to-income (“DTI”) ratio, loan purpose, geographic concentration and loan age. The mortgage loan seller’s determination of the mortgage delinquency risk, the assessment of the adequacy of the mortgaged property as security for the mortgage loan, the determination of whether the mortgage loan satisfies our eligibility criteria in all respects, and the acceptability of the documentation in the mortgage file should all enter into the decision on whether to deliver the mortgage loan to us. See the most recent annual report on Form 10-K we filed with the SEC and any subsequent

quarterly reports on Form 10-Q for information on the credit risk profile of our single-family mortgage acquisitions and holdings.

Underwriting Guidelines

General

We have established credit underwriting and eligibility standards that a mortgage loan seller must follow in evaluating the capacity and willingness of a borrower to repay a mortgage loan we acquire and in determining the adequacy of the mortgaged property as collateral for the mortgage loan. In evaluating a borrower's willingness and capacity to repay a mortgage loan, the mortgage loan seller must include documentation in the loan file that confirms that the information provided by the borrower as part of the loan application is accurate and supports the seller's assessment of the borrower's credit history, employment, income, assets, and other financial information. In addition, the mortgage loan seller must conduct a comprehensive risk assessment of each mortgage loan application before approving it. The mortgage loan seller is also responsible for the accuracy and completeness of any appraisal and its assessment of the marketability of the property as well as underwriting the appraisal report to determine whether the property presents adequate collateral for the mortgage loan.

We regularly review and provide updates to our underwriting and property standards and eligibility requirements to take into consideration changing market conditions. From time to time, we may expand our underwriting criteria to make mortgage loans more accessible to borrowers who are members of groups that have been underserved by mortgage lenders, including low- and moderate-income families, people with no prior credit history or with less than perfect credit history, rural residents and people with special housing needs.

Loan-to-Value Ratios

The Charter Act generally requires us to obtain credit enhancement whenever we purchase a conventional mortgage loan secured by a single-family one- to four-unit residence with a loan-to-value ratio over 80%. The credit enhancement may take several forms, including mortgage insurance issued by an insurer acceptable to us covering the amount in excess of 80% (at the time of purchase), repurchase arrangements with the mortgage loan seller of the mortgage loans, and seller-retained participation interests. In our discretion, we may impose credit enhancement requirements that are more restrictive than those of the Charter Act. In addition, from time to time, pursuant to the Charter Act, we may also acquire mortgage loans that are refinances of mortgage loans that we currently hold, which do not require credit enhancement if the acquisition is in connection with our loss mitigation objectives.

Our loan-to-value ratio requirements for mortgage loans we purchase vary depending upon a variety of factors that may include, for example, the type of mortgage loan, loan purpose, loan amount, number of dwelling units in the property securing the loan, repayment terms, mortgage loan seller creditworthiness, and borrower credit history. Depending upon these factors, at the date of acquisition, the current loan-to-value ratio for an ARM loan does not exceed 105% and for a fixed-rate mortgage loan generally does not exceed 125%. However, under HARP and the high LTV refinance option, we may acquire a mortgage loan with a loan-to-value ratio exceeding 125% (i.e., a very high LTV loan) if the loan is a fixed-rate mortgage loan that resulted from the refinancing of an eligible very high LTV loan. Investors should review the pool statistics portion of the prospectus supplement for specific information about loan-to-value ratios for mortgage loans in their pool. Distinct pool prefixes designate any fixed-rate pool in which the loan-to-value ratios of the mortgage loans are (i) greater than 105% and less than or equal to 125% (CQ and CV), or (ii) greater than 125% (CR and CW). Further information about HARP and the high LTV refinance option may be found in "**THE MORTGAGE LOANS—High Loan-to-Value Mortgage Loans—Newly Originated Mortgage Loans.**"

Permitted Variances

From time to time we make exceptions to the underwriting and eligibility standards set forth in our Selling Guide to acquire mortgage loans under specific variances (each, a "permitted variance") granted to specific mortgage loan sellers. We will acquire variance mortgage loans only from those mortgage loan sellers that have demonstrated the capacity, systems capabilities and experience to originate and service mortgage loans in compliance with the specific terms of the permitted variance. We manage variance mortgage loans by requiring the specific terms of the permitted variance to be set forth in the contract terms applied on a case-by-case basis to individual mortgage loan sellers. All of the other terms and requirements of our Selling Guide continue to apply to variance mortgage loans, including the mortgage loan seller's other representations and warranties and the obligation to repurchase a variance mortgage loan that fails to meet the terms of the Selling Guide.

We evaluate, approve and monitor variances to our Selling Guide in a systematic fashion. If a lender requests a variance, we require the mortgage loan seller to provide us with its rationale and analysis for the variance request. We analyze the proposed credit risk parameters of the variance, any proposed offsetting or compensating risk parameters, the experience of the seller in originating and servicing the proposed variance mortgage loans, the performance of variance mortgage loans previously originated and serviced by the seller, the ongoing performance metrics to be applied to the variance mortgage loans and the forecast impact of the proposed variance mortgage loans on our overall risk profile, acquisition characteristics and certificate performance. If we agree on the terms of a permitted variance with a mortgage loan seller, we may update our loan-level acquisition data edits to provide for the specific agreed features of the variance mortgage loan with the related seller. On an ongoing basis, we review and evaluate the performance of variance mortgage loans we have acquired to confirm that variance mortgage loans perform according to our expectations.

At any time, either before or after we acquire mortgage loans, we may modify our eligibility and loan underwriting requirements with respect to the mortgage loans we purchase if we determine that compensating factors are present. Before granting a waiver or modification, we evaluate the credit profile of the mortgage loans involved and determine whether the mortgage loans have characteristics (such as higher credit score or reduced loan-to-value ratio) that compensate for the proposed waiver or modification. For example, we may permit lenders to underwrite a mortgage loan using an automated underwriting system other than our own, provided that we have reviewed the alternative system and determined that it provides a similar measure of credit protection. Other examples where we may grant waivers or modifications include, but are not limited to, the following:

- eligibility of a mortgage loan backed by a two-unit second home, provided that the property and occupancy are confirmed as typical and accepted in an identified and specific market;
- eligibility of a mortgage loan originated by a housing financing agency (HFA) under our HomeReady™ product line for which waivers (such as using area median income limits established by the HFA) were granted; and
- delegation of authority to lenders to approve condominium or cooperative projects, provided that the lender has demonstrated the required expertise, resources and trained staff to undertake such reviews.

Although we believe that such compensating factors will provide us with protection against default, there is no assurance that the mortgage loans purchased in this manner will default or prepay at rates comparable to mortgage loans generally that meet our standard eligibility and loan underwriting requirements.

Appraisal Standards and Controls

Our goal is to acquire only those mortgage loans that the borrower is able to sustain, and a key factor we use to evaluate the sustainability of a borrower's home ownership is the value of the home and the borrower's equity in it. If a borrower defaults, we rely on capturing the value of the home to recover at least a portion of our mortgage loan. To evaluate the adequacy of the mortgaged properties as collateral for our investment, we require mortgage loan sellers to obtain appraisal reports with reliable opinions of market value on most of the mortgage loans that we acquire. We include detailed appraisal, property and project requirements in our Selling Guide to allow mortgage loan sellers to make prudent underwriting decisions and to assure that the mortgaged properties have the value to sustain home ownership and protect our interest.

In particular, we have developed common standards and requirements relating to appraisals as part of our ongoing effort with Freddie Mac and the FHFA to enhance the accuracy and quality of data required at mortgage loan delivery. When we require an appraisal, mortgage loan sellers are required to use the Uniform Collateral Data Portal® (“UCDP”) to electronically submit appraisal reports prior to delivering the mortgage loan to us. The Uniform Appraisal Dataset® (“UAD”), which forms a part of the UCDP, defines all fields required for a complete appraisal submission and provides standardized definitions and responses for certain appraisal fields. We evaluate appraisal quality in part based on the appraiser's adherence to UAD when the appraisal file is submitted to the UCDP.

HARP Loans

Each HARP loan was originated as a refinancing of a mortgage loan that was closed on or before May 31, 2009. So long as a borrower met the requirements of HARP summarized in “**THE MORTGAGE LOANS—High Loan-to-Value Mortgage Loans—Mortgage Loans Eligible for Refinancing**,” we required no further underwriting

of the mortgage loan. Although the submission deadline for applications to refinance a mortgage loan under HARP was December 31, 2018, we will accept delivery of loans refinanced under HARP until September 30, 2019.

Loans Originated Under the High LTV Refinancing Option

Each loan originated under the high LTV refinancing option was a refinancing of a loan that was closed on or after October 1, 2017. So long as a borrower met the requirements of the high LTV refinancing option summarized in “**THE MORTGAGE LOANS—High Loan-to-Value Mortgage Loans—Mortgage Loans Eligible for Refinancing**,” we required no further underwriting of the mortgage loan. The high LTV refinancing option was implemented on November 1, 2018.

Alternative or Reduced Documentation and No Documentation Mortgage Loans

The pool may contain mortgage loans that were underwritten to guidelines allowing for reduced, alternative, or no documentation with respect to a borrower’s income or assets. For mortgage loans with reduced, alternative, or no documentation, a lender typically relied more on the creditworthiness of the borrower (usually represented by credit score) and the value of the mortgaged property than it would have under a full documentation program. These mortgage loans may, in some cases, have higher interest rates than full documentation mortgage loans.

The speed at which you receive prepayments of principal may be affected by the presence of reduced, alternative, or no documentation mortgage loans in the pool. These mortgage loans (especially those originated in response to borrower-initiated requests) may have an increased likelihood of default, which may cause prepayments of principal to you. On the other hand, these mortgage loans (especially those originated in response to borrower-initiated requests) may prepay more slowly than full documentation mortgage loans because the borrower may have fewer options for refinancing, which may result in a slower return of principal to you.

See the most recent annual report on Form 10-K we filed with the SEC and any subsequent quarterly reports on Form 10-Q for information on our holdings of these mortgage loans.

Mortgage Loan Eligibility Standards—Government Insured Loans

Dollar Limitations

The Charter Act sets no maximum dollar limitations on the mortgage loans that we can purchase if the loans are FHA-insured or VA-guaranteed.

FHA loans: The maximum loan amount for single-family FHA mortgage loans is established by statute. We purchase FHA mortgage loans up to the maximum original principal amount that the FHA will insure for the area in which the property is located.

VA loans: Our current practice is to purchase single-family VA mortgage loans up to our general conforming loan limit. We may adjust this policy to accommodate future changes to VA’s maximum guaranty amount limits.

Rural Development loans: There is no maximum dollar limit for single-family mortgage loans guaranteed by Rural Development. We purchase Rural Development mortgage loans up to our general conforming loan limit.

Loan-to-Value Ratios

The maximum loan-to-value ratio for mortgage loans we purchase that are insured by the FHA or guaranteed by the VA or Rural Development is the maximum established by the FHA, VA or Rural Development for the particular program under which the mortgage was insured or guaranteed.

Underwriting Guidelines

Mortgage loans we purchase that are insured by the FHA or guaranteed by the VA or Rural Development must be originated in accordance with the applicable requirements and underwriting standards of the agency providing the insurance or guaranty. Each insured or guaranteed mortgage loan that we purchase must have in effect a valid mortgage insurance certificate or loan guaranty certificate. In the case of VA loans, the unguaranteed portion of the VA loan amount cannot be greater than 75% of the purchase price of the property or 75% of the VA’s valuation estimate, whichever is less.

Seller and Servicer Eligibility

Before we approve a company to become a mortgage loan seller or to act as a direct servicer for us, we require that the company demonstrate the following to our satisfaction:

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

We enter into a written mortgage selling and servicing contract with each mortgage loan seller and direct servicer that we approve, under which, among other things, the seller or direct servicer agrees to maintain the foregoing attributes to our satisfaction.

Seller Representations and Warranties

We identify the seller or sellers of the mortgage loans in a pool in the prospectus supplement. A mortgage loan seller may hold a beneficial interest in certificates backed by a pool of mortgage loans that the seller delivered to us.

Specific representations and warranties are made to us about the characteristics of the mortgage loans we purchase. In some cases, the lender that sold the mortgage loans to our mortgage loan seller may be the party making some or all of the representations and warranties relating to the mortgage loans and may be responsible, solely or jointly with our mortgage loan seller, for the accuracy of these representations and warranties relating to the mortgage loans. We do not independently verify most of the borrower information that is provided to us.

In general, the representations and warranties relate to:

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

Moreover, we hold each party making the representations and warranties relating to the mortgage loans responsible for fraud in the origination process, including fraud by a borrower or by a third party such as a mortgage loan broker or appraiser.

We rely on the representations and warranties made at the time of acquisition to ensure that mortgage loans meet our eligibility standards. Nevertheless, we perform automated validations of certain borrower and loan data, including borrower income, and asset and employment status. We also assist the lenders in performing quality control

reviews of other aspects of the mortgage loan origination process—for example, appraisals—before the mortgage loans are sold to us, using proprietary Fannie Mae tools and third-party data sources. Where we are able to validate information, accept an alternative value in lieu of an appraisal, or positively evaluate the quality of an appraisal, we covenant to the lenders that we will not enforce certain representations and warranties against them. In addition, after we acquire mortgage loans, we perform quality control reviews of selected loans to monitor compliance with our guidelines, our eligibility standards and applicable laws and regulations. Depending upon the applicable contractual provisions, we can require a mortgage loan seller, a lender that sold a mortgage loan to our mortgage loan seller, or a servicer to repurchase a mortgage loan if we find a breach of the seller representations and warranties.

Methods for Mortgage Loan Sellers to Obtain Relief from Repurchase Requirements

Under certain circumstances, mortgage loan sellers (or servicers if they are responsible for the seller representations and warranties) may be relieved from their repurchase requirements. The methods available for obtaining relief are dependent upon the date on which a mortgage loan was acquired.

Mortgage Loans Acquired Before January 1, 2013

For conventional mortgage loans that we acquired before January 1, 2013, we continue to perform post-purchase quality control reviews on a random basis or when a mortgage loan becomes seriously delinquent or defaults.

Mortgage Loans Acquired On or After January 1, 2013 and Before July 1, 2014

Conventional mortgage loans that we acquired on or after January 1, 2013 and before July 1, 2014 are governed by a different representation and warranty framework (the “2013 framework”) under which we augmented the random sampling approach previously used in selecting new mortgage loans for review with more targeted, discretionary loan selections. Our post-purchase quality control review includes a review of the credit underwriting and eligibility of the borrower, the mortgaged property (including its value), and the project in which the mortgaged property is located, if applicable. Under the 2013 framework, mortgage loan sellers may be relieved of certain repurchase obligations for mortgage loans that meet specific payment history requirements and other eligibility requirements.

Mortgage Loans Acquired On and After July 1, 2014

We modified the 2013 framework for conventional loans that we acquired on and after July 1, 2014 (the “2014 modified framework”). Under the 2014 modified framework, a mortgage loan seller may obtain relief from certain repurchase requirements for mortgage loans through one of two different methods: relief based on an acceptable payment history or relief based on a Fannie Mae quality control review.

Acceptable Payment History Method

Relief based on an acceptable payment history requires satisfaction of each of the following conditions:

For mortgage loans other than Refi Plus mortgage loans—

- Payment by the borrower of the first 36 monthly payments due following the date we acquired the mortgage loan, provided that the borrower:
 - has had no more than two instances of 30-day delinquencies during that time;
 - has had no 60-day or greater delinquencies; and
 - is not 30 or more days’ delinquent with respect to the 36th monthly payment.

For Refi Plus mortgage loans—

- Payment by the borrower of the first 12 monthly payments due following the date we acquired the mortgage loan, provided that the borrower has had no 30-day or greater delinquencies; or
- Payment by the borrower of the first 36 monthly payments due following the date we acquired the mortgage loan, provided that the borrower:
 - has had no more than two instances of 30-day delinquencies during that time;
 - has had no 60-day or greater delinquencies; and

- is not 30 or more days delinquent with respect to the 36th monthly payment.

Fannie Mae Quality Control Review Method

For all eligible mortgage loans, relief based on a Fannie Mae full-file quality control review requires satisfaction of **one** of the following conditions:

- We complete the quality control review of the loan file and determine that the mortgage loan is acceptable;
- We complete the quality control loan file review, determine that the mortgage loan is not acceptable due to a selling deficiency that is permitted to be corrected, and the mortgage loan seller corrects the deficiency to our satisfaction; or
- We complete the quality control loan file review, determine that the mortgage loan is not acceptable due to a deficiency but may be eligible for a repurchase alternative that expires or terminates by its terms, in which case the mortgage loan seller will obtain relief upon the satisfactory expiration or termination of the repurchase alternative.

Our modified quality control review process allows us to determine much earlier in the life of a mortgage loan either that the loan is acceptable, which results in repurchase relief for the mortgage loan seller, or that there has been a breach of a representation and warranty related to the loan, which may lead to the repurchase of the loan from a pool earlier in its term.

Our decision to grant repurchase relief to a mortgage loan seller does not waive our right as issuer to remove a mortgage loan from a pool for a breach of representations and warranties. Thus, we could, at any time, still remove a mortgage loan from a pool if we determine that a representation and warranty has been breached, even if we have previously granted repurchase relief.

Certain representations and warranties are “life of loan” representations and warranties, which means that no relief from their enforcement is available. Examples of life of loan representations and warranties include, but are not limited to, a representation and warranty that the mortgage loan was originated in compliance with applicable laws and that the loan conforms to our charter requirements.

We have continued to enhance our representation and warranty framework. In November 2014, we issued an announcement updating and clarifying aspects of the 2014 modified framework, particularly relating to the “life of loan” representations and warranties that are not eligible for repurchase relief. In October 2015, we issued an announcement on alternatives to repurchase that may be offered to mortgage loan sellers in the event of underwriting defects, including providing mortgage loan sellers with specific guidance on the type of loan defects that could lead to a repurchase request or an alternative remedy. In December 2017, we further updated the framework to allow mortgage loans in disaster-related forbearance, repayment plans and modifications to be eligible for relief from representations and warranties under certain conditions. See the most recent annual report on Form 10-K we filed with the SEC and any subsequent quarterly reports on Form 10-Q for more information on seller representations and warranties and methods to obtain relief from repurchase requirements.

For a discussion of how the purchase of a mortgage loan from the pool can affect the performance of the certificates, see “**RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—*We may purchase or require a third party seller or other responsible person to purchase some or all of the mortgage loans from the pool due to a breach of seller representations and warranties, accelerating the rate of principal payment on the certificates.***”

Servicing Arrangements

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

Direct servicers must meet the eligibility standards and performance obligations included in our Guides. All direct servicers are obligated to perform diligently all services and duties customary to servicing mortgage loans. We monitor the direct servicers’ performance and have the right to remove any direct servicer with or without cause,

including at any time that we consider its removal to be in the best interests of the certificateholders. If we remove a direct servicer, we may be required to pay compensation to the direct servicer, depending upon the reason for the removal. We may then enter into a servicing contract with another entity that has been approved as a direct servicer to assume servicing responsibilities for the mortgage loans that were being serviced by the former direct servicer. In the alternative, we may assume the role of direct servicer, in which case we would enter into a servicing contract with a subservicer.

Duties performed by a direct servicer may include general loan servicing responsibilities, collecting and remitting payments on the mortgage loans, administering mortgage escrow accounts, collecting insurance claims and, if necessary, making servicing advances and foreclosing on defaulted mortgage loans. Until direct servicers remit to us the payments on mortgage loans that have been collected from borrowers, they must deposit the collections into custodial accounts. See “**THE TRUST DOCUMENTS—Collection and Other Servicing Procedures—Custodial Accounts**” for a more detailed description of custodial accounts and other requirements applicable to collections from borrowers.

The Guides describe in detail the conditions under which direct servicers may be required to make servicing advances and to foreclose on mortgage loans. Fannie Mae may, from time to time, acquire the servicing rights and become the direct servicer for mortgage loans, in which case we may use a subservicer to conduct the servicing functions. In the case of a transfer to us of the servicing rights of those loans, the disclosure in our ongoing disclosures for a particular pool will identify “Fannie Mae” as the servicer.

Direct servicers are permitted to decide in their discretion whether certain servicing guidelines may be waived for a specific mortgage loan. The waiver of other guidelines may require our consent. Our Guides specify the waivers that require our consent at any specific time.

Any agreement between a direct servicer and us governing the servicing of the mortgage loans held by a trust is a contract solely between the direct servicer and us. Certificateholders will not be deemed to be parties to any servicing agreement and will have no claims, rights, obligations, duties, or liabilities with respect to the direct servicer. We, in our capacities as guarantor and trustee, are a third-party beneficiary of each of these agreements. This means that we may pursue remedies against direct servicers in our capacities as guarantor and trustee if the master servicer or direct servicer fails to take action after receiving notice of a breach. We may resign from our duties as master servicer under the trust documents upon providing 120 days’ advance notice to the trustee and to the guarantor. After that time, the trustee would become master servicer until a successor has assumed our duties as master servicer. Even if our duties as master servicer under the trust documents terminate, we would remain obligated under our guaranty as guarantor.

Servicing Compensation and Payment of Certain Expenses

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

We typically require an annual minimum servicing fee of 0.25% for each mortgage loan in our pools. If a pool contains mortgage loans with an annual minimum servicing fee that is less than 0.25%, we will indicate this feature by using a special pool prefix in the prospectus supplement. A direct servicer initially may deliver for securitization mortgage loans for which the annual servicing fee is greater than the required annual minimum servicing fees. We refer to the difference between the annual servicing fees being charged and the required annual minimum servicing fees as “excess servicing.” A direct servicer may choose to have this excess servicing separately securitized by us; however, no portion of the required annual minimum servicing fee may be separately securitized. Certificateholders have no right to any excess servicing that has been separately securitized or designated for securitization. Securitization of any excess servicing after the issue date of an issuance of certificates will not affect the rate of interest passed through to certificateholders.

THE TRUST DOCUMENTS

The certificates offered hereby are issued pursuant to the terms of the trust documents. We have summarized below certain provisions of the trust documents. This summary is not complete and may be modified by specific provisions described in the prospectus supplement for a specific issuance of certificates. If there is any conflict between the information in this prospectus and the specific provisions of the trust documents, the terms of the trust documents will govern. You may obtain a copy of the trust agreement from our website at www.fanniemae.com or from our Washington, DC office. You may obtain a copy of the issue supplement that applies to your issuance of certificates from our Washington, DC office.

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

Assignments of Specified Principal and Interest on Mortgage Loans

Following the assignment of mortgage loans to a trust, upon instruction from the issuer, the trustee will assign principal and interest payments on the applicable mortgage loans (net of a portion of the applicable servicing fees) to a separate trust established by Fannie Mae in exchange for beneficial interests in the same principal and interest payments on such mortgage loans (net of a portion of the applicable guaranty fees). Fannie Mae, as the trustee of such separate trust, will make a REMIC election with respect to the assets held in such separate trust and will assign the related REMIC regular interests back to the trust. See **“MATERIAL FEDERAL INCOME TAX CONSEQUENCES—Internal Revenue Service Guidance Regarding the Certificates”** and **“—Application of Revenue Ruling 84-10.”**

Fannie Mae Guaranty

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

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

For fixed-rate pools, we guarantee payment of interest at the fixed pass-through rate specified in the prospectus supplement. The fixed pass-through rate is specified in the prospectus supplement under the heading **“Weighted Average Net Interest Rate.”** For adjustable-rate pools, we guarantee payment of interest at the then-current variable pool accrual rate. The initial variable pass-through rate is specified in the prospectus supplement under the heading **“Weighted Average Net Interest Rate.”**

In addition, we guarantee to each trust that we will supplement amounts received by the trust as required to make the full and final payment of the unpaid principal balance of the certificates on the distribution date in the month of the maturity date specified in the prospectus supplement for the certificates. For providing this guaranty, we receive a fee payable from a portion of the interest collected on the mortgage loans that is not required to be paid to certificateholders. We may support the execution of our credit guaranty business by adjusting our guaranty fee. For example, if the price performance of, and demand for, our certificates is not comparable to mortgage-backed securities issued by Freddie Mac on future mortgage deliveries by sellers, we may use market-adjusted pricing where we provide guaranty fee price adjustments to partially offset weaknesses in prevailing security prices and increase the competitiveness of our credit guaranty business.

A direct servicer may inform us that a borrower has become subject to the Servicemembers Civil Relief Act or any similar federal or state laws that provide interest rate ceilings, adjustments to principal payments, or other credit-related relief to members of the armed forces (any such law, a “relief act”). If we have not exercised our option to purchase the mortgage loan from the pool (as described in **“—Purchases of Mortgage Loans from Pools”**), we will supplement the amounts paid to the trust under our guaranty in the amount necessary to ensure that certificateholders receive payments of principal as well as payments of interest at the specified pass-through rate (for fixed-rate loans) or the applicable pool accrual rate (for ARM loans) regardless of the amount of interest actually received from the borrower. If we were unable to perform our guaranty obligations, certificateholders would receive

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

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

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

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

Purchases of Mortgage Loans from Pools

Under the trust documents, we are required in some instances and have the option in other instances to purchase a mortgage loan from a pool. Moreover, under certain conditions, we have the right to require a mortgage loan seller to purchase a mortgage loan from a pool. In each instance, the purchase price for a mortgage loan will be equal to the stated principal balance of the loan plus one month’s interest at the net interest rate for a fixed-rate loan or at the then-current net interest rate for an ARM loan. The purchase of a mortgage loan will result in a prepayment of principal in full in the same manner as would a borrower’s prepayment in full. See “**RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT**.”

The trust documents permit a trust to own real estate acquired as a result of a default (“real estate owned property” or “REO property”). However, it is our practice to purchase a defaulted mortgage loan from the related trust before beginning foreclosure proceedings; we do not foreclose upon a mortgage loan in the name of the trust. As a result, we do not anticipate that a trust will own REO at any time.

Mandatory Purchases by Issuer

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

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

- we determine that our acquisition of the mortgage loan was unauthorized and that a purchase of that mortgage loan is necessary to comply with applicable law;

- a court or governmental agency requires us to purchase the mortgage loan from the pool to comply with applicable law;
- a governmental unit, agency or court requires one of the following:
 - the transfer of the mortgage loan or mortgaged property (other than a transfer to a co-borrower or a transfer permitted under the mortgage loan documents or the trust documents), including a transfer required as a result of an environmental hazard, a seizure by a law enforcement agency or as part of a settlement of a legal controversy; or
 - the full or partial destruction of any improvements located on the mortgaged property if, as a result, the remaining improvements are rendered uninhabitable or unsafe or the value of the property no longer provides adequate security for the mortgage loan; or
- an insurer or guarantor of the mortgage loan or the mortgaged property (other than Fannie Mae under our guaranty) requires transfer to it of the loan to obtain the benefits of the mortgage insurance or guaranty.

Second, we are advised by counsel that removal of a mortgage loan from the trust is necessary or advisable in order to (i) maintain the status of the trust as a fixed investment trust for federal income tax purposes, or (ii) to the extent not inconsistent with clause (i), maintain the federal income tax status of any REMIC or other Fannie Mae trust that holds certificates issued by such trust. Consistent with this provision, our servicing policies and practices as of the date of this prospectus provide that, if a mortgage loan is in default with respect to payments of principal and interest, we must purchase the affected loan from the pool no later than the date on which the loan becomes 24 months past due, measured from the date on which the last installment of interest and, if required, principal was paid in full, unless one of the following has occurred or is occurring with respect to the loan:

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

Third, on the final distribution date for any trust, we must purchase from a pool any outstanding mortgage loan or any real estate owned remaining in the pool on that date.

Optional Purchases by Issuer

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

- the existence of a material breach of a representation or warranty relating to the mortgage loan that was made in connection with the sale of the loan to us or a material defect in the related mortgage loan documents;
- the failure of the mortgage loan to conform in any material respect to its description in this prospectus, prospectus supplement or the related trust issue supplement;

- the existence of a material breach of a representation, warranty or covenant relating to the mortgage loan under the trust agreement or the related servicing contract; provided, however, that in no event will such a purchase result in a “prohibited transaction” within the meaning of the Code (our policy as of the date of this prospectus requires that we purchase the mortgage loan from the pool only in extraordinary circumstances unless the prospectus supplement provides otherwise);
- an assumption of the mortgage loan or a transfer of an interest in the related mortgaged property (or a transfer of an interest in the borrower) that either has occurred or is pending under circumstances that would trigger acceleration under a due-on-sale provision reasonably believed by either the master servicer or direct servicer to be enforceable under the terms of the mortgage note and the trust documents; or
- the occurrence of any of the following events:
 - a borrower elects to convert an ARM loan to a fixed-rate mortgage loan pursuant to the terms of the related mortgage note (provided, however, that our policy as of the date of this prospectus requires that we purchase the mortgage loan from the pool before the effective date of the conversion);
 - a borrower elects to change the applicable index for an ARM loan pursuant to the terms of the related mortgage note (provided, however, that our policy as of the date of this prospectus requires that we purchase the ARM loan from the pool before the effective date of the modification unless the prospectus supplement provides otherwise);
 - a borrower exercises a conditional modification option in the related mortgage documents, other than a modification resulting from a transfer or assumption that is permitted under the mortgage documents or the trust documents (provided, however, that our policy as of the date of this prospectus requires that we purchase the ARM loan from the pool before the effective date of the modification unless the prospectus supplement provides otherwise); or
 - the mortgage margin or the maximum or minimum interest rate on an ARM loan changes as a result of an assumption of the loan by a new borrower (provided, however, that our policy as of the date of this prospectus requires that we purchase the ARM loan from the pool before the effective date of the modification unless the prospectus supplement provides otherwise).

Optional Purchases by Guarantor

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

- the mortgage loan has been in a state of continuous delinquency without having been fully cured with respect to payments required by the related mortgage loan documents during the period extending from the first missed payment date through the fourth consecutive payment date (or through the eighth consecutive payment date, in the case of a biweekly mortgage loan), without regard to:
 - whether any particular payment was made in whole or in part during the period extending from the earliest payment date through the latest payment date,
 - any grace or cure period with respect to the latest such payment date under the related mortgage documents; and
 - any period during which a loss mitigation alternative is in effect (unless the loss mitigation alternative is deemed to have cured the payment default, in which case the previous delinquency with respect to the mortgage loan will be disregarded for purposes of calculating future delinquency on the loan);
- at any time after payment default by the borrower of the mortgage loan becomes imminent or “reasonably foreseeable,” as defined in the Code or applicable Treasury regulations and otherwise in accordance with accepted servicing practices (our policy as of the date of this prospectus requires that we purchase the mortgage loan from the pool only in extraordinary circumstances unless the prospectus supplement provides otherwise);

- a court approves a plan that:
 - affects any of the following terms of the mortgage loan: its interest rate, its principal balance, the amount or timing of its principal or interest payments, its term or its last scheduled payment date; or
 - authorizes the transfer or substitution of all or part of the related mortgaged property;
- compliance with applicable laws (including a relief act) requires a change in any of the terms of the mortgage loan (including a change in its interest rate, its principal balance, its amortization schedule, the timing of payments or its last scheduled payment date);
- a mortgage loan is modified through a loss mitigation alternative and as a direct result of that modification, the guarantor is thereafter required to make payments in respect of that mortgage loan to meet its guaranty obligations under the trust agreement; provided, however, that in no event will such a purchase result in a “prohibited transaction” within the meaning of the Code (our policy as of the date of this prospectus requires that we purchase the mortgage loan from the pool before the effective date of the modification unless the prospectus supplement provides otherwise);
- the related mortgaged property is acquired by the trust as REO property (although, as noted above, we do not anticipate that a trust will own REO at any time); or
- the mortgage loan is no longer secured by the related mortgaged property.

See “**YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS—Maturity and Prepayment Considerations—Prepayments Resulting from Servicing Policies and Practices Regarding Distressed Loans**” for a more complete discussion of loss mitigation measures used by us and our direct servicers.

In deciding whether and when to purchase a mortgage loan from a pool in our capacity as issuer or guarantor, we consider a variety of factors, including our legal ability or obligation to purchase loans under the terms of the trust documents; our mission and public policy; our loss mitigation strategies and the exposure to credit losses we face under our guaranty; our cost of funds; the impact on our results of operations; relevant market yields; the accounting impact; the administrative costs associated with purchasing and holding the loans; counterparty exposure to lenders that have agreed to cover losses associated with delinquent loans; general market conditions; our statutory obligations under the Charter Act; the limit on and the amount of mortgage assets that we may own pursuant to the preferred stock purchase agreement and the portfolio plan requirements imposed by FHFA; and other legal obligations, including those established by consumer finance laws. The weight we give to these factors changes depending on market circumstances and other factors.

Loan Modifications and Purchases to Modify Mortgage Loans

Limited Modification of Performing Mortgage Loans in Pools

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

Modifying Distressed Mortgage Loans in Pools

We may permit modifications of distressed mortgage loans as part of a loss mitigation alternative while those mortgage loans remain in a pool so long as the modification is made in accordance with the trust documents and with our prior consent. Mortgage loans are considered distressed if either (i) a payment default has occurred and is continuing, or (ii) a payment default is determined to be reasonably foreseeable as defined in both the Code and in our servicing policies and practices. In a loan modification, the direct servicer, on our behalf, and the borrower enter into an agreement that revises the original terms of the mortgage loan (for example, to reduce the interest rate on the loan, to reduce the monthly payments on the loan, to capitalize past due amounts as part of the principal balance of the loan, or to extend the maturity of the loan).

Under our trust documents, modification efforts that may be pursued while a distressed mortgage loan remains in a pool will not affect the timing or amount of payments of principal and interest to certificateholders. If a modification as part of a loss mitigation alternative is unsuccessful, or if the guarantor so elects, a modified mortgage loan may be purchased from a pool as permitted under the trust documents. Such a purchase will result in an early return of principal on the certificates. Notwithstanding the modification authority provided in the trust documents, our servicing policies and practices as of the date of this prospectus prohibit any such modifications for mortgage loans in our pools. If we ever were to change these servicing policies and practices for a particular issuance of certificates, we would describe those changes in each applicable prospectus supplement.

Purchases for Loan Modifications

Under the trust documents, we may purchase a delinquent mortgage loan from the pool if either (i) a payment default on the mortgage loan is reasonably foreseeable as defined in both the Code and in our servicing policies and practices or (ii) the mortgage loan has been in a state of continuous delinquency during the period from the first missed payment date through the fourth consecutive payment date (or the eighth consecutive payment date in the case of a biweekly mortgage loan), even though the borrower may have made some payments during that period. See “**YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS—Maturity and Prepayment Considerations—Prepayments Resulting from Servicing Policies and Practices Regarding Distressed Loans.**” Notwithstanding the loan removal authority provided in the trust documents, under our servicing policies and practices as of the date of this prospectus, we generally do not purchase mortgage loans from pools when default is determined to be reasonably foreseeable (as referenced in clause (i) above) absent extraordinary circumstances. If we ever were to change these servicing policies and practices for a particular issuance of certificates, we would describe those changes in each applicable prospectus supplement.

Substitutions of Mortgage Loans

The trust documents do not permit us to substitute another mortgage loan in place of a withdrawn mortgage loan.

Collection and Other Servicing Procedures

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

Custodial Accounts

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

During the one-to-two business day period between a direct servicer’s receipt of collections from borrowers and its deposit of those collections into a custodial account, the direct servicer may hold the funds from collections in

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

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

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

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

Certificate Accounts

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

Master Servicer

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

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

Removal of Successor Master Servicer

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

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

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

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

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

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

Certain Matters Regarding Our Duties as Trustee

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

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

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

We may resign from our duties as trustee under the trust documents at any time. Our resignation will become effective only by providing 90 days' notice to the guarantor and upon the effectiveness of an appointment of a successor trustee (which may occur during the 90 days). We may be removed as trustee only if a “guarantor event of default” has occurred and is continuing with respect to a trust. See “—**Guarantor Events of Default**.” In that case, we can be removed (and then replaced by a successor trustee) as to the related trust by holders of certificates representing at least 51% of the voting rights of that trust. Even if our duties as trustee under the trust documents terminate, we would continue to be obligated under our guaranty.

Removal of Successor Trustee

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

- with respect to the related trust, the successor trustee fails to deliver to the paying agent all required funds for distribution (to the extent the successor trustee has received the related funds), and the failure

continues uncorrected for 15 days after written notice to the successor trustee of nonpayment and a demand that the failure be cured has been given to the successor trustee by either the guarantor (except when a guarantor event of default has occurred and is continuing) or the holders of certificates representing at least 5% of the voting rights of the related trust;

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

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

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

Guarantor Events of Default

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

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

Certificateholders’ Rights upon a Guarantor Event of Default

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

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

The trustee will be under no obligation to take any action or to institute, conduct or defend any litigation under the trust documents at the request, order or direction of any certificateholder unless the certificateholders have

offered to the trustee reasonable security or indemnity against the costs, expenses and liabilities that the trustee may incur.

Future Limitations on Certificateholders' Rights under the Trust Documents

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

Voting Rights

For purposes of giving any consent pursuant to the trust documents, if any certificate is beneficially held by a party, including us, determined under applicable accounting rules to be the transferor (including its affiliates or agents) of mortgage loans, the certificate may be voted by such party without restriction.

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

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

Amendment

No Consent Required

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

- correct an error or correct, modify or supplement any provision in the trust documents that is inconsistent with any other provision of the trust documents or this prospectus or the related prospectus supplement;
- cure an ambiguity or supplement a provision of the trust documents, provided that the cure of an ambiguity or supplement of a provision is not otherwise inconsistent with the trust documents;
- modify the trust documents to maintain the fixed investment trust status of a trust for federal income tax purposes or, in the event a REMIC election is made with respect to all or part of the assets comprising the trust fund of any trust, to maintain the REMIC status of any such assets, as a REMIC for federal tax purposes; or
- make any other amendments with respect to matters or questions under the trust agreement so long as such amendment will not (i) materially and adversely affect the related certificateholders or (ii) have any material adverse tax consequences for certificateholders, in each case, as evidenced by an opinion of counsel to the issuer.

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

100% Consent Required

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

- terminate or change our guaranty obligations;
- reduce or delay payments to certificateholders;
- reduce the percentage requirement of certificateholders who must give their consent to any waiver or amendment; or
- take an action that materially increases the taxes payable in respect of a trust or affects the status of the trust as a fixed investment trust for federal income tax purposes or, in the event a REMIC election is made with respect to all or a part of the assets of the trust fund of any trust, affect the status of such assets as a REMIC for federal income tax purposes.

51% Consent Required

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

Termination

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

Merger

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

MATERIAL FEDERAL INCOME TAX CONSEQUENCES

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

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

- This discussion may be supplemented by a discussion in any applicable prospectus supplement.
- This discussion does not address taxes imposed by any state, local or foreign taxing jurisdiction.

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

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

Internal Revenue Service Guidance Regarding the Certificates

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

We may file an election to treat a pool as being an asset of a REMIC. In that case, for federal income tax purposes, the related certificate will represent beneficial ownership of a REMIC regular interest in respect of each mortgage loan in the pool. Unless we disclose otherwise, a REMIC election will be made with respect to each MBS pool issued on or after May 1, 2018, with the exception of the following nine prefixes: LA, CW, CR, CP, Z1, S1, S2, OL and OI. For purposes of the remainder of this discussion, the references to “mortgage loans” in a pool include REMIC regular interests with respect to those mortgage loans.

Although Revenue Ruling 84-10 does not specifically address pools containing REMIC regular interests or participation interests in mortgage loans, other IRS pronouncements clearly indicate that the holdings of Revenue Ruling 84-10 are equally applicable to a certificate backed by a pool consisting (in whole or in part) of REMIC regular interests or participation interests. Revenue Ruling 84-10 also does not contemplate (i) the mandatory purchase of ARM loans from pools pursuant to a borrower’s exercise of an option to convert an ARM to a fixed-rate mortgage loan, (ii) the difference between the biweekly payments of interest received under biweekly loans from mortgagors and the monthly payments of interest made to beneficial owners of certificates, or (iii) the differences between the principal and interest amounts received from mortgagors under mortgage loans that provide for the daily accrual of interest and the monthly payments of principal and interest made to beneficial owners of certificates. However, our special tax counsel, Dechert LLP, has rendered an opinion to us that the conclusions of Revenue Ruling 84-10 will be applicable to pools containing REMIC regular interests or participation interests in mortgage loans, ARM pools, biweekly mortgage pools and pools that include mortgage loans providing for the daily accrual of interest.

Revenue Ruling 84-10 does not address the treatment of a transfer of mortgage loans to a multiple lender pool such as a Fannie Majors pool. A transfer of mortgage loans to a Fannie Majors pool will be treated as a taxable exchange between the lender transferring the mortgage loans and the beneficial owners of certificates in the pool at the time of transfer. However, no gain or loss should arise if Fannie Mae files a REMIC election with respect to the pool. You should consult your own tax advisor regarding the federal income tax consequences of a transfer of mortgage loans to a Fannie Majors pool, including any consequences arising from a transfer of mortgage loans to a Fannie Majors Pool for which a REMIC election will be made.

Application of Revenue Ruling 84-10

Pursuant to the holdings of Revenue Ruling 84-10, a beneficial owner of a particular issuance of certificates must report on its federal income tax return its pro rata share of the entire income from each mortgage loan in that particular pool, consistent with the beneficial owner’s method of accounting. However, a beneficial owner of a certificate of a pool for which we file a REMIC election must report its share of income from the certificate using the accrual method of accounting, regardless of whether it otherwise reports income using a cash method of accounting. The items of income from a mortgage loan include interest, original issue discount (discussed below), prepayment premiums, assumption fees and late payment charges, plus any amount paid by us as interest under our guaranty.

Certain beneficial owners can deduct their pro rata share of the expenses of the trust as provided in section 162 or section 212 of the Code, consistent with their method of accounting and subject to the discussion below.

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

Original Issue Discount

Certain mortgage loans may be issued with original issue discount (“OID”) within the meaning of section 1273(a) of the Code. OID generally arises only with respect to ARM loans that provide for an incentive interest rate (sometimes referred to as a teaser rate) or mortgage loans, including ARM loans, that provide for the deferral of interest. If a mortgage loan is issued with OID, a beneficial owner must include the OID in income as it accrues, generally in advance of the receipt of cash attributable to such income. The descriptions set forth below in “***Market Discount***” and “***Premium***” may not be applicable for mortgage loans issued with OID. We do not intend to file a REMIC election with respect to any pool if the related certificate would be treated as having been issued with OID. You should consult your own tax advisor regarding the accrual of market discount and premium on mortgage loans issued with OID.

Market Discount

A beneficial owner that acquires a mortgage loan for less than its principal amount generally has market discount in the amount of the difference between the principal amount and the beneficial owner’s basis in that mortgage loan. In general, three consequences arise if a beneficial owner acquires an interest in a mortgage loan with market discount. First, the beneficial owner must treat any principal payment with respect to a mortgage loan acquired with market discount as ordinary income to the extent of the market discount that accrued while such beneficial owner held an interest in that mortgage loan. Second, the beneficial owner must treat gain on the disposition or retirement of such a certificate as ordinary income under the circumstances discussed below in “***Sales and Other Dispositions of Certificates***.” Third, a beneficial owner that incurs or continues indebtedness to acquire a certificate at a market discount may be required to defer the deduction of all or a portion of the interest on the indebtedness until the corresponding amount of market discount is included in income. Alternatively, a beneficial owner may elect to include market discount in income on a current basis as it accrues, in which case the three consequences discussed above will not apply. If a beneficial owner makes this election, the beneficial owner must also apply the election to all debt instruments acquired by the beneficial owner on or after the beginning of the first taxable year to which the election applies. A beneficial owner may revoke the election only with the consent of the IRS.

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

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

Section 1272(a)(6)

Pursuant to regulations issued by Treasury, Fannie Mae is required to report OID and market discount in a manner consistent with section 1272(a)(6) of the Code. You should consult your own tax advisor regarding the effect of section 1272(a)(6) on the accrual of OID and market discount. As noted above, we do not intend to file a REMIC election with respect to any pool if the related certificate would be treated as having been issued with OID.

Premium

A beneficial owner that acquires a mortgage loan for more than its principal amount generally has premium with respect to that mortgage loan in the amount of the excess. In that event, the beneficial owner may elect to treat the premium as amortizable bond premium. This election is available only with respect to an undivided interest in a mortgage loan that was originated after September 27, 1985. If the election is made, a beneficial owner must also apply the election to all debt instruments the interest on which is not excludible from gross income (fully taxable bonds) held by the beneficial owner at the beginning of the first taxable year to which the election applies and to all fully taxable bonds thereafter acquired by the beneficial owner. A beneficial owner may revoke the election only with the consent of the IRS.

If a beneficial owner makes this election, the beneficial owner reduces the amount of any interest payment that must be included in the beneficial owner's income by the portion of the premium allocable to the period based on the mortgage loan's yield to maturity. Correspondingly, a beneficial owner must reduce its basis in the mortgage loan by the amount of premium applied to reduce any interest income. The amount of premium to be allocated among the interest payments on an ARM is determined by reference to an equivalent fixed-rate debt instrument constructed as of the date the beneficial owner acquires an interest in the ARM.

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

Accrual Method Election

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

As described in “—**Application of Revenue Ruling 84-10**” above, a beneficial owner of a certificate of a pool for which we file a REMIC election must report its share of income from the certificate using the accrual method of accounting, regardless of whether it otherwise reports income using a cash method of accounting. For information reporting purposes, Fannie Mae will provide information on an accrual basis only.

In addition, recently enacted federal tax legislation generally requires a beneficial owner that uses an accrual method of accounting for tax purposes to include certain amounts in income no later than the time such amounts are reflected on certain financial statements. See “**Recently Enacted Federal Tax Legislation**” below.

Expenses of the Trust

A beneficial owner can deduct its allocable share of expenses paid by the trust as provided in section 162 or section 212 of the Code, consistent with its method of accounting and except as limited by the law informally known as the Tax Cuts and Jobs Act as discussed below. The Tax Cuts and Jobs Act, which was enacted on December 22, 2017, generally denies a deduction for an individual, trust or estate of its allocable share of the trust's fees or expenses under Section 212 of the Code for any taxable year beginning after December 31, 2017, and before January 1, 2026. Prospective investors are urged to consult with their tax advisors regarding the potential applicability of this legislation to their particular situations.

Sales and Other Dispositions of Certificates

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

The Taxpayer Relief Act of 1997 amended section 1271 of the Code to provide that amounts received by a beneficial owner on retirement of any mortgage loan of a natural person are considered to be amounts received in exchange therefor. The legislation applies to mortgage loans originated after June 8, 1997, and any interest in a mortgage loan acquired after June 8, 1997, but does not apply in the case of any certificate for which a REMIC election is filed. The application of section 1271 to a retirement of a mortgage loan that was acquired at a discount is unclear, and you should consult your own tax advisor regarding the application of section 1271 to a certificate in such a case.

Medicare Tax

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

Special Tax Attributes

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

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

Pools containing REMIC regular interests or participation interests in mortgage loans will be structured so that the related certificates will have the tax status described above. If a certificate represents an interest in a pool that contains a cooperative share loan, an escrow mortgage loan, a buydown loan, a government mortgage loan, or a loan secured by a manufactured home, you should also consider the following tax consequences applicable to an undivided interest in those loans.

To the extent that any mortgage loan has a loan-to-value ratio in excess of 100% (that is, the principal balance of any mortgage loan exceeds the fair market value of the real property securing the loan), the interest income on the portion of the mortgage loan in excess of the value of the real property will not be interest on obligations secured by mortgages on real property within the meaning of section 856(c)(3)(B) of the Code and such excess portion will not be a real estate asset within the meaning of section 856(c)(5)(B) of the Code. The excess portion should represent a "Government security" within the meaning of section 856(c)(4)(A) of the Code. For these purposes, we use the loan-to-value ratio of all loans at origination. A holder that is a real estate investment trust should consult its tax advisor concerning the appropriate tax treatment of such excess portion.

It is not certain whether or to what extent a mortgage loan with a loan-to-value ratio in excess of 100%, or a REMIC regular interest backed by such a mortgage loan, qualifies as a loan secured by an interest in real property for purposes of sections 7701(a)(19)(C)(v) and 7701(a)(19)(C)(xi) of the Code, as applicable. Even if the property

securing the mortgage loan does not meet this test, the certificates will be treated as “obligations of a corporation which is an instrumentality of the United States” within the meaning of section 7701(a)(19)(C)(ii) of the Code. Thus, the certificates will be a qualifying asset for a domestic building and loan association.

A mortgage loan with a loan-to-value ratio in excess of 125% is not a “qualified mortgage” within the meaning of section 860G(a)(3) of the Code. Accordingly, the certificates that evidence a beneficial ownership interest in the pool will not be a suitable investment for a REMIC. Moreover, because the certificates may not be a suitable investment for a REIT, REIT investors should consult their own tax advisors regarding the federal income tax consequences of purchasing, holding and disposing of certificates.

Cooperative Share Loans

The IRS has ruled that a cooperative share loan will be treated as a loan secured by an interest in real property, within the meaning of section 7701(a)(19)(C)(v) of the Code, provided that the dwelling unit that the cooperative’s stock entitles the tenant-shareholder to occupy is to be used as a residence. The IRS also has ruled that stock in a cooperative qualifies as an interest in real property within the meaning of section 856(c)(5)(C) of the Code. Accordingly, interest on cooperative share loans qualifies as interest on obligations secured by mortgages on interests in real property for purposes of section 856(c)(3)(B) of the Code.

Escrow Mortgage Loans

In certain cases, a mortgage loan may be secured by additional collateral consisting of an escrow account held with a financial institution, referred to as an escrow mortgage loan. The escrow account could consist of an interest rate buydown account that meets the requirements of our Selling Guide or any other escrow account described in the prospectus supplement. A beneficial owner’s investment in an escrow mortgage loan generally should be treated as a loan secured by an interest in real property within the meaning of sections 7701(a)(19)(C)(v) and 7701(a)(19)(C)(xi) of the Code, as applicable, provided the escrow account does not represent an account with the beneficial owner. In addition, an investment in an escrow mortgage loan by a real estate investment trust generally should be treated in its entirety as a real estate asset within the meaning of section 856(c)(5)(B) of the Code, provided the fair market value of the real property securing the escrow mortgage loan equals or exceeds the principal amount of such escrow mortgage loan at the time the real estate investment trust makes a commitment to acquire a certificate. Because of uncertainties regarding the tax treatment of escrow mortgage loans, you should consult your own tax advisor concerning the federal income tax treatment of investments in escrow mortgage loans.

Buydown Loans

Sometimes a lender, builder, seller or other third party may provide the funds for the interest rate buydown accounts that secure certain escrow mortgage loans, sometimes referred to as buydown loans. Under our Selling Guide, the borrower is liable for the entire payment on a buydown loan, without offset by any payments due from the buydown account. Accordingly, we plan to treat buydown loans entirely as the obligation of the borrower.

The IRS could take the position, however, that a buydown loan should be treated as if the borrower were obligated only to the extent of the net payment after application of the interest rate buydown account. If the IRS were able to maintain this position successfully, a beneficial owner of a buydown loan would be treated as holding two instruments: one representing the lender’s rights with respect to the buydown account, and the other representing the borrower’s debt to the extent of the net payment by the borrower. With respect to the instrument represented by the borrower’s debt, this treatment would require the beneficial owner to accelerate the recognition of a portion of the interest payable after the buydown period. Moreover, during the buydown period and to the extent of the buydown account, the rulings described above regarding sections 856(c)(3)(B), 856(c)(5)(B) and 7701(a)(19)(C)(v) of the Code would be inapplicable. Because of uncertainties regarding the tax treatment of buydown loans, you should consult your own tax advisor concerning the federal income tax treatment of investments in buydown loans.

Government Mortgage Loans

Because information generally is not available with respect to the loan-to-value ratios of government mortgage loans, no representations can be made regarding the qualification of such loans under sections 856(c)(3)(B), 856(c)(5)(B), 7701(a)(19)(C)(v) and 7701(a)(19)(C)(xi) of the Code.

Loans Secured by Manufactured Homes

For certain purposes of the Code, a mortgage loan secured by a manufactured home is treated as secured by an interest in real property if the manufactured home satisfies the conditions set forth in section 25(e)(10) of the Code.

That section requires a manufactured home to have a minimum of 400 square feet of living space and a minimum width in excess of 102 inches and to be of a kind customarily used at a fixed location. Although Revenue Ruling 84-10 does not specifically refer to mortgage loans secured by manufactured homes, the conclusions discussed above regarding sections 856(c)(3)(B), 856(c)(5)(B), 7701(a)(19)(C)(v), and 7701(a)(19)(C)(xi) of the Code should be applicable to a beneficial owner's investment in a mortgage loan that is secured by property described in section 25(e)(10). Unless we state otherwise in the prospectus supplement or use a special pool prefix for pooling mortgage loans secured by manufactured homes, the conditions of section 25(e)(10) will be satisfied.

Mortgage Loan Servicing

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

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

A mortgage loan is effectively not treated as a stripped bond by beneficial owners, however, if the mortgage loan meets either the 100 basis point test or the de minimis test. A mortgage loan meets the 100 basis point test if the total amount of servicing compensation on the mortgage loan does not exceed reasonable compensation for servicing by more than 100 basis points. A mortgage loan meets the de minimis test if (i) the discount at which the mortgage loan is acquired is less than 0.25 percent of the remaining principal balance of the mortgage loan multiplied by its weighted average remaining life; or (ii) in the case of wholly self-amortizing mortgage loans, the acquisition discount is less than 1/6th of one percent times the number of whole years to final stated maturity. In addition, servicers are given the opportunity to elect to treat mortgage servicing fees up to a specified number of basis points (which depends on the type of mortgage loans) as reasonable servicing. No guidance has been provided as to the effect, if any, of such safe harbors and any elections thereunder on beneficial owners of mortgage loans.

The IRS guidance contains a number of ambiguities. For example, it is not clear whether the rules described above are to be applied on an individual loan or an aggregate basis. However, this should have no effect if Fannie Mae has filed a REMIC election with respect to the underlying mortgage pool. You should consult your own tax advisor about the IRS guidance and its application to investments in the certificates.

Recently Enacted Federal Tax Legislation

The Tax Cuts and Jobs Act, which was signed into law on December 22, 2017, generally requires a beneficial owner that uses an accrual method of accounting for tax purposes to include certain amounts in income no later than the time such amounts are reflected on certain financial statements. Although the precise application of this rule is unclear, it might require the accrual of income earlier than is the case under prior law. Prospective investors that use an accrual method of accounting for tax purposes are urged to consult with their tax advisors regarding the potential applicability of this legislation to their particular situations. As noted above, a beneficial owner of a certificate of a pool for which we file a REMIC election must report its share of income from the certificate using the accrual method of accounting.

Information Reporting and Backup Withholding

For each distribution, we will post on our website information that will allow beneficial owners to determine (i) the portion of such distribution allocable to principal and to interest, (ii) the amount, if any, of OID and market discount and (iii) the administrative expenses allocable to such distribution. In Notice 2008-77, 2008-40 I.R.B. 814, the IRS provided an exception from reporting certain modifications of mortgage loans held by a fixed investment trust if a guaranty arrangement compensates the trust for any shortfalls that would otherwise be experienced as a result of

the modification. Based on this IRS guidance, we have determined that modifications of certain non-performing loans under terms specified in the trust documents are not required to be reported. Similarly, such modifications are not required to be reported if we have filed a REMIC election with respect to the mortgage loans. Payments of interest and principal, as well as payments of proceeds from the sale of certificates, may be subject to the backup withholding tax under section 3406 of the Code if the recipient of the payment is not an exempt recipient and fails to furnish certain information, including its taxpayer identification number, to us or our agent, or otherwise fails to establish an exemption from such tax. Any amounts deducted and withheld from such a payment would be allowed as a credit against the beneficial owner's federal income tax. Furthermore, certain penalties may be imposed by the IRS on a holder or owner who is required to supply information but who does not do so in the proper manner.

Foreign Investors

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

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

- the beneficial owner does not hold the certificate in connection with its conduct of a trade or business in the United States;
- the beneficial owner is not, with respect to the United States, a personal holding company or a corporation that accumulates earnings in order to avoid U.S. federal income tax;
- the beneficial owner is not a U.S. expatriate or former U.S. resident who is taxable in the manner provided in section 877(b) of the Code;
- the beneficial owner is not an excluded person (i.e., a 10-percent shareholder of Fannie Mae within the meaning of section 871(h)(3)(B) of the Code or a controlled foreign corporation related to Fannie Mae within the meaning of section 881(c)(3)(C) of the Code);
- the beneficial owner signs a statement under penalties of perjury certifying that it is a Non-U.S. Person and provides its name, address and taxpayer identification number (a "Non-U.S. Beneficial Ownership Statement");
- the last U.S. Person in the chain of payment to the beneficial owner (the withholding agent) receives such Non-U.S. Beneficial Ownership Statement from the beneficial owner or a financial institution holding on behalf of the beneficial owner and does not have actual knowledge that such statement is false;
- the certificate represents an undivided interest in a pool of mortgage loans all of which were originated after July 18, 1984; and
- the Non-U.S. Person (and each foreign intermediary and foreign flow-through entity through which the Non-U.S. Person holds its certificate) complies with FATCA (as discussed below).

That portion of interest income of a beneficial owner who is a Non-U.S. Person on a certificate that represents an interest in one or more mortgage loans originated before July 19, 1984 will be subject to a U.S. withholding tax at the rate of 30 percent or lower treaty rate, if applicable. Regardless of the date of origination of the mortgage loans, backup withholding will not apply to payments made to a beneficial owner that is a Non-U.S. Person if the beneficial owner or a financial institution holding on behalf of the beneficial owner provides a Non-U.S. Beneficial Ownership Statement to the withholding agent.

A Non-U.S. Beneficial Ownership Statement may be made on an IRS Form W-8BEN or Form W-8BEN-E, as applicable, or a substantially similar substitute form. The beneficial owner or financial institution holding on behalf

of the beneficial owner must inform the withholding agent of any change in the information on the statement within 30 days of such change.

Sections 1471 through 1474 of the Internal Revenue Code (commonly known as “FATCA”) generally impose withholding of 30% on “withholdable payments” to certain foreign entities (including financial intermediaries), unless certain information reporting, diligence and other requirements have been satisfied. For this purpose, withholdable payments include U.S.-source interest and gross proceeds (including principal payments) from the sale or other disposition of property that can produce U.S.-source interest. However, on December 13, 2018, the IRS released proposed regulations which, if finalized, would eliminate FATCA withholding on gross proceeds from the sale or other disposition of debt instruments. The IRS will permit taxpayers to rely on this aspect of the proposed regulations until final regulations are issued. Accordingly, payments on the certificates, other than payments in respect of any sales or other dispositions of property, will be treated as withholdable payments. To receive the benefit of an exemption from FATCA withholding tax, you must provide to the withholding agent a properly completed Form W-8BEN or W-8BEN-E or other applicable form evidencing such exemption. Non-U.S. Persons should consult their own tax advisors regarding the potential application and impact of this legislation based on their particular circumstances.

CREDIT RISK RETENTION

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

PLAN OF DISTRIBUTION

Certificates backed by mortgage loans delivered to us by a mortgage loan seller are issued to the seller in exchange for the mortgage loans. Certificates backed by portfolio pools holding mortgage loans previously held in our portfolio may be issued to us in our corporate capacity in exchange for those mortgage loans or may be sold to dealers or third party investors through a bidding process. Fannie Majors are usually backed by mortgage loans delivered to us by more than one mortgage loan seller and represent beneficial interests in the entire pool of mortgage loans backing the Fannie Major. In each case, we are the depositor of the mortgage loans into the trust, the trustee for the trust, and the master servicer of the mortgage loans in the trust. Mortgage loan sellers, dealers and third party investors may retain the certificates or sell them in the secondary mortgage market.

ACCOUNTING CONSIDERATIONS

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

LEGAL INVESTMENT CONSIDERATIONS

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

ERISA CONSIDERATIONS

ERISA and section 4975 of the Code impose requirements on employee benefit plans subject to ERISA (such as employer-sponsored retirement plans) and on other types of benefit plans and arrangements subject to section 4975

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

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

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

LEGAL OPINION

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

COMMON SINGLE-FAMILY MBS POOL PREFIXES

Below is a current listing of pool prefixes that we use most frequently. Our prefixes may be modified or supplemented from time to time. For a more complete listing and description of our current pool prefixes, please refer to our website at www.fanniemae.com.

- CA** Conventional Long-Term, Level-Payment Mortgages; Single-Family; assumable.
- CI** Conventional Intermediate-Term, Level-Payment Mortgages; Single-Family; maturing or due in 15 years or less.
- CJ** Conventional Intermediate-Term, Level-Payment Mortgages; Single-Family; maturing or due in 15 years or less:
- Pool contains jumbo-conforming loans with an origination date beginning March 1, 2008 through September 30, 2008; or
 - More than 10% of the pool issue balance is composed of any combination of:
 - loans originated on or after October 1, 2008 with an original principal balance up to the loan limit established by the Housing and Economic Recovery Act of 2008 (HERA), or
 - loans originated on or after October 1, 2008 with an original principal balance up to the loan limit established by the Economic Stimulus Act of 2008 (ESA), or
 - loans originated during 2009 with an original principal balance up to the loan limit established by the American Recovery and Reinvestment Act of 2009 (ARRA), or
 - loans originated during 2010 with an original principal balance up to the loan limit established by Public Law (or P. L.) No. 111-88, or
 - loans originated during 2011 with an original principal balance up to the loan limit established by Public Law (or P.L.) No. 111-242; or
 - Pool contains loans originated before October 1, 2008 with an original principal balance up to the loan limit established by HERA.
- CK** Conventional Long-Term, Level-Payment Mortgages; Single-Family; maturing or due in 30 years or less:
- Pool contains jumbo-conforming loans with an origination date beginning March 1, 2008 through September 30, 2008; or
 - More than 10% of the pool issue balance is composed of any combination of:
 - loans originated on or after October 1, 2008 with an original principal balance up to the loan limit established by HERA, or
 - loans originated on or after October 1, 2008 with an original principal balance up to the loan limit established by ESA, or
 - loans originated during 2009 with an original principal balance up to the loan limit established by ARRA, or
 - loans originated during 2010 with an original principal balance up to the loan limit established by Public Law (or P. L.) No. 111-88, or
 - loans originated during 2011 with an original principal balance up to the loan limit established by Public Law (or P.L.) No. 111-242; or
 - Pool contains loans originated before October 1, 2008 with an original principal balance up to the loan limit established by HERA.
- CL** Conventional Long-Term, Level-Payment Mortgages; Single-Family; maturing or due in 30 years or less.
- CN** Conventional Short-Term, Level-Payment Mortgages; Single-Family; maturing or due in 10 years or less.

CQ	Conventional Long-Term, Level-Payment Mortgages; Single-Family; maturing or due in 30 years or less. Pool is composed entirely of mortgages with loan-to-value ratios greater than 105% and less than or equal to 125%.
CR	Conventional Long-Term, Level-Payment Mortgages; Single-Family; maturing or due in 30 years or less. Pool is composed entirely of mortgages with loan-to-value ratios greater than 125%.
CT	Conventional Intermediate-Term, Level-Payment Mortgages; Single-Family; maturing or due in 20 years or less.
CV	Conventional Intermediate-Term, Level-Payment Mortgages; Single-Family; maturing or due in 15 years or less; Pool is composed entirely of mortgages with loan-to-value ratios greater than 105% and less than or equal to 125%.
CW	Conventional Intermediate-Term, Level-Payment Mortgages; Single-Family; maturing or due in 15 years or less. Pool is composed entirely of mortgages with loan-to-value ratios greater than 125%.
GA	Government, Adjustable-Rate Mortgages; Single-Family. Pool may contain certain higher balance FHA loans originated on or after March 6, 2008.
GL	Government, Level-Payment Mortgages; Single-Family; maturing or due in 30 years or less; pool may contain certain higher balance FHA loans originated on or after March 6, 2008.
GO	Government, Level-Payment Mortgages; Single-Family; pool is composed entirely of loans which were delinquent for 90 days or more during the 12 months prior to the Pool Issue Date. All loans are current as of the Pool Issue Date.
I1	Conventional Intermediate-Term, Reperforming Modified, Level-Payment Mortgages; Single-Family; maturing or due in 15 years or less.
I2	Conventional Intermediate-Term, Reperforming Modified, Level-Payment Mortgages; Single-Family; maturing or due in 20 years or less.
I3	Conventional Long-Term, Reperforming Modified, Level-Payment Mortgages; Single-Family; maturing or due in 30 years or less.
I4	Conventional Extra Long-Term, Reperforming Modified, Level-Payment Mortgages; Single-Family; maturing or due in 40 years or less.
JI	Conventional Intermediate-Term Mortgages; Single-Family; maturing or due in 15 years or less. Pool meets any of the following criteria: <ul style="list-style-type: none"> • more than 15 percent of pool issue date balance is composed of loans with more than one special product characteristic (as defined in the Fannie Mae Guides), • pool contains loans with one or more other unique characteristics (see individual Prospectus Supplement for details), or • pool contains jumbo-conforming loans with an origination date beginning July 1, 2007 through February 29, 2008.
JL	Conventional Long-Term Mortgages; Single-Family; maturing or due in more than 15 years. Pool meets any of the following criteria: <ul style="list-style-type: none"> • more than 15 percent of pool issue balance is composed of loans with more than one special product characteristic (as defined in the Fannie Mae Guides), • pool contains loans with one or more other unique characteristics (see individual Prospectus Supplement for details), or • pool contains jumbo-conforming loans with an origination date beginning July 1, 2007 through February 29, 2008.
LA	Adjustable-Rate Mortgages; Single-Family; uniform 5/1 hybrid; indexed to the one-year Wall Street Journal London Interbank Offered Rate (LIBOR); five-year initial fixed period; 5 percent cap initial interest rate adjustment, 2 percent cap subsequent interest rate adjustments, with a 5 percent lifetime cap; minimum servicing of 12.5 basis points; stated MBS weighted average net interest rate in initial fixed period and stated MBS margin.
LB	Adjustable-Rate Mortgages; Single-Family; LIBOR; lifetime caps are pool-specific.

- LD** Conventional Adjustable-Rate Jumbo-Conforming Mortgages; Single-Family; LIBOR; pool contains jumbo-conforming loans with an origination date on or after March 1, 2008.
- R1** Conventional Intermediate-Term, Non-Modified Reperforming, Level-Payment Mortgages; Single-Family; maturing or due in 15 years or less.
- R2** Conventional Intermediate-Term, Non-Modified Reperforming, Level-Payment Mortgages; Single-Family; maturing or due in 20 years or less.
- R3** Conventional Long-Term, Non-Modified Reperforming, Level-Payment Mortgages; Single-Family; maturing or due in 30 years or less.
- RE** Conventional Long-Term, Level-Payment Relocation Mortgages; Single-Family.
- U1** Conventional Intermediate-Term, Reperforming Modified Step Rate Mortgages; Single-Family; maturing or due in 15 years or less.
- U2** Conventional Intermediate-Term, Reperforming Modified Step Rate Mortgages; Single-Family; maturing or due in 20 years or less.
- U3** Conventional Long-Term, Reperforming Modified Step Rate Mortgages; Single-Family; maturing or due in 30 years or less.
- U4** Conventional Extra Long-Term, Reperforming Modified Step Rate Mortgages; Single-Family; maturing or due in 40 years or less.
- WD** Adjustable-Rate Mortgages; Single-Family; indexed to the one-year Treasury Constant Maturity; extended fixed initial period; annual changes thereafter; various caps at first adjustment; 2 percent per interest rate adjustment thereafter; lifetime caps are pool-specific.
- WS** Conventional Adjustable-Rate Mortgages; Single-Family. Includes a wide variety of ARM types and indices.

SAMPLE POOL STATISTICS (FIXED)

All information in this exhibit is for illustrative purposes only and should not be deemed to represent any actual issuance. Please see Exhibit C: Pool Statistics Methodology for further information about the sample pool statistics.

**FANNIE MAE
MORTGAGE-BACKED SECURITIES PROGRAM
FNMS 04.0000 CL-BN1234
SUPPLEMENT TO PROSPECTUS DATED JUNE 01, 2019
FINAL – [Date]**

SECURITY DESCRIPTION

PREFIX	CL
SECURITY IDENTIFIER	BN1234
CUSIP	3140XXXX
INVESTOR SECURITY UPB (\$)	1,052,122.00
WEIGHTED AVERAGE NET INTEREST RATE (%)	4.000
ISSUE DATE	06/01/2019
FIRST PAYMENT DATE	07/25/2019
MATURITY DATE	06/2049
INTEREST ONLY SECURITY INDICATOR	No
PREPAYMENT PENALTY INDICATOR	No
REDUCED MINIMUM SERVICING INDICATOR	No

SECURITY STATISTICS (AS OF ISSUE DATE)

LOAN COUNT	8
AVERAGE MORTGAGE LOAN AMOUNT (\$)	131,625.00
WEIGHTED AVERAGE MORTGAGE LOAN AMOUNT (\$)	133,129.42
WEIGHTED AVERAGE INTEREST RATE (%)	4.831
WEIGHTED AVERAGE LOAN AGE	1
WEIGHTED AVERAGE LOAN TERM	360
WEIGHTED AVERAGE REMAINING MONTHS TO MATURITY	359
WEIGHTED AVERAGE LOAN-TO-VALUE (LTV)	91
WEIGHTED AVERAGE COMBINED LOAN-TO-VALUE (CLTV)	92
WEIGHTED AVERAGE BORROWER CREDIT SCORE	754
WEIGHTED AVERAGE DEBT-TO-INCOME (DTI)	41
THIRD-PARTY ORIGINATION UPB PERCENT	0.00
SELLER NAME(S)	ABC Seller City/State
SERVICER NAME(S)	123 Servicer City/State

QUARTILE DISTRIBUTION

	MORTGAGE LOAN AMOUNT (\$)	INTEREST RATE (%)	NET INTEREST RATE (%)	LOAN TERM	LOAN AGE	LOAN- TO- VALUE (LTV)	REMAINING MONTHS TO MATURITY	COMBINED LOAN-TO- VALUE (CLTV)	BORROWER CREDIT SCORE	DEBT- TO- INCOME (DTI)
MAXIMUM	149,000.00	4.990	4.000	360	1	97	360	103	810	47
75%	149,000.00	4.875	4.000	360	1	97	359	97	763	45
MEDIAN	136,000.00	4.875	4.000	360	1	97	359	97	749	43
25%	118,000.00	4.750	4.000	360	1	80	359	80	732	41
MINIMUM	115,000.00	4.750	4.000	360	0	70	359	70	708	28

UNAVAILABLE DATA

	AGGREGATE LOAN COUNT	PERCENTAGE LOAN COUNT	AGGREGATE INVESTOR LOAN UPB (\$)	PERCENTAGE INVESTOR LOAN UPB
LOAN-TO-VALUE	0	0.00	0.00	0.00
COMBINED LOAN-TO-VALUE	0	0.00	0.00	0.00
DEBT-TO-INCOME	0	0.00	0.00	0.00
BORROWER CREDIT SCORE	0	0.00	0.00	0.00

LOAN PURPOSE

	AGGREGATE LOAN COUNT	PERCENTAGE LOAN COUNT	AGGREGATE INVESTOR LOAN UPB (\$)	PERCENTAGE INVESTOR LOAN UPB
PURCHASE	8	100.00	1,052,122.47	100.00
REFINANCE - CASH OUT	0	0.00	0.00	0.00
REFINANCE - NO CASH OUT	0	0.00	0.00	0.00
REFINANCE - NOT SPECIFIED	0	0.00	0.00	0.00
MODIFICATION - LOSS MITIGATION	0	0.00	0.00	0.00
NOT AVAILABLE	0	0.00	0.00	0.00

OCCUPANCY STATUS

	AGGREGATE LOAN COUNT	PERCENTAGE LOAN COUNT	AGGREGATE INVESTOR LOAN UPB (\$)	PERCENTAGE INVESTOR LOAN UPB
PRIMARY RESIDENCE	7	87.50	903,210.06	85.85
SECOND HOME	1	12.50	148,912.41	14.15
INVESTMENT PROPERTY	0	0.00	0.00	0.00
NOT AVAILABLE	0	0.00	0.00	0.00

PROPERTY TYPE

	AGGREGATE LOAN COUNT	PERCENTAGE LOAN COUNT	AGGREGATE INVESTOR LOAN UPB (\$)	PERCENTAGE INVESTOR LOAN UPB
COOPERATIVE	0	0.00	0.00	0.00
CONDOMINIUM	3	37.50	389,325.96	37.00
PLANNED UNIT DEVELOPMENT	2	25.00	263,208.72	25.02
SINGLE-FAMILY	2	25.00	284,732.47	27.06
MANUFACTURED HOUSING	1	12.50	114,855.32	10.92
NOT AVAILABLE	0	0.00	0.00	0.00

ORIGINATION YEAR

	AGGREGATE LOAN COUNT	PERCENTAGE LOAN COUNT	AGGREGATE INVESTOR LOAN UPB (\$)	PERCENTAGE INVESTOR LOAN UPB
2018	7	87.50	927,962.47	88.20
2019	1	12.50	124,160.00	11.80

CHANNEL

	AGGREGATE LOAN COUNT	PERCENTAGE LOAN COUNT	AGGREGATE INVESTOR LOAN UPB (\$)	PERCENTAGE INVESTOR LOAN UPB
BROKER	0	0.00	0.00	0.00
CORRESPONDENT	0	0.00	0.00	0.00
RETAIL	8	100.00	1,052,122.47	100.00
THIRD-PARTY ORIGINATION - NOT SPECIFIED	0	0.00	0.00	0.00
NOT AVAILABLE	0	0.00	0.00	0.00

MORTGAGE INSURANCE CANCELLATION INDICATOR

	AGGREGATE LOAN COUNT	PERCENTAGE LOAN COUNT	AGGREGATE INVESTOR LOAN UPB (\$)	PERCENTAGE INVESTOR LOAN UPB
YES	0	0.00	0.00	0.00
NO	6	75.00	788,354.74	74.93
NOT APPLICABLE	2	25.00	263,767.73	25.07

MORTGAGE INSURANCE COVERAGE

	AGGREGATE LOAN COUNT	PERCENTAGE LOAN COUNT	AGGREGATE INVESTOR LOAN UPB (\$)	PERCENTAGE INVESTOR LOAN UPB
LOANS WITH MORTGAGE INSURANCE	6	75.00	788,354.74	74.93
LOANS WITHOUT MORTGAGE INSURANCE	2	25.00	263,767.73	25.07
NOT AVAILABLE	0	0.00	0.00	0.00

FIRST TIME HOME BUYER INDICATOR

	AGGREGATE LOAN COUNT	PERCENTAGE LOAN COUNT	AGGREGATE INVESTOR LOAN UPB (\$)	PERCENTAGE INVESTOR LOAN UPB
YES	6	75.00	788,354.74	74.93
NO	2	25.00	263,767.73	25.07
NOT AVAILABLE	0	0.00	0.00	0.00

NUMBER OF BORROWERS

	AGGREGATE LOAN COUNT	PERCENTAGE LOAN COUNT	AGGREGATE INVESTOR LOAN UPB (\$)	PERCENTAGE INVESTOR LOAN UPB
1	7	87.50	903,210.06	85.85
2	1	12.50	148,912.41	14.15
>2	0	0.00	0.00	0.00
NOT AVAILABLE	0	0.00	0.00	0.00

NUMBER OF UNITS

	AGGREGATE LOAN COUNT	PERCENTAGE LOAN COUNT	AGGREGATE INVESTOR LOAN UPB (\$)	PERCENTAGE INVESTOR LOAN UPB
1	8	100.00	1,052,122.47	100.00
2	0	0.00	0.00	0.00
3	0	0.00	0.00	0.00
4	0	0.00	0.00	0.00
NOT AVAILABLE	0	0.00	0.00	0.00

NOT PAYING PRINCIPAL IN FIRST DISTRIBUTION

	AGGREGATE LOAN COUNT	PERCENTAGE LOAN COUNT	AGGREGATE INVESTOR LOAN UPB (\$)	PERCENTAGE INVESTOR LOAN UPB
NOT PAYING PRINCIPAL IN FIRST DISTRIBUTION	0	0.00	0.00	0.00

PROPERTY STATE

	AGGREGATE LOAN COUNT	PERCENTAGE LOAN COUNT	AGGREGATE INVESTOR LOAN UPB (\$)	PERCENTAGE INVESTOR LOAN UPB
FLORIDA	1	12.50	148,912.41	14.15
GEORGIA	1	12.50	114,855.32	10.92
MISSOURI	1	12.50	117,883.87	11.20
NEW YORK	1	12.50	149,196.33	14.18
OHIO	1	12.50	135,536.14	12.88
PENNSYLVANIA	1	12.50	124,160.00	11.80
TEXAS	1	12.50	145,324.85	13.81
WASHINGTON	1	12.50	116,253.55	11.05

SELLER NAME(S)

	AGGREGATE LOAN COUNT	PERCENTAGE LOAN COUNT	AGGREGATE INVESTOR LOAN UPB (\$)	PERCENTAGE INVESTOR LOAN UPB	REMAINING MONTHS TO MATURITY			LOAN AGE			INTEREST RATE (%)		
					HIGH	LOW	WEIGHTED AVERAGE	HIGH	LOW	WEIGHTED AVERAGE	HIGH	LOW	WEIGHTED AVERAGE
ABC Seller	8	100.00	1,052,122.47	100.00	360	359	359	1	0	1	4.990	4.750	4.831

SERVICER NAME(S)

	AGGREGATE LOAN COUNT	PERCENTAGE LOAN COUNT	AGGREGATE INVESTOR LOAN UPB (\$)	PERCENTAGE INVESTOR LOAN UPB	REMAINING MONTHS TO MATURITY			LOAN AGE			INTEREST RATE (%)		
					HIGH	LOW	WEIGHTED AVERAGE	HIGH	LOW	WEIGHTED AVERAGE	HIGH	LOW	WEIGHTED AVERAGE
123 Servicer	8	100.00	1,052,122.47	100.00	360	359	359	1	0	1	4.990	4.750	4.831

SAMPLE POOL STATISTICS (ARM)

All information in this exhibit is for illustrative purposes only and should not be deemed to represent any actual issuance. Please see Exhibit C: Pool Statistics Methodology for further information about the sample pool statistics.

FANNIE MAE
MORTGAGE-BACKED SECURITIES PROGRAM
FNAR 03.9500 LB-BK1234
 SUPPLEMENT TO PROSPECTUS DATED JUNE 01, 2019
FINAL – [Date]

SECURITY DESCRIPTION

PREFIX	LB
SECURITY IDENTIFIER	BK1234
CUSIP	3140XXXX
INVESTOR SECURITY UPB (\$)	5,551,477.00
WEIGHTED AVERAGE NET INTEREST RATE (%)	3.950
ISSUE DATE	06/01/2019
FIRST PAYMENT DATE	07/25/2019
MATURITY DATE	06/2049
INTEREST ONLY SECURITY INDICATOR	No
PREPAYMENT PENALTY INDICATOR	No
REDUCED MINIMUM SERVICING INDICATOR	No

SECURITY STATISTICS (AS OF ISSUE DATE)

LOAN COUNT	23
AVERAGE MORTGAGE LOAN AMOUNT (\$)	241,565.22
WEIGHTED AVERAGE MORTGAGE LOAN AMOUNT (\$)	288,941.65
WEIGHTED AVERAGE INTEREST RATE (%)	4.590
WEIGHTED AVERAGE LOAN AGE	1
WEIGHTED AVERAGE LOAN TERM	360
WEIGHTED AVERAGE REMAINING MONTHS TO MATURITY	359
WEIGHTED AVERAGE LOAN-TO-VALUE (LTV)	69
WEIGHTED AVERAGE COMBINED LOAN-TO-VALUE (CLTV)	69
WEIGHTED AVERAGE BORROWER CREDIT SCORE	735
WEIGHTED AVERAGE DEBT-TO-INCOME (DTI)	42
THIRD-PARTY ORIGINATION UPB PERCENT	0.00
SELLER NAME(S)	ABC Seller City/State
SERVICER NAME(S)	123 Servicer City/State

ARM DETAIL INFORMATION

INDEX	1-YEAR WALL STREET JOURNAL LIBOR RATE (DAILY)
INITIAL FIXED-RATE PERIOD (MONTHS)	115-126 MONTHS
INTEREST RATE ADJUSTMENT FREQUENCY	12
INITIAL INTEREST RATE CAP UP (%)	5.00
INITIAL INTEREST RATE CAP DOWN (%)	5.00
PERIODIC INTEREST RATE CAP UP (%)	2.00
PERIODIC INTEREST RATE CAP DOWN (%)	2.00
WEIGHTED AVERAGE LIFE INTEREST RATE CEILING (%)	9.59
WEIGHTED AVERAGE NET LIFE INTEREST RATE CEILING (%)	8.95
WEIGHTED AVERAGE LIFE INTEREST RATE FLOOR (%)	2.25
WEIGHTED AVERAGE NET LIFE INTEREST RATE FLOOR (%)	1.61
FIRST INTEREST RATE ADJUSTMENT DATE	10/2028
WEIGHTED AVERAGE MONTHS TO NEXT INTEREST RATE ADJUSTMENT DATE	0
INTEREST RATE LOOKBACK	45
WEIGHTED AVERAGE MORTGAGE MARGIN (%)	2.25
WEIGHTED AVERAGE MBS MARGIN (%)	1.61
SUBTYPE	P9EW
CONVERTIBILITY INDICATOR	NO

QUARTILE DISTRIBUTION

	MORTGAGE LOAN AMOUNT (\$)	INTEREST RATE (%)	NET INTEREST RATE (%)	LOAN TERM	LOAN AGE	LOAN- TO- VALUE (LTV)	REMAINING MONTHS TO MATURITY	COMBINED LOAN-TO- VALUE (CLTV)	BORROWER CREDIT SCORE	DEBT- TO- INCOME (DTI)
MAXIMUM	429,000.00	5.500	4.860	360	4	95	360	95	805	50
75%	375,000.00	4.875	4.235	360	1	80	360	80	761	46
MEDIAN	328,000.00	4.625	3.985	360	0	70	360	70	745	43
25%	219,000.00	4.250	3.610	360	0	60	359	60	697	39
MINIMUM	86,000.00	3.625	2.985	360	0	43	356	43	668	33

UNAVAILABLE DATA

	AGGREGATE LOAN COUNT	PERCENTAGE LOAN COUNT	AGGREGATE INVESTOR LOAN UPB (\$)	PERCENTAGE INVESTOR LOAN UPB
LOAN-TO-VALUE	0	0.00	0.00	0.00
COMBINED LOAN-TO-VALUE	0	0.00	0.00	0.00
DEBT-TO-INCOME	0	0.00	0.00	0.00
BORROWER CREDIT SCORE	0	0.00	0.00	0.00

LOAN PURPOSE

	AGGREGATE LOAN COUNT	PERCENTAGE LOAN COUNT	AGGREGATE INVESTOR LOAN UPB (\$)	PERCENTAGE INVESTOR LOAN UPB
PURCHASE	1	4.35	336,785.36	6.07
REFINANCE - CASH OUT	22	95.65	5,214,691.80	93.93
REFINANCE - NO CASH OUT	0	0.00	0.00	0.00
REFINANCE - NOT SPECIFIED	0	0.00	0.00	0.00
MODIFICATION - LOSS MITIGATION	0	0.00	0.00	0.00
NOT AVAILABLE	0	0.00	0.00	0.00

OCCUPANCY STATUS

	AGGREGATE LOAN COUNT	PERCENTAGE LOAN COUNT	AGGREGATE INVESTOR LOAN UPB (\$)	PERCENTAGE INVESTOR LOAN UPB
PRIMARY RESIDENCE	20	86.96	4,941,864.42	89.02
SECOND HOME	2	8.70	523,616.19	9.43
INVESTMENT PROPERTY	1	4.35	585,996.55	1.55
NOT AVAILABLE	0	0.00	0.00	0.00

PROPERTY TYPE

	AGGREGATE LOAN COUNT	PERCENTAGE LOAN COUNT	AGGREGATE INVESTOR LOAN UPB (\$)	PERCENTAGE INVESTOR LOAN UPB
COOPERATIVE	0	0.00	0.00	0.00
CONDOMINIUM	2	8.70	200,871.28	3.62
PLANNED UNIT DEVELOPMENT	4	17.39	1,183,035.36	21.31
SINGLE-FAMILY	17	73.91	4,167,570.52	75.07
MANUFACTURED HOUSING	0	0.00	0.00	0.00
NOT AVAILABLE	0	0.00	0.00	0.00

ORIGINATION YEAR

	AGGREGATE LOAN COUNT	PERCENTAGE LOAN COUNT	AGGREGATE INVESTOR LOAN UPB (\$)	PERCENTAGE INVESTOR LOAN UPB
2018	13	56.52	3,074,632.16	55.38
2019	10	43.48	2,476,845.00	44.62

CHANNEL

	AGGREGATE LOAN COUNT	PERCENTAGE LOAN COUNT	AGGREGATE INVESTOR LOAN UPB (\$)	PERCENTAGE INVESTOR LOAN UPB
BROKER	0	0.00	0.00	0.00
CORRESPONDENT	0	0.00	0.00	0.00
RETAIL	23	100.00	5,551,477.16	100.00
THIRD-PARTY ORIGINATION - NOT SPECIFIED	0	0.00	0.00	0.00
NOT AVAILABLE	0	0.00	0.00	0.00

MORTGAGE INSURANCE CANCELLATION INDICATOR

	AGGREGATE LOAN COUNT	PERCENTAGE LOAN COUNT	AGGREGATE INVESTOR LOAN UPB (\$)	PERCENTAGE INVESTOR LOAN UPB
YES	0	0.00	0.00	0.00
NO	2	8.70	599,785.36	10.80
NOT APPLICABLE	21	91.30	4,951,691.80	89.20

MORTGAGE INSURANCE COVERAGE

	AGGREGATE LOAN COUNT	PERCENTAGE LOAN COUNT	AGGREGATE INVESTOR LOAN UPB (\$)	PERCENTAGE INVESTOR LOAN UPB
LOANS WITH MORTGAGE INSURANCE	2	8.70	599,785.36	10.80
LOANS WITHOUT MORTGAGE INSURANCE	21	91.30	4,951,691.80	89.20
NOT AVAILABLE	0	0.00	0.00	0.00

FIRST TIME HOME BUYER INDICATOR

	AGGREGATE LOAN COUNT	PERCENTAGE LOAN COUNT	AGGREGATE INVESTOR LOAN UPB (\$)	PERCENTAGE INVESTOR LOAN UPB
YES	0	0.00	0.00	0.00
NO	23	100.00	5,551,477.16	100.00
NOT AVAILABLE	0	0.00	0.00	0.00

NUMBER OF BORROWERS

	AGGREGATE LOAN COUNT	PERCENTAGE LOAN COUNT	AGGREGATE INVESTOR LOAN UPB (\$)	PERCENTAGE INVESTOR LOAN UPB
1	15	65.22	3,519,643.57	63.40
2	8	34.78	2,031,833.59	36.60
>2	0	0.00	0.00	0.00
NOT AVAILABLE	0	0.00	0.00	0.00

NUMBER OF UNITS

	AGGREGATE LOAN COUNT	PERCENTAGE LOAN COUNT	AGGREGATE INVESTOR LOAN UPB (\$)	PERCENTAGE INVESTOR LOAN UPB
1	23	100.00	5,551,477.16	100.00
2	0	0.00	0.00	0.00
3	0	0.00	0.00	0.00
4	0	0.00	0.00	0.00
NOT AVAILABLE	0	0.00	0.00	0.00

NOT PAYING PRINCIPAL IN FIRST DISTRIBUTION

	AGGREGATE LOAN COUNT	PERCENTAGE LOAN COUNT	AGGREGATE INVESTOR LOAN UPB (\$)	PERCENTAGE INVESTOR LOAN UPB
NOT PAYING PRINCIPAL IN FIRST DISTRIBUTION	0	0.00	0.00	0.00

PROPERTY STATE

	AGGREGATE LOAN COUNT	PERCENTAGE LOAN COUNT	AGGREGATE INVESTOR LOAN UPB (\$)	PERCENTAGE INVESTOR LOAN UPB
ALABAMA	1	4.35	274,621.13	4.95
ARIZONA	1	4.35	263,000.00	4.74
CALIFORNIA	5	21.74	1,171,888.81	21.11
COLORADO	1	4.35	147,809.49	2.66
FLORIDA	2	8.70	712,592.06	12.84
GEORGIA	2	8.70	803,569.86	14.47
MARYLAND	2	8.70	580,800.00	10.46
MASSACHUSETTS	1	4.35	213,800.00	3.85
MISSOURI	1	4.35	130,257.27	2.35
OHIO	1	4.35	112,045.41	2.02
SOUTH CAROLINA	2	8.70	185,867.83	3.35
VIRGINIA	1	4.35	101,000.00	1.82
WASHINGTON	3	13.04	854,225.30	15.39

SELLER NAME(S)

	AGGREGATE LOAN COUNT	PERCENTAGE LOAN COUNT	AGGREGATE INVESTOR LOAN UPB (\$)	PERCENTAGE INVESTOR LOAN UPB	REMAINING MONTHS TO MATURITY			LOAN AGE			INTEREST RATE (%)		
					HIGH	LOW	WEIGHTED AVERAGE	HIGH	LOW	WEIGHTED AVERAGE	HIGH	LOW	WEIGHTED AVERAGE
ABC Seller	23	100.00	5,551,477.16	100.00	360	356	359	4	0	1	5.500	3.625	4.590

SERVICER NAME(S)

	AGGREGATE LOAN COUNT	PERCENTAGE LOAN COUNT	AGGREGATE INVESTOR LOAN UPB (\$)	PERCENTAGE INVESTOR LOAN UPB	REMAINING MONTHS TO MATURITY			LOAN AGE			INTEREST RATE (%)		
					HIGH	LOW	WEIGHTED AVERAGE	HIGH	LOW	WEIGHTED AVERAGE	HIGH	LOW	WEIGHTED AVERAGE
123 Servicer	23	100.00	5,551,477.16	100.00	360	356	359	4	0	1	5.500	3.625	4.590

NEXT INTEREST RATE ADJUSTMENT DATE

NEXT INTEREST RATE ADJUSTMENT DATE	MONTHS TO NEXT INTEREST RATE ADJUSTMENT DATE	INTEREST ONLY FIRST P&I PMT DATE	AGGREGATE LOAN COUNT	PERCENTAGE LOAN COUNT	AGGREGATE INVESTOR LOAN UPB (\$)	PERCENTAGE INVESTOR SECURITY UPB	WEIGHTED AVERAGE INTEREST RATE - CURRENT (%)	INTEREST RATE HIGH - CURRENT (%)	INTEREST RATE LOW - CURRENT (%)	WEIGHTED AVERAGE NET INTEREST RATE - CURRENT (%)	NET INTEREST RATE HIGH - CURRENT (%)	NET INTEREST RATE LOW - CURRENT (%)	WEIGHTED AVERAGE MORTGAGE MARGIN (%)	MORTGAGE MARGIN HIGH (%)	MORTGAGE MARGIN LOW (%)	WEIGHTED AVERAGE MBS/PC MARGIN (%)	MBS/PC MARGIN HIGH (%)	MBS/PC MARGIN LOW (%)
01/2029	0		11	47.83	2,343,825.46	42.22	4.633	5.500	4.125	3.993	4.860	3.485	2.250	2.250	2.250	1.610	1.610	1.610
02/2029	0		11	47.83	2,831,845.00	51.01	4.635	5.500	3.625	3.995	4.860	2.985	2.250	2.250	2.250	1.610	1.610	1.610
10/2028	0		1	4.35	375,806.70	6.77	3.990	3.990	3.990	3.350	3.350	3.350	2.250	2.250	2.250	1.610	1.610	1.610

NEXT INTEREST RATE ADJUSTMENT DATE	WEIGHTED AVERAGE NET LIFE INTEREST RATE CEILING (%)	NET LIFE INTEREST RATE CEILING HIGH (%)	NET LIFE INTEREST RATE CEILING LOW (%)	WEIGHTED AVERAGE LIFE INTEREST RATE CEILING (%)	LIFE INTEREST RATE CEILING HIGH (%)	LIFE INTEREST RATE CEILING LOW (%)	WEIGHTED AVERAGE NET LIFE INTEREST RATE FLOOR (%)	NET LIFE INTEREST RATE FLOOR HIGH (%)	NET LIFE INTEREST RATE FLOOR LOW (%)	WEIGHTED AVERAGE LIFE INTEREST RATE FLOOR (%)	LIFE INTEREST RATE FLOOR HIGH (%)	LIFE INTEREST RATE FLOOR LOW (%)
01/2029	8.993	9.860	8.485	9.633	10.500	9.125	1.610	1.610	1.610	2.250	2.250	2.250
02/2029	8.995	9.860	7.985	9.635	10.500	8.625	1.610	1.610	1.610	2.250	2.250	2.250
10/2028	8.350	8.350	8.350	8.990	8.990	8.990	1.610	1.610	1.610	2.250	2.250	2.250

POOL STATISTICS METHODOLOGY

This Exhibit C provides definitions for certain information included in the Sample Pool Statistics on Exhibit B-1 and/or Exhibit B-2. See the Single-Family Single-Class Disclosure Glossary & Calculation Guide on PoolTalk for the definitions and calculation of pool statistics that are not included in Exhibit C or that are used in the pool statistics for any issued pool. We may update certain information about each pool on an ongoing monthly basis on our website.

The issue date principal balance (specified in the prospectus supplement under the heading “Investor Security UPB”) of each pool may vary by up to one percent from the amount specified in the prospectus supplement.

Certificateholders should form their own conclusions regarding the data provided in the prospectus supplement.

Seller and Servicer

For each pool, we will provide the name of each mortgage loan seller (an entity that delivered mortgage loans to us) and the name of each direct servicer (an entity servicing more than 1% of the mortgage loans in the pool upon delivery to us). The Pool Statistics section of the prospectus supplement will provide information about the mortgage loans delivered by each mortgage loan seller and serviced by each direct servicer. This name of the seller and the servicer will not be updated after the issue date regardless of mergers and acquisitions.

Average Mortgage Loan Amount

On the issue date we will calculate both the simple average and a quartile distribution of the original unpaid principal balances of the mortgage loans in the pool.

Weighted Average Mortgage Loan Amount

On the issue date we will calculate the weighted average of the original unpaid principal balances of the mortgage loans in the pool.

Weighted Average Interest Rate

On the issue date we will calculate both the weighted average and a quartile distribution of the interest rates then in effect on the mortgage loans in the pool. This term is listed as “WA Issuance Interest Rate” in the Glossary.

Weighted Average Loan Age

On the issue date we will calculate both the weighted average and a quartile distribution of the ages of the mortgage loans in the pool. The age of a mortgage loan is the number of months from the loan’s origination or, if such loan were modified, from the date of modification to the issue date of the certificates.

Weighted Average Loan Term

On the issue date we will calculate the weighted average of the loan terms of the mortgage loans in the pool. The loan term for a mortgage loan is the number of months in which regular scheduled borrower payments are due under the terms of the related mortgage note. For pools backed by balloon mortgage loans, we will populate this field with the amortization term.

Weighted Average Remaining Months to Maturity

On the issue date we will calculate both the weighted average and a quartile distribution of the calculated maturities for the mortgage loans in the pool. The calculated maturity for a mortgage loan is the number of months remaining until the borrower will pay off the related mortgage loan, assuming that the borrower makes all scheduled payments on time pursuant to the mortgage note but makes no additional prepayments after the date of calculation. The calculated maturity for a loan may be earlier than the maturity date stated in the mortgage note if a borrower has made any partial prepayments prior to the date of calculation. The maturity date of a pool is the latest calculated maturity of any of the mortgage loans in the pool, as calculated on the issue date. This term is listed as “WA Issuance Remaining Months to Maturity” in the Glossary.

Loan-to-Value Ratio/Combined Loan-to-Value Ratio

On the issue date we will calculate both the weighted average and a quartile distribution of the loan-to-value ratios for the mortgage loans in the pool, which are expressed as percentages. This term is listed as “WA Loan-to-Value” in the Glossary. We generally require the loan-to-value ratio of a mortgage loan to be a comparison of the original principal balance of the mortgage loan and either (1) in the case of a purchase, the lower of the sales price of the mortgaged property or its appraised value at the time of a sale, or (2) in the case of a refinancing, the appraised or estimated value of the mortgaged property at the time of refinancing. However, we sometimes use other methods to determine the property value of a mortgaged property. For instance, the loan-to-value ratio for a mortgage loan that is a refinancing may be based on a comparison of the issue date principal balance of that loan and the property value of the related mortgaged property determined at the origination of the original mortgage loan. Moreover, for loans that originally provided for a balloon payment and are redelivered as new fixed-rate loans (generally seven year balloon loans with new terms of 23 years), and ARM loans that converted to fixed-rate and are redelivered as new fixed-rate loans, the loan-to-value ratio may be based on a comparison of the issue date principal balance of that loan and the property value of the related mortgaged property determined at the origination of the original mortgage loan. In any case, an appraisal or other valuation method is merely an estimate of the value of a mortgaged property and may not reflect the actual amount received upon sale or liquidation. For reperforming loans, reperforming modified loans, and reperforming modified step loans, the loan-to-value ratio is an estimated value based on the currently outstanding unpaid principal balance of the loan divided by the estimated current property value using the zip code level home price indices. For reperforming loans, reperforming modified loans, and reperforming modified step rate loans, the outstanding unpaid principal balance includes both the interest-bearing and the non-interest-bearing principal balances. For pools containing government mortgage loans, such as mortgage loans insured by FHA or guaranteed by VA, we do not provide loan-to-value ratios.

We will also provide both the weighted average and a quartile distribution of the combined-loan-to-value ratio or CLTV. This term is listed as “WA Combined Loan-to-Value” in the Glossary. The CLTV of a mortgage loan reflects the loan-to-value ratio inclusive of all loans secured by the related mortgaged property on the origination date of the mortgage loan and is calculated by adding together (i) the original loan amount of the first-lien mortgage loan, (ii) the amount then currently drawn on a home equity line of credit as of the origination date of the mortgage loan, and (iii) the outstanding principal balance of any other subordinate mortgage loan as of the origination date of the mortgage loan, and dividing the resulting sum by the lower of (x) the sales price of the mortgaged property and (y) the appraised value of the mortgaged property. For reperforming loans, reperforming modified loans, or reperforming modified step rate loans, the CLTV will be blank.

Occasionally, we acquire mortgage loans originated pursuant to a state or local government program designed to promote affordable housing within that government’s jurisdiction. Under these programs, the state or local government (i) assists the borrower either by limiting contractually the price at which the mortgaged property may be sold, or by funding the difference between the purchase price paid by the borrower and the sales price received by the seller, (ii) records a subordinate lien (the “program lien”) in the amount of the difference between the market price and the actual price of the mortgaged property, and (iii) restricts the borrower from selling the mortgaged property to anyone who does not qualify for assistance under the program. In these cases, for purposes of calculating the loan-to-value ratio, we will use as the property value (1) in the case of a purchase, the price paid by the purchaser, or (2) in the case of a refinancing, the difference between the market value of the mortgaged property and the amount of the program lien. Moreover, for purposes of calculating the loan-to-value ratio or CLTV, we will not include the amount of the program lien in the total unpaid principal balances of mortgage loans secured by the mortgaged property.

Credit Score of Borrowers

We will provide both the weighted average and a quartile distribution of the borrower credit scores. This term is listed as “WA Borrower Credit Score” in the Glossary. Credit scores are often used by the financial services industry to evaluate the quality of borrowers’ credit. Credit scores are typically based on a proprietary statistical model that is developed for use by credit data repositories. These credit repositories apply the model to borrower credit information to arrive at a credit score. One statistical model used widely in the financial services industry was developed by Fair, Isaac & Company, Inc. (“Fair Isaac”). This model is used to create a credit score called the FICO® score. FICO scores can vary depending on which credit repository is using the Fair Isaac model to supply the score. FICO scores, as reported by the credit repositories, may range from a low of 300 to a high of 850. According to Fair Isaac, a high FICO score indicates a lesser degree of credit risk.

Mortgage loan sellers that provide us with credit scores typically deliver FICO credit scores. If credit scores have been provided to us for mortgage loans in a pool, we will provide both the weighted average and a quartile distribution of the scores in the prospectus supplement. We request our mortgage loan sellers to provide us credit scores as a matter of course. If no credit score is delivered, or if the credit score is outside the range of 300 to 850, we will not provide a credit score for the related mortgage loans, and the prospectus supplement will set forth the percentage of the aggregate issue date unpaid principal balance of the loans for which no credit score was delivered. These loans will be excluded from the quartile distribution and from the weighted average calculation. If there are two borrowers on a mortgage loan and two credit scores are provided, we will use the lower of the two scores for our calculations in the prospectus supplement and any updates. If there are two borrowers on a mortgage loan and one credit score is provided, we will use the one score that was provided for our calculations; we will not use the other score in the “percent missing” calculation. For reperforming loans, the credit score represents the most recently available credit score provided to Fannie Mae by Equifax, a consumer credit reporting agency, during the three-month period preceding the issue date of the certificates.

The credit scores provided to us were obtained between the date of application for a mortgage loan and the date of origination of a mortgage loan. Certificateholders should note that a borrower’s credit score may have changed after the date it was obtained. Thus, a credit score obtained at application or at origination may have no relation to a borrower’s credit score at the time the certificates backed by that loan are issued. We do not guarantee the methodology used to determine the credit score or the utility of a credit score to a certificateholder.

Weighted Average Debt-to-Income (DTI)

On the issue date we will calculate both the weighted average and a quartile distribution of the debt-to-income ratios for borrowers of the mortgage loans in the pool.

Third Party Origination UPB Percentage

We will provide the percentage of the aggregate issue date unpaid principal balance of the mortgage loans in the pool that were originated by a lender correspondent or a broker. This term is listed as “Origination Third Party Origination UPB Percent” in the Glossary.

Weighted Average Net Life Interest Rate Ceiling

For each pool containing ARM loans, on the issue date we will calculate the maximum pool accrual rate as if all of the mortgage loans in the pool were accruing interest at the maximum rates (less total fees) provided in their respective loan documents.

Weighted Average Net Life Interest Rate Floor

For each pool containing ARM loans, on the issue date we will calculate the minimum pool accrual rate as if all of the mortgage loans in the pool were accruing interest at the minimum rates (less total fees) provided in their respective loan documents. Generally, the minimum pass-through rate will not be less than the weighted average of the MBS margins of the mortgage loans in the pool.

Quartile Calculations

We calculate the quartile figures set forth in the pool statistics supplement as follows: For each mortgage loan characteristic where quartile figures appear, we order each loan in the pool from the highest to the lowest value. For example, in the case of loan-to-value ratios, we would order each loan in the pool from the loan with the highest loan-to-value ratio to the loan with the lowest loan-to-value ratio. The lowest loan-to-value ratio would appear in the pool statistics under “MINIMUM.” We determine the next figure for that loan characteristic in the quartile table by counting the loans starting with the lowest value and continuing upward until the issue date unpaid principal balance of the loans so counted equals 25% of the issue date unpaid principal balance of all the loans in the pool. The value associated with the last loan so counted appears in the quartile distribution table under “25%.” We then determine the next figure for that loan characteristic in the quartile table by counting all of the loans starting with the lowest value and continuing upward until the issue date unpaid principal balance of the loans so counted equals 50% of the issue date unpaid principal balance of all the loans in the pool. The value associated with the last loan so counted appears in the quartile distribution table under “MEDIAN.” We then repeat this process to determine the next figure for that loan characteristic by counting all of the loans starting with the lowest value and continuing upward until the issue date unpaid principal balance of the loans so counted equals 75% of the issue date unpaid principal balance of all the loans

in the pool. The value associated with the last loan so counted appears in the quartile distribution table under "75%." The highest value for any mortgage loan in a pool appears in the quartile distribution table under "MAXIMUM."

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

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the certificates or determined if this prospectus is truthful and complete. Any representation to the contrary is a criminal offense. Additional prospectuses and information regarding outstanding pools are available upon request by calling us at 800-2FANNIE (800-232-6643) or on our website at www.fanniemae.com.

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Guaranteed Mortgage Pass-Through Certificates (Single-Family Residential Mortgage Loans)

SINGLE-FAMILY MBS PROSPECTUS



Fannie Mae®

June 1, 2019
