

Mega Prospectus



Guaranteed MBS Pass-Through Securities (Mega Certificates)

The Mega Certificates

We, the Federal National Mortgage Association, or Fannie Mae, will issue the Mega certificates. Each issuance of Mega certificates will have its own identification number and will represent beneficial ownership interests in the assets of a trust. The assets of each trust may include one or both of the following:

- Fannie Mae Guaranteed Mortgage Pass-Through Certificates that represent beneficial ownership interests in distinct pools of mortgage loans secured by single-family properties or multifamily properties; and/or
- Fannie Mae Guaranteed Mega Certificates that were previously issued and represent indirect beneficial ownership interests in mortgage loans secured by single-family properties or multifamily properties;

or may include the following:

- Fannie Mae Guaranteed REMIC Pass-Through Certificates that represent direct or indirect beneficial ownership interests in mortgage loans secured by single-family properties.

A trust will hold either single-family mortgage-backed securities or multifamily mortgage-backed securities but will not hold both single-family and multifamily mortgage-backed securities.

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

Consider carefully the risk factors beginning on page 13. Unless you understand and are able to tolerate these risks, you should not invest in the Mega certificates.

The Mega 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 Mega 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 February 1, 2012.

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DISCLOSURE DOCUMENTS FOR ISSUANCES OF MEGA CERTIFICATES

Prospectuses

This Prospectus and the Prospectus Supplements

We will provide information that supplements this prospectus in connection with each issuance of Mega certificates. We will post this prospectus, the related prospectus supplement, and the final data statement for each issuance of Mega certificates on our Web site 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. The disclosure documents for any particular issuance of Mega certificates are this prospectus, the related prospectus supplement and the related final data statement, together with any information incorporated into these documents by reference as discussed under **“INCORPORATION BY REFERENCE.”** The disclosure documents for an issuance of multifamily Mega certificates also include the related multifamily Mega final data statement supplemental file. In addition, we provide updated information and corrections regarding each issuance of Mega certificates, the securities held in the related Mega trust (the “underlying securities”), and the mortgage loans backing the underlying securities (the “related mortgage loans”) through our “PoolTalk”[®] application, our Multifamily Securities Locator Service[™] application, or at other locations on our Web site. **In determining whether to purchase any issuance of Mega certificates in an initial offering, you should rely ONLY on the information in this prospectus, the related prospectus supplement, the final data statement 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 Mega certificates being offered, the underlying securities and the related mortgage loans. Certain statistical information regarding the Mega certificates, the underlying securities and the related mortgage loans may also be found in the final data statement for the trust or in the prospectus supplement for the underlying securities. See **“–Final Data Statements”** and **“–Prospectuses for the Underlying Securities.”** Certain information about the underlying securities and the related mortgage loans will be given as of the issue date of the underlying securities, while other information about the underlying securities and the related mortgage loans will be given as of the issue date of the Mega certificates. Because each prospectus supplement will contain specific information about a particular issuance of Mega 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 Mega certificates are not traded on any exchange, and the market price of a particular issuance of Mega certificates or a benchmark price may not be readily available.

You may obtain copies of this prospectus, the related prospectus supplement and the related final data statement by writing to Fannie Mae, Attention: Fixed-Income Securities, 3900 Wisconsin Avenue NW, Area 2H-3S, Washington, DC 20016 or by calling the Fannie Mae Helpline at 1-800-237-8627 or (202) 752-7115. A preliminary prospectus supplement is typically available on or before, and the final prospectus supplement is typically available on the first business day after, the settlement date of the related issuance of Mega certificates. These documents will also be available on our Web site at www.fanniemae.com. We are providing our Internet address solely for your information. Unless otherwise stated, information appearing on our Web site is not incorporated into this prospectus or into any prospectus supplement or final data statement.

Prospectuses for the Underlying Securities

The underlying securities backing each issuance of Mega certificates consist of one or both of the following:

- Fannie Mae Guaranteed Mortgage Pass-Through Certificates that represent beneficial ownership interests in distinct pools of mortgage loans (“MBS”) secured by single-family properties (“single-family MBS”) or by multifamily properties (“multifamily MBS”); and/or
- Fannie Mae Guaranteed Mega Certificates that were previously issued and represent indirect beneficial ownership interests in single-family or multifamily mortgage loans (“previously issued Mega certificates”);

or

- Fannie Mae Guaranteed REMIC Pass-Through Certificates (“REMIC certificates”) that represent indirect beneficial ownership interests in single-family mortgage loans.

For each issuance of Mega certificates, you should review the prospectuses for the related underlying securities, as applicable:

- for Mega certificates directly or indirectly backed by single-family MBS, the Prospectus for Fannie Mae Guaranteed Mortgage Pass-Through Certificates (Single-Family Residential Mortgage Loans), dated February 1, 2012, or such earlier or later version of that prospectus as may be applicable (the “Single-Family MBS Prospectus”), and the related prospectus supplements;
- for Mega certificates directly or indirectly backed by multifamily MBS, the Prospectus for Fannie Mae Guaranteed Mortgage Pass-Through Certificates (Multifamily Residential Mortgage Loans), dated October 1, 2010, or such earlier or later version of that prospectus as may be applicable (the “Multifamily MBS Prospectus”), and the related prospectus supplements;
- for Mega certificates directly or indirectly backed by REMIC certificates that represent indirect beneficial ownership interests in single-family mortgage loans, the Prospectus for Fannie Mae Guaranteed Single-Family REMIC Pass-Through Certificates, dated May 1, 2010, or such earlier or later version of that prospectus as may be applicable (the “Single-Family REMIC Prospectus”), and the related prospectus supplements; and
- for Mega certificates directly or indirectly backed by previously issued Mega certificates that represent indirect beneficial ownership interests in single-family or multifamily mortgage loans, this prospectus or such earlier version of this prospectus as may be applicable, and the related prospectus supplements.

For more information about the underlying securities, see “**THE UNDERLYING SECURITIES**” in this prospectus.

Final Data Statements

Once the trust for a particular issuance of Mega certificates has been formed, we prepare a final data statement containing certain final information about the underlying securities. Except as described below for Mega certificates backed by REMIC securities, a final data statement presents aggregate data on all of the underlying securities held in the related trust (for example, highest and lowest current weighted average coupon, weighted average coupon, highest and lowest weighted average remaining term, and weighted average remaining term). The final data statement for Mega certificates backed by REMIC securities will present aggregate data on the MBS underlying the REMIC securities held in the related trust.

For multifamily Megas, we also prepare a final data statement supplemental file that includes data for the underlying securities backing the Mega, including property name and property address for each related multifamily mortgage loan.

A final data statement prepared for an issuance of Mega certificates will be posted on our Web site on or about the settlement date of the related issuance of Mega certificates. If any underlying securities have not yet settled when a final data statement is prepared, settlement of the underlying securities may create a need for data in the final data statement to be updated. In that case, we will prepare a revised final data statement containing the updated data, which will be posted on our Web site on or about the final business day of the month in which the related Mega certificates are issued.

You may obtain copies of the prospectuses and final data statements described above without charge by writing to Fannie Mae, Attention: Fixed-Income Securities, 3900 Wisconsin Avenue NW, Area 2H-3S, Washington, DC 20016 or by calling the Fannie Mae Helpline at 1-800-237-8627 or (202) 752-7115. These documents will also be available on our Web site at www.fanniemae.com.

Preliminary Security-Level Information

Twice each business day, we post on our Web site preliminary security-level information about proposed issuances of Mega certificates that have been priced in that month through the date and time of posting but that have not yet settled (and may not settle). This preliminary information, which includes the CUSIP number and expected settlement date of each proposed issuance of Megas and is subject to change, may be located on our Web site by clicking on “Recently Priced Mega Transactions” in the “Data Collections” section on the Structured Transactions and Megas page. Final information for an issuance of Mega certificates that has settled will be included in the disclosure documents, including this prospectus, the final prospectus supplement and the final data statement, all of which are posted on our Web site.

Collateral Information

Twice each business day, we post on our Web site certain collateral information for issuances of Mega certificates that have settled during the current month through the date and time of posting. This collateral information, which includes the weighted average coupon and the weighted average maturity of the underlying securities backing each issuance, may be located on our Web site by clicking on “Monthly Collateral Summary” in the “Data Collections” section on the Structured Transactions and Megas page. If the collateral information for an issuance of Mega certificates is posted before some or all of the underlying securities have settled, the collateral information will be considered preliminary. The final collateral information will be included in the final data statement for that issuance of Mega certificates and may differ from the preliminary collateral information. The final data statement reflecting revised collateral information will be posted on our Web site on or about the final business day of the month in which the Mega certificates are issued. See “—**Final Data Statements.**”

Additional Information

For each trust, we post on our Web site, through our PoolTalk application, certain pool-level information as of the issue date of the Mega certificates. This information is updated on a monthly basis. In addition, for each trust, while the Mega certificates remain outstanding, we post through PoolTalk selected aggregate information about the related mortgage loans, presented on a pool-level basis. Some loan information is provided in quartile format (for example, loan-to-value ratio, borrower credit score), and other loan information is provided in tabular format (for example, occupancy type, loan purpose, property type by number of units, and servicer). Most of this aggregate mortgage loan information is updated on a monthly basis. See “**DESCRIPTION OF THE MEGA CERTIFICATES—Reports to Mega Certificateholders.**”

INCORPORATION BY REFERENCE

We are incorporating by reference in this prospectus the documents specified under **“DISCLOSURE DOCUMENTS FOR ISSUANCES OF MEGA CERTIFICATES—Prospectuses—Prospectuses for the Underlying Securities.”** We are also incorporating by reference 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, the related prospectus supplement and the final data statement, together with these documents.

You should rely on only the information provided or incorporated by reference in this prospectus, the related prospectus supplement and the final data statement. 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 Securities and Exchange Commission (“SEC”):

- our annual report on Form 10-K for the fiscal year ended December 31, 2010 (the “2010 Form 10-K”);
- all other reports we have filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 since the end of the fiscal year covered by the 2010 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 that 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 Securities Exchange Act of 1934 after the date of this prospectus and before the completion of the offering of the related Mega certificates, excluding any information that we “furnish” to the SEC on Form 8-K.

We make available free of charge through our Web site 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. Our Web site address is www.fanniemae.com. Materials that we file with the SEC are also available from the SEC’s Web site, www.sec.gov 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 calling the Fannie Mae Helpline at 1-800-237-8627 or at (202) 752-7115 or by writing to us at 3900 Wisconsin Avenue NW, Area 2H-3S, Washington, DC 20016.

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 Mega 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 other documents to which we refer you in this prospectus), the related prospectus supplement, the related final data statement and each disclosure document for the underlying securities in the related trust.

Title of Security Guaranteed MBS Pass-Through Securities (Mega certificates).

Issuer and Guarantor Fannie Mae, a government-sponsored enterprise that was chartered by the U.S. Congress in 1938 under the name “Federal National Mortgage Association” to support liquidity and stability in the secondary mortgage market, where existing mortgage loans are purchased and sold. The address of our principal office is 3900 Wisconsin Avenue NW, Washington, DC 20016; the telephone number is 202-752-7000.

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. 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 the U.S. Department of the 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 Mega certificates and payments of principal and interest on the Mega 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 underlying securities into the trust.
Description of Mega Certificates	Each Mega certificate will represent a fractional undivided beneficial ownership interest in a pool of underlying securities and in the principal and interest distributions from those underlying securities. We will issue the Mega certificates in book-entry form on the book-entry system of the U.S. Federal Reserve Banks, unless we specify a different system in the prospectus supplement. The book-entry certificates will not be convertible into physical certificates.
Minimum Denomination	We will issue the Mega certificates in minimum denominations of \$1,000, with additional increments of \$1.
Issue Date	The first day of the month in which the Mega certificates of a particular issuance 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 holders of Mega certificates (unless otherwise specified in the prospectus supplement). 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 Mega certificates will occur in the month following the month in which the Mega 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.
Final Distribution Date	The distribution date immediately following the latest maturity date of a mortgage loan directly or indirectly backing the underlying securities as specified in the final data statement.
Use of Proceeds	We generally issue Mega certificates in exchange for the underlying securities that back the Mega certificates. We sometimes issue Mega certificates backed by underlying securities that we already own, in which case we receive cash proceeds that are generally used for purchasing mortgage loans or for general corporate purposes.
Interest	On each distribution date, we will pass through interest on the Mega certificates of a particular issuance in an amount equal to the interest accrued on the then-outstanding Mega certificates of that issuance for the related interest accrual period, minus the amount of any deferred interest resulting from negative amortization on the related mortgage loans with respect to that distribution date.

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 Mega 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 loan backing an underlying security while it remains in the trust.

Principal On each distribution date, we will pass through principal of the Mega certificates of a particular issuance in an amount equal to the portion of the aggregate amount of principal due on the underlying securities during the preceding deposit period that is allocable to the then-outstanding Mega certificates of that issuance. (As to any distribution date, the deposit period is the period beginning immediately after the preceding distribution date and ending on the distribution date.)

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 Mega 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 loan backing an underlying security while it remains in the trust.

Monthly Factor On or about the fourth business day of each month, we publish the monthly factor for each issuance of Mega certificates. If you multiply the monthly factor by the original principal balance of your Mega certificates, you will obtain the current principal balance of your Mega certificates, after giving effect to the monthly principal payment to be made on the distribution date in that month. The most current monthly factor is generally available through PoolTalk on our Web site.

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

- the aggregate amount of interest described in “–Interest” above, and
- the amount of principal 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 Mega certificates on the final distribution date.

Our guaranty runs directly to the trust and not directly to Mega certificateholders. Mega certificateholders have only limited rights to bring proceedings directly against us to enforce our guaranty. See “**THE TRUST AGREEMENT—Mega 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 Mega 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 Mega certificates. See “**RISK FACTORS—RISKS RELATING TO CREDIT.**”

Mega certificateholders have only limited rights to bring proceedings against the U.S. Department of the 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 Mega certificateholders’ rights to proceed against Treasury, see “**FANNIE MAE—Mega Certificateholders’ Rights Under the Senior Preferred Stock Purchase Agreement.**”

Final Data Statements The final data statement for an issuance of Mega certificates identifies the underlying securities for that issuance. It also provides certain data about the underlying securities and about the Mega issuance itself. The final data statement is posted on our Web site on or about the settlement date for that issuance.

Underlying Securities Each Mega certificate is backed by one or more underlying securities representing the direct or indirect beneficial ownership of residential mortgage loans secured by single-family or multifamily properties, but not both.

Single-family Mega certificates: The underlying securities may include single-family MBS and/or previously issued single-family Mega certificates, or may include single-family REMIC securities.

Multifamily Mega certificates: The underlying securities may include multifamily MBS and/or previously issued multifamily Mega certificates.

See “**THE UNDERLYING SECURITIES**” in this prospectus.

Exchange of Mega Certificates	In certain circumstances, a holder may exchange Mega certificates for one or more certificates representing a beneficial ownership interest in one or more classes of stripped mortgage-backed securities issued from the same trust or for a combination of Mega certificates and certificates for one or more classes of stripped mortgage-backed securities issued from the same trust. See “DESCRIPTION OF THE MEGA CERTIFICATES—Exchange of Mega Certificates for SMBS Certificates” in this prospectus.
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 a day when the Federal Reserve Bank is closed in a district where a certificate account is located if the related withdrawal is being made from that certificate account.
Trust Agreement	Each issuance of Mega certificates is issued pursuant to the 2009 Mega-SMBS Master Trust Agreement, effective as of January 1, 2009, 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 Web site.
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 Mega 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 Mega certificates.
Termination	The trust for a particular issuance of Mega certificates will terminate when the certificate balance of the Mega certificates has been reduced to zero, and all required distributions have been passed through to Mega certificateholders. We do not have any unilateral option to cause an early termination of the trust.
Federal Income Tax Consequences	Each trust will be classified as a fixed investment trust. Each beneficial owner of a Mega certificate of a particular issuance will be treated as the owner of a pro rata undivided interest in each of the underlying securities held in the trust.

Legal Investment Considerations Under the Secondary Mortgage Market Enhancement Act of 1984, the Mega 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 Mega certificates of a particular issuance constitute legal investments for you.

ERISA Considerations For the reasons discussed in “**ERISA CONSIDERATIONS**” in this prospectus, an investment in Mega 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 directly or indirectly backing the underlying securities held in the trust 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.

RISK FACTORS

We have listed below some of the principal risk factors associated with an investment in Mega certificates. Moreover, you should carefully consider the risk factors relating 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 Mega certificates. You should also carefully consider the additional risk factors related to underlying securities that are found in the Single-Family MBS Prospectus, the Multifamily MBS Prospectus and the Single-Family REMIC Prospectus, as applicable. In addition, we may disclose additional risk factors associated with a specific issuance of Mega certificates in the related prospectus supplement.

You should review all of these risk factors before investing in the Mega 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 Mega certificates are a suitable investment for you.

RISKS RELATING TO INVESTMENT DECISIONS

The Mega certificates may not be a suitable investment for you.

The Mega 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 both the Mega certificates being offered and the underlying securities and the information contained in this prospectus, the prospectus supplement, any supplement to the prospectus supplement, the final data statement and the documents incorporated by reference;
- understand thoroughly the terms of the Mega certificates and the underlying securities;
- 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 Mega certificates and the underlying securities; 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 Mega certificates until maturity.

If a trust holds underlying securities directly or indirectly backed by mortgage loans with loan-to-value ratios greater than 125%, the related Mega certificates are not an eligible investment for a real estate mortgage investment conduit (“REMIC”).

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 Internal Revenue Code of 1986 (the “Code”). As a result, if a trust is indirectly backed by a mortgage loan with a loan-to-value ratio greater than 125%, the related Mega certificates evidencing a beneficial ownership interest in the trust will not be a suitable investment for a REMIC.

RISKS RELATING TO YIELD AND PREPAYMENT

Yield

The Mega certificates are affected by the prepayment and other risk factors to which the underlying securities are subject.

Because the Mega certificates of a particular issuance are affected by the prepayment and other risk factors to which the underlying securities are subject, investors should read and understand the risk factors found in the Single-Family MBS Prospectus, Multifamily MBS Prospectus and Single-Family REMIC Prospectus, as applicable.

Your yield will be subject to a number of factors, including the rate of prepayment on the mortgage loans backing the underlying securities.

Yields on the Mega certificates will be sensitive to the prepayment rate of the mortgage loans that indirectly back the Mega certificates. In general, the effective yield on your Mega certificates will depend upon:

- the price you paid for the Mega certificates;
- how quickly or slowly borrowers prepay their mortgage loans;
- the timing of any liquidations of the mortgage loans due to borrower defaults or to casualties or condemnations affecting the properties securing the loans;
- the timing of any purchases of the mortgage loans by us; and
- the actual characteristics of the mortgage loans.

If the related mortgage loans are repaid more quickly than you expect, principal on your Mega certificates will be paid to you sooner than you expect. Depending on then-prevailing economic conditions and interest rates, you may not be able to reinvest the proceeds at a yield that is equal to or greater than the yield on your Mega certificates.

In contrast, if the related mortgage loans are repaid more slowly than you expect, principal on your Mega certificates will be paid to you later than you expect. Your ability to reinvest these funds, therefore, would be delayed. If the yield on your Mega certificates is lower than the yield available on comparable investments at the date when you expect your Mega certificates to prepay, you will be disadvantaged by having less principal available to reinvest and by having your investment dollars remain invested in the Mega certificates for a longer than expected period.

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

The actual yield on your Mega certificates is likely to be lower than you expect:

- if you buy Mega certificates at a premium and principal payments on the related mortgage loans are faster than you expect, or
- if you buy Mega certificates at a discount and principal payments on the related mortgage loans are slower than you expect.

Moreover, in the case of Mega certificates purchased at a premium, you may lose money on your investment if prepayments on the related mortgage loans occur at a rapid rate.

Delay securities have lower yields and lower market values.

Mega certificates are delay securities. Since delay securities do not receive interest immediately following each interest accrual period, the Mega certificates have lower yields and lower market values than they would have if there were no such delay.

Unpredictable timing of the last payment affects yields on your Mega certificates.

The actual final payment of your Mega certificate is likely to occur earlier, and could occur much earlier, than the specified final distribution date. If you assume that the actual final payment will occur on that date, your yield may be lower than you expect.

Reinvestment of payments of principal of your Mega certificates may not achieve the same yields as the yields on your Mega certificates.

The rate of principal payment on your Mega certificates is uncertain as it depends upon the rate of principal payments on the underlying securities and related mortgage loans. As you receive payments of principal of your Mega certificates, you may be unable to reinvest the principal at the same yields as the yields received on your Mega certificates.

Prepayment

We may withdraw some or all of the underlying securities due to a breach of representations or warranties, accelerating the rate at which you receive your return of principal.

In delivering underlying securities to us, transferors make representations and warranties about the underlying securities. If these representations and warranties were not true when made, we may purchase from the trust the affected underlying securities at any time. The affected securities could include some or all of the underlying securities in a trust.

When an underlying security is purchased, its principal balance is passed through to Mega certificateholders on the distribution date in the month of purchase. Thus, the purchase of an underlying security due to a breach of a representation and warranty may accelerate the rate of principal payments on your Mega certificates. See “**THE TRUST AGREEMENT—Purchase or Substitution of Underlying Securities by the Issuer.**”

RISKS RELATING TO LIQUIDITY

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

We cannot be sure that each issuance of Mega 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 your Mega certificates are outstanding. In addition, neither we nor any other party are obligated to make a market in the Mega certificates. Therefore, it is possible that if you wish to sell your Mega certificates in the future, you may have difficulty finding potential purchasers.

Some of the factors that may affect the resale of your Mega 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 underlying securities and unpaid principal balances on the related mortgage loans;
- the age of the related mortgage loans;
- the prepayment features of the related mortgage loans;
- the availability of current information about the underlying securities and related mortgage loans;

- the outstanding principal amount (or notional principal amount) of the Mega certificates of that issuance and other issuances with similar features;
- the amount of Mega certificates offered for resale from time to time;
- the minimum denominations of the Mega certificates;
- any significant reduction in our securitization volume due to a decline in mortgage loan originations by key sellers that have experienced liquidity or other major difficulties;
- any legal restriction or tax treatment limiting demand for Mega 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 seller and the direct or primary servicer of the mortgage loans backing the underlying securities.

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

We will make all payments of principal and interest, as applicable, on the Mega 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 Mega 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 Mega certificates, the value of payments on the Mega certificates and the market value of the Mega certificates all would decline in terms of your currency.

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 (usually a stripped mortgage-backed security (“SMBS”) or a Mega) backed by those certificates, which is generally referred to as a resecuritization. If we discover discrepancies in the data related to a pool or to one or more of the mortgage loans directly or indirectly backing a pool that cannot be resolved promptly, certificates (including Mega certificates) for that pool or backed by those underlying mortgage loans may be restricted from resecuritization until the data discrepancies 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 may be located on our Web site by clicking on “Securities Ineligible for Resecuritization” in the “Data Collections” section on the Structured Transactions and Megas page and is updated monthly. If the data discrepancies are resolved, the certificates will be removed from the restricted certificate list and become eligible for resecuritizations.

The required cap on and subsequent required reduction in our mortgage portfolio assets may adversely affect the liquidity of your Mega certificates.

Our mortgage portfolio assets include a substantial amount of our Mega certificates. We have traditionally been an active purchaser of our Mega certificates for a number of reasons, including helping to provide market liquidity for the Mega certificates. The required cap on and subsequent required reduction in our mortgage portfolio assets may restrict our ability to purchase our Mega

certificates, which may impair the liquidity of your Mega certificates. See our most recent Form 10-K for a description of the required cap on and reduction in our mortgage assets.

RISKS RELATING TO CREDIT

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

There could be an adverse change in our liquidity position or financial condition that impairs our credit rating and 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 your Mega certificates and potential buyers may offer less for your Mega 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 amount distributed to Mega certificateholders could be reduced and the timing of distributions could be affected.

Borrowers may fail to make timely payments on the related mortgage loans. In addition, an entity that is under contract to perform 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 if (i) our financial condition prevented us from fulfilling our guaranty obligations with respect to the underlying securities and the Mega 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, Mega certificateholders would receive from the trust only the amounts paid on the underlying securities, which are generally limited to borrower payments and other recoveries on the related mortgage loans. As a result, delinquencies and defaults on the related mortgage loans or a direct servicer’s failure to remit borrower payments to the trust would adversely affect the amounts that Mega certificateholders received each month.

As conservator or receiver, the Federal Housing Finance Agency (“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 Mega certificates we issued during the current conservatorship. The Federal Housing Finance Regulatory Reform Act of 2008 (the “2008 Reform Act”) does not restrict the rights of holders of Mega 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, Mega 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.

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 holders of the Mega certificates offered by 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 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, Mega certificateholders would receive from the trust only the amounts paid on the underlying securities, which are generally limited to borrower payments and other recoveries on the related mortgage loans. As a result, delinquencies and defaults on the related mortgage loans or a direct servicer's failure to remit borrower payments to the trust would adversely affect the amounts that Mega certificateholders would receive each month. In addition, trust administration fees would be paid from mortgage loan payments before any distributions would be made to Mega 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 Mega certificateholders.

Rights of Mega Certificateholders. Holders of Mega certificates issued before and during the current conservatorship, including the Mega certificates offered by this prospectus, are granted certain rights under the trust documents (defined under "**DESCRIPTION OF THE MEGA 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, Mega certificateholders have the right to replace Fannie Mae as trustee if the requisite percentage of Mega certificateholders consents. Nevertheless, the 2008 Reform Act may prevent Mega 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, Mega certificateholders could become unsecured creditors of Fannie Mae with respect to claims made under our guaranty. Mega certificateholders have certain limited rights to proceed against the U.S. Department of the Treasury ("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—Mega Certificateholders' Rights Under the Senior Preferred Stock Purchase Agreement.**"

RISK RELATING TO LIMITED AVAILABILITY OF CERTAIN INFORMATION

Only certain information is provided about the Mega certificates and underlying securities.

You should be aware that the information in the prospectus supplement or final data statement for a particular issuance of Mega certificates will not contain information about certain characteristics of the related mortgage loans, even though under certain circumstances these characteristics could affect the prepayment experience of the related mortgage loans and the yield on your Mega certificates. In addition, weighted average information will not disclose the range of coupons or remaining terms to maturity of individual mortgage loans. For example, while extremely wide ranges of coupons are unusual in pools of mortgage loans backing MBS, a pool with a weighted average coupon (WAC) that is 1.50% above the MBS pass-through rate could

consist of mortgage loans half of which have coupons that are 0.50% above the pass-through rate and the other half of which have coupons that are 2.50% above the pass-through rate. A pool of this type could have a prepayment experience that is significantly different from that of a pool made up exclusively of mortgage loans with coupons that are 1.50% above the MBS pass-through rate. The remaining terms to maturity of mortgage loans in a pool may also vary widely. This difference would affect the scheduled amortization and could affect the prepayment rate of the related MBS and the yield on the Mega certificates.

FANNIE MAE

General

Fannie Mae is a government-sponsored enterprise that was chartered by Congress in 1938 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.

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 12 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. Our regulators also include the SEC and Treasury.

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, the extent of our role in the market, what form we will have, and what ownership interest in us, if any, will be held by our current common and preferred stockholders after the conservatorship is terminated. For more information on the risks to our business relating to the conservatorship and uncertainties regarding the future of our company and business, please see “**RISK FACTORS**” in our most recent Form 10-K.

In September 2008, Fannie Mae, through FHFA as our conservator, entered into two agreements with Treasury. The first agreement is the senior preferred stock purchase agreement, under which we issued one million shares of senior preferred stock to Treasury and which provided us with Treasury’s commitment to provide us with funding under specified conditions (the

“commitment”). The senior preferred stock purchase agreement was amended on September 26, 2008, May 6, 2009, and December 24, 2009 (as amended, the “senior preferred stock purchase agreement”).

The December 24, 2009 amendment to the senior preferred stock purchase agreement modified the maximum amount of Treasury’s funding commitment, providing that the maximum amount will increase as necessary to accommodate any net worth deficits (the amount by which our total liabilities exceed our total assets) for calendar quarters in 2010 through 2012. For any net worth deficits after December 31, 2012, Treasury’s maximum remaining funding commitment at any determination date will be the “available amount,” which equals \$124.8 billion (\$200 billion less our cumulative draws through March 31, 2010, which related to calendar years 2008 and 2009) *less* the *smaller of either* (a) our positive net worth as of December 31, 2012, *or* (b) our cumulative draws from Treasury for the calendar quarters in 2010 through 2012. We issued 1,000,000 shares of senior preferred stock to Treasury pursuant to the senior preferred stock purchase agreement.

The other agreement with Treasury is 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 “warrant”) on a fully diluted basis. The senior preferred stock and the warrant were issued as an initial commitment fee for Treasury’s commitment. The senior preferred stock purchase agreement and the warrant contain covenants that significantly restrict our operations and that are described in our 2010 Form 10-K.

We generally may draw funds under the commitment on a quarterly basis when our total liabilities exceed our total assets on our consolidated balance sheet prepared in accordance with GAAP as of the end of the preceding quarter. All funds drawn under the commitment are added to the liquidation preference on the senior preferred stock, which currently has a 10% annual dividend rate. If we do not pay the dividend quarterly and in cash, the dividend rate will increase to 12% annually, and the unpaid dividend would accrue and be added to the liquidation preference of the senior preferred stock.

We are dependent upon the continued support of Treasury to eliminate our net worth deficit, which avoids our being placed into receivership. Based on consideration of all of the relevant conditions and events affecting our operations, including our dependence on the U.S. Government, we continue to operate as a going concern and in accordance with our delegation of authority from FHFA. 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. Mega certificateholders have certain limited rights to bring proceedings against Treasury if we fail to pay under our guaranty. See “—**Mega 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, in either case, for a period of 60 days after the deadline for the filing with the SEC of our annual report on Form 10-K or our quarterly report 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, 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. In addition, we could be put into receivership at the discretion of the Director of FHFA at any time for other reasons, including conditions that FHFA has already asserted existed at the time the former Director of FHFA placed us into conservatorship.

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 Mega 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.

Mega Certificateholders' Rights Under the Senior Preferred Stock Purchase Agreement

Mega certificateholders are granted certain rights under the trust documents (as defined below) if a guarantor event of default occurs. See “**THE TRUST AGREEMENT—Mega Certificateholders' Rights Upon a Guarantor Event of Default.**” Moreover, under the senior preferred stock purchase agreement, Mega 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 Mega certificates may file a claim for relief in the U.S. Court of Federal Claims, requiring Treasury to fund up to the lesser of

- the amount necessary to cure the payment default, *or*
- the “available amount” under the agreement as of the last day of the immediately preceding fiscal quarter.

USE OF PROCEEDS

We usually issue Mega certificates in swap transactions in which the Mega certificates are issued in exchange for the underlying securities that back the Mega certificates being issued. In some instances, we may issue Mega certificates backed by underlying securities that we already own. In those transactions, we receive cash proceeds upon sale of the Mega certificates to the related dealers. Unless otherwise stated in the prospectus supplement, we apply the cash proceeds to the purchase of mortgage loans and for other general corporate purposes.

DESCRIPTION OF THE MEGA CERTIFICATES

This prospectus relates to Mega certificates issued on and after February 1, 2012, which are issued under our 2009 Mega-SMBS Master Trust Agreement, effective January 1, 2009 (as amended or replaced from time to time, the “trust agreement”). For information about Mega certificates issued before February 1, 2012, see the Mega prospectus that was in effect at the time those Mega certificates were issued. There is a specific issue supplement to the trust agreement for each issuance of Mega certificates. We refer to the trust agreement and the related issue supplement for an issuance of Mega certificates as the “trust documents.”

General

The Mega certificates represent fractional undivided beneficial ownership interests in a distinct pool of underlying securities held in a trust created under the trust documents (as further described below). We will hold the underlying securities, in our capacity as trustee under the trust documents, for the benefit of all the holders of Mega certificates of the same issuance. The fractional undivided interest of each Mega certificate is equal to the initial principal balance of that Mega certificate divided by the aggregate principal balance of the underlying securities in the related pool on the issue date.

Settlement

Settlement is expected to occur no later than the last business day of the month in which the issue date of the Mega certificates occurs. Settlement on fixed-rate Mega certificates may occur beginning one business day following the release of monthly factors for the underlying trust assets, which are typically released on or about the 4th business day of the month in which the Mega certificates are issued. Settlement on adjustable-rate Mega certificates may occur beginning on or about the 12th business day of the month in which the Mega certificates are issued.

Issuance in Book-Entry Form

We will issue the Mega certificates in book-entry form using the book-entry system of the U.S. Federal Reserve Banks. Mega certificates must be issued in a minimum denomination 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 Mega certificateholder is an entity that appears in the records of a Federal Reserve Bank as the owner of a Mega certificate. Only entities that are eligible to maintain book-entry accounts with a Federal Reserve Bank may be Mega certificateholders. These entities are not necessarily the beneficial owners of the Mega certificates. If a Mega certificateholder is not also the beneficial owner of a Mega certificate, the Mega certificateholder, and all other financial intermediaries in the chain between the Mega 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 Mega 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 Mega certificateholders. Neither we nor a Federal Reserve Bank will have any direct obligation to the beneficial owner of a Mega certificate who is not also a Mega certificateholder. We and a Federal Reserve Bank may treat the Mega certificateholder as the absolute owner of a Mega 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 Mega certificateholder when we make a distribution on the Mega certificates. Each Mega certificateholder and any financial intermediaries are responsible for remitting distributions to the beneficial owners of the Mega certificates.

Distributions on Mega Certificates

We will make distributions to Mega 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 Mega certificates on the distribution date in the month following the month in which the Mega 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. A business day is 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, with respect to any required withdrawal for remittance to a paying agent, a day when the Federal Reserve Bank is closed in a district where a certificate account is located if the related withdrawal is being made from that certificate account. We will pay the Mega certificateholder that is listed as of the record date as the holder in the records of a Federal Reserve Bank. The record date is the close of business on the last day of the month immediately preceding the month in which the distribution date occurs.

Interest Distributions

On each distribution date, we will distribute to Mega certificateholders one month's interest in an amount equal to the interest accrued on the principal balance of the then-outstanding Mega certificates of that issuance for the related interest accrual period, less any deferred interest resulting from negative amortization on the related mortgage loans with respect to that distribution date.

If any adjustable-rate mortgage loan (an "ARM loan") directly or indirectly backing an underlying security permits negative amortization, any deferred interest will be added to the principal balance of the mortgage loan and, consequently, to the principal balance of the underlying security. The amount of deferred interest is then added to the outstanding principal of the Mega certificates and allocated to Mega certificateholders according to their fractional undivided interests in the related trust. In this case, the amount of interest distributed on the underlying security on the related distribution date will not increase; accordingly, the amount of interest distributed on the related Mega certificates will not increase.

Principal Distributions

On each distribution date, we will distribute to Mega certificateholders, as payments of principal, an amount equal to the portion of the aggregate amount of principal due on the underlying securities during the preceding deposit period that is allocable to the then-outstanding Mega certificates of that issuance. As to any distribution date, a "deposit period" is the period beginning immediately after the preceding distribution date (or in the case of the initial distribution date, beginning on the first day of the month of the initial distribution date) and ending on the current distribution date.

Other Distributions

If the Mega certificates are indirectly backed by multifamily mortgage loans, the loans may provide for the collection of yield maintenance premiums or other prepayment premiums upon a prepayment of the loans. In some cases, those premiums are shared with the holders of the underlying securities. If your Mega certificates are backed by multifamily underlying securities that provide for sharing of collected prepayment premiums, any premiums distributed to the holders of the multifamily underlying securities will be passed through to the Mega certificateholders. **We do not guarantee the payment of any yield maintenance premiums or prepayment premiums.**

Exchange of Mega Certificates for SMBS Certificates

Certain issuances of Mega certificates may be exchanged for SMBS certificates of one or more classes that are issued by the same trust as the Mega certificates. A list of trusts with exchangeable Mega certificates may be located on our Web site by clicking on "Mega Pools Exchangeable for SMBS" in the Data Collections section on the Structured Transactions and Megas page. This list may also be obtained by contacting us in the manner described under "**DISCLOSURE DOCUMENTS FOR ISSUANCES OF MEGA CERTIFICATES—Prospectuses—*This Prospectus and the Prospectus Supplements.***" The list will be updated as exchangeable Mega certificates are issued.

If you hold eligible Mega certificates, then, subject to the conditions set forth below, you may exchange some or all of your Mega certificates for certain SMBS certificates that represent identical percentage interests in the underlying principal payments and underlying interest payments. SMBS certificates will have a minimum denomination of \$100,000 with additional increments of \$1. Before exchanging your Mega certificates for SMBS certificates, you should read the Pro-

spectus for Guaranteed Stripped Mortgage-Backed Securities dated February 1, 2012 and the prospectus supplement for that issuance of SMBS certificates, which describe SMBS exchange procedures and required fees.

If both SMBS certificates and Mega certificates may be issued from the same trust, the Mega certificates are considered to be a single class of securities.

Reports to Mega Certificateholders

Monthly Factor and Other Monthly Disclosures

On or about the 4th business day of each month, we will publish the current monthly factor for each issuance of Mega certificates that remains outstanding. If you multiply the monthly factor by the original unpaid principal balance of your Mega certificates, you will obtain the then-current principal balance of your Mega certificates, after giving effect to the monthly principal payment to be distributed on the distribution date in that month. On the same day, we will also publish the fixed-rate quartiles for certain critical data elements (for example, loan ages and loan-to-value ratios) for the mortgage loans backing each issuance of fixed-rate Mega certificates.

On or about the 8th business day of each month, beginning in the month after an issuance of Mega certificates, we will publish the following information about the Mega certificates:

- for all single-family and multifamily Mega certificates, geographical statistics;
- for all single-family Mega certificates, a supplemental file containing information for the related mortgage loans including, but not limited to, loan purpose and occupancy type (certain information for single-family fixed-rate Megas may initially be published two months after the issuance of the Mega certificates);
- for single-family Mega certificates backed by mortgage loans with initial interest-only periods, the number of months remaining until the related mortgage loans begin amortizing; and
- for Mega certificates backed by ARM loans, the ARM statistics file and the adjustable-rate quartiles file that details rate, adjustment, and cap information as well as certain other critical data elements for the related ARM loans.

These monthly disclosures are made available each month on our Web site and by various pricing and market information services.

Monthly Reports

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

- the amount due on the Mega certificates on that distribution date on account of interest;
- the amount due on the Mega certificates on that distribution date on account of total scheduled and unscheduled principal;
- the total cash distribution on the Mega certificates on that distribution date;
- for Mega certificates indirectly backed by ARM loans that permit negative amortization, the amount of any deferred interest added to the principal balances of the ARM loans as of that distribution date as a result of negative amortization on the loans;

- the principal balances of the Mega certificates on that distribution date after giving effect to any distribution of principal on that date (and, for Mega certificates indirectly backed by ARM loans that permit negative amortization, after giving effect to any deferred interest added to the principal balances of the loans during the related interest accrual period); and
- for Mega certificates indirectly backed by ARM loans, the pool accrual rate for that distribution date.

Tax Information

We will post on our Web site, or otherwise make available, information required by the federal income tax laws. See “**MATERIAL FEDERAL INCOME TAX CONSEQUENCES.**”

THE TRUST AGREEMENT

The Mega 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 Mega 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 Washington, DC office or our Web site at www.fanniemae.com. You may obtain a copy of the issue supplement that applies to your issuance of Mega certificates from our Washington, DC office.

Fannie Mae Guaranty

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

- (i) the portion of the aggregate amount of principal due on the underlying securities backing the Mega certificates during the preceding deposit period that is allocable to the then-outstanding certificates of that Mega issuance, and (ii) the unpaid principal balance at the purchase date of any underlying security purchased from the related trust; plus
- the interest accrued on the then-outstanding Mega certificates of that issuance for the related interest accrual period, minus any deferred interest resulting from negative amortization on the related underlying securities with respect to that distribution date.

For single-family Mega certificates indirectly backed by fixed-rate mortgage loans, interest will be paid at the same pass-through rates as those of the underlying securities. For single-family Mega certificates indirectly backed by ARM loans that do not permit negative amortization, interest will be paid at the weighted average of the then-current pool accrual rates of the underlying securities. For single-family Mega certificates indirectly backed by ARM loans that permit negative amortization, interest will be paid at the weighted average of the then-current pool accrual rates of the underlying securities *minus* the aggregate amount of any deferred interest. Any deferred interest will be added to the principal balance of the underlying securities and, in turn, will be added to the principal balance of the related Mega certificates.

For multifamily Mega certificates indirectly backed by fixed-rate mortgage loans, interest will be paid at the weighted average of the then-current pool accrual rates of the underlying securities. For multifamily Mega certificates indirectly backed by ARM loans that do not permit negative amortization, interest will be paid at the weighted average of the then-current pool accrual rates of the underlying securities. For multifamily Mega certificates indirectly backed by ARM loans that permit negative amortization, interest will be paid at the weighted average of the then-

current pool accrual rates of the underlying securities *minus* the aggregate amount of any deferred interest. Any deferred interest will be added to the principal balance of the underlying securities and, in turn, will be added to the principal balance of the Mega certificates.

In addition, we guarantee to each trust the full and final payment of any unpaid principal balance of the Mega certificates on the final distribution date, even if less than the required amount has been remitted to us. **We do not guarantee the payment of any yield maintenance premiums or prepayment premiums.**

Our guaranty runs directly to each trust and not directly to Mega certificateholders. As a result, Mega certificateholders have only limited rights to bring proceedings directly against Fannie Mae to enforce our guaranty. See “**—Mega Certificateholders’ Rights Upon a Guarantor Event of Default.**” Mega certificateholders also have certain 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 Mega certificateholders’ rights to proceed against Treasury, see “**FANNIE MAE—Mega Certificateholders’ Rights Under the Senior Preferred Stock Purchase Agreement.**”

If we were unable to perform our guaranty obligations, Mega certificateholders would receive from the trust only the amounts paid on the underlying securities. These amounts generally would be limited to borrower payments and any other recoveries on the related mortgage loans such as insurance, condemnation and foreclosure proceeds. As a result, delinquencies and defaults on the related mortgage loans would directly affect the amounts that Mega certificateholders would receive each month.

We alone are responsible for making payments on our guaranty. The Mega certificates and payments of principal and interest on the Mega 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.

Transfer of Assets to a Trust

The trust documents for each trust will contain a schedule identifying the underlying securities that are being transferred to the trust for that issuance of Mega certificates. The underlying securities will be registered in our name on the books of the Federal Reserve Bank of New York. As trustee, we will hold the underlying securities for holders of that issuance of Mega certificates.

Purchase or Substitution of Underlying Securities by the Issuer

The trust agreement provides that we may purchase underlying securities from a pool under the following circumstances:

- If a representation or warranty about any underlying security made or deemed to be made by the transferor at the time we purchased the underlying security was not true when made, we may, within 90 days of discovery of the breach, purchase from the trust the underlying security with respect to which the breach occurred. Notwithstanding the foregoing, we may not purchase from the trust an underlying security that is a principal-only or interest-only security.
- If we determine, or a court or government agency determines, that our acquisition of any underlying security prior to its being transferred to a trust was unauthorized, or if a court or government agency requires us to purchase any underlying security from a trust, we will purchase the underlying security as soon as practicable.

When an underlying security is purchased, its principal balance is passed through to the Mega certificateholders on the distribution date immediately following the date of the purchase. The price to be paid for any underlying security that we purchase is calculated as set forth in the related trust documents. See also “**RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—We may withdraw some or all of the underlying securities due to a breach of representations or warranties, accelerating the rate at which you receive your return of principal**” in this prospectus.

The trust agreement also provides that, in lieu of purchasing an underlying security as to which a breach of representation and warranty has occurred, we may remove the underlying security from the trust and replace it with one or more other underlying securities, provided that the following criteria are met:

- The substitute underlying securities have the characteristics set forth in the final data statement;
- The aggregate principal balance of the substitute underlying securities on the date of substitution equals the aggregate principal balance of the underlying securities being purchased;
- For fixed-rate Megs, the substitute underlying securities have the same pool prefix as all other underlying securities in that trust;
- For adjustable-rate Megs, the substitute underlying securities have the same subtype as the other underlying securities in that trust; and
- The substitution occurs within 90 days after the issue date of the Mega certificates.

Notwithstanding the foregoing, if the underlying security removed from the trust is a REMIC security, we will not substitute a different REMIC security, or any other underlying security, for the removed REMIC security.

If an underlying security is removed from, and a substitute underlying security is added to, a trust, we will amend the final data statement to reflect the removal and substitution. Any purchase or substitution of an underlying security will be effective as of the first day of the calendar month in which the purchase or substitution occurs.

Certificate Accounts

The servicers of our mortgage loans (“loan 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 the 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. Loan 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.

Certain Matters Regarding Our Duties as Trustee

We serve as trustee under the trust agreement and receive a fee for our services to each trust, which is payable from the interest and other earnings on the related certificate accounts. Under the trust agreement, 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 agreement provides that the trustee may, but is not obligated to, undertake any legal action that it deems necessary or desirable in the interests of Mega 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 agreement upon providing 90 days' advance notice to the guarantor. Our resignation would not become effective until a successor has assumed our duties. We may be removed as trustee only if a "guarantor event of default" has occurred 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 agreement 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 successor trustee may be removed under the trust agreement for an issuance of Mega certificates upon any of the following "trustee events of default":

- the successor trustee fails to deliver to the paying agent all required funds for distribution (to the extent the trustee has received the related funds), and the failure continues uncorrected for 15 days after written notice to the trustee of nonpayment and a demand that the failure be cured has been given to the trustee by either the guarantor or, if a guarantor event of default has occurred and is continuing, the holders of Mega certificates representing at least 5% of the voting rights of the related class;
- the successor trustee fails to fulfill any of its other obligations under the trust agreement or the related issue supplement, and the failure continues uncorrected for 60 days after written notice to the trustee of the failure and a demand that the failure be cured has been given to the trustee by either the guarantor or, if a guarantor event of default has occurred and is continuing, the holders of Mega certificates representing at least 25% of the voting rights of the related class;
- the successor trustee ceases to be eligible to serve as trustee under the terms of the trust agreement 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 of the trustee events 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 issuer) may, and if directed by holders of Mega certificates representing at least 51% of the voting rights of the related trust will, remove the 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” under the trust agreement for an issuance of Mega certificates:

- we fail to make a required payment under our guaranty, and our failure continues uncorrected for 15 days after written notice of the failure and a demand that the failure be cured have been given to us by the holders of Mega certificates representing at least 5% of the voting rights of the related class;
- we fail in any material way to fulfill any of our other obligations under the trust agreement or the related issue supplement, and our failure continues uncorrected for 60 days after written notice of the failure and a demand that the failure be cured have been given to us by the holders of Mega certificates of any related class representing at least 25% of the voting rights of the related class; 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.

Mega Certificateholders’ Rights Upon a Guarantor Event of Default

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

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

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

Future Limitations on Mega Certificateholders' Rights Under the Trust Agreement

Mega 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, Mega certificateholders' rights to remove us as trustee or master servicer 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 Mega certificates. If that occurred, Mega certificateholders would have only the right to proceed against Treasury that is described in "**FANNIE MAE—Mega Certificateholders' Rights Under the Senior Preferred Stock Purchase Agreement.**" See also "**RISK FACTORS—RISKS RELATING TO CREDIT.**"

Voting Under the Trust Agreement

Trusts Providing for Exchanges of Certificates

If the Mega certificates are eligible to be exchanged for SMBS certificates as discussed in "**DESCRIPTION OF THE MEGA CERTIFICATES—Exchange of Mega Certificates for SMBS Certificates,**" the Mega certificates and the related SMBS certificates will represent beneficial interests in the same trust. In the case of any trust that issues both Mega certificates and SMBS certificates, references to "Mega certificateholders," "certificateholders" and "holders of certificates" in the following paragraphs of this section are deemed to refer to holders of the Mega certificates and holders of the related SMBS certificates, collectively, that are outstanding at any time.

Voting Rights

Unless otherwise provided in the prospectus supplement for a particular issuance of Mega certificates, for purposes of voting, giving notice, consent or otherwise taking action under the trust agreement, voting rights will be allocated as follows:

- if the outstanding certificates of a trust include only Mega certificates, then holders of the Mega certificates will be allocated 100% of the voting rights in proportion to the aggregate certificate balances of their respective Mega certificates;
- if the outstanding certificates of a trust include both Mega certificates and SMBS certificates, then
 - holders of the Mega certificates will be allocated a percentage of the total voting rights equal to the percentage equivalent of a fraction, the numerator of which is the aggregate certificate balance of the outstanding Mega certificates and the denominator of which is the aggregate principal amount of all of the underlying securities, and
 - holders of the SMBS certificates will be allocated the remainder of the voting rights, with holders of the principal-only classes being allocated 75% of the remaining voting rights and holders of the interest-only classes being allocated 25% of the remaining voting rights (with the voting rights of the interest-only classes to be further allocated, pro rata, based on the aggregate certificate balances of their respective SMBS certificates);
- if the outstanding certificates of a trust include only SMBS certificates comprised solely of interest-only classes, then holders of the SMBS certificates will be allocated 100% of the voting rights in proportion to the aggregate certificate balances of their respective SMBS certificates; and

- if the outstanding certificates of a trust include both principal-only and interest-only classes of SMBS certificates, then holders of the principal-only classes will be allocated 75% of the voting rights and holders of the interest-only classes will be allocated 25% of the voting rights (with the voting rights of the interest-only classes to be further allocated, pro rata, based on the aggregate certificate balances of their respective SMBS certificates).

Solely for purposes of giving any consent pursuant to the trust agreement, certificates of a particular issuance of Mega certificates that are beneficially held by a party determined under applicable accounting rules, including us, to be the transferor of underlying securities will be deemed not to be outstanding for purposes of determining voting rights. As a result, the voting rights to which that party is entitled will not be taken into account in determining whether the requisite percentage of voting rights necessary to effect any such consent has been obtained, except with respect to matters involving an event of default by the guarantor or trustee or matters requiring the unanimous consent of the Mega certificateholders. If, however, the party determined to be a transferor owns 100% of the certificates of the related issuance of Mega certificates, the certificates owned by the party may be voted without restriction.

Certificates of a particular issuance of Mega 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 trustee when a guarantor event of default has occurred and is continuing. In all other matters with respect to a trust, certificates of the related issuance of Mega 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, unless we, as guarantor, are also a transferor with respect to that trust. If, however, we, as guarantor, beneficially own 100% of the certificates of the related issuance of Mega certificates, the certificates owned by us, as guarantor, may be voted by us without restriction.

Certificates of a particular issuance of Mega 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 of the related issuance of Mega 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, unless that successor trustee is also a transferor with respect to that trust. If, however, a successor trustee beneficially owns 100% of the certificates of the related issuance of Mega certificates, those certificates owned by that successor trustee may be voted by that successor trustee without restriction.

Voting Under the Trust Documents for Underlying Securities

Unless the prospectus supplement provides otherwise, the holders of a certain minimum percentage ownership in the underlying securities may give their consent to any matter requiring consent under the trust documents for the related underlying securities. The trust agreement, however, does not permit us, as trustee, to vote any underlying securities held in the trust unless we have received consistent direction from Mega certificateholders representing at least 51% of the voting rights of the related classes representing at least 51% of the voting rights of such classes. Following its receipt of such direction, the trustee will vote the underlying securities in their entirety in accordance with the direction.

Amendment

No Consent Required

We may amend the trust documents for an issuance of Mega certificates without notifying or obtaining the consent of the related Mega 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 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; or
- modify the trust documents to maintain the fixed investment trust status of a trust for federal income tax purposes.

An amendment to cure an ambiguity in or supplement a provision of the trust documents or to maintain the trust's fixed investment status that would otherwise require the consent of 100% of the Mega certificateholders cannot be made without that consent.

100% Consent Required

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

- terminate or modify our guaranty obligations;
- reduce or delay payments to Mega certificateholders;
- reduce the percentage of Mega certificateholders required to consent to any waiver or amendment;
- take an action that affects the status of the trust as a fixed investment trust for federal income tax purposes or materially increases the taxes payable in respect of a trust; or
- make a change to the activities of the trust that would
 - allow the transferor of the underlying securities to us (or allow Fannie Mae, in the case of a pool formed from underlying securities in our portfolio) to regain control of the underlying securities,
 - cause the trust to cease to be a qualified special purpose entity for accounting purposes, or
 - affect the interests (whether adversely or positively) of a Mega certificateholder in any way that would be viewed as significant by a reasonable person.

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***” with the consent of holders of Mega certificates representing at least 51% of the voting rights of the related trust.

Termination

The trust will terminate with respect to an issuance of Mega certificates when the certificate principal balance of the related pool has been reduced to zero and all distributions have been passed through to Mega certificateholders. In no event will a trust continue beyond the last day of the 60th year following the issue date of that trust.

Except in the limited circumstances discussed under “**–Purchase or Substitution of Underlying Securities by the Issuer,**” we do *not* have an option to purchase the underlying securities backing the Mega certificates or to purchase any of the related mortgage loans and then retire the Mega certificates. Moreover, 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 underlying securities declines to a specified amount or reaches a specified percentage of the original unpaid principal balance of the underlying securities.

Merger

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

YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS

Because payments from the underlying securities are passed through directly to the holders of the Mega certificates, the yield, maturity and prepayment considerations and prepayment assumptions associated with an investment in the Mega certificates are the same as those described in the prospectus and any prospectus supplement applicable to the related underlying securities.

Effective Yield

Your yield will depend in part upon whether you purchase a Mega certificate at a discount from or a premium over its outstanding principal balance. In general, if you purchase a Mega certificate at a discount from its outstanding principal balance and the related mortgage loans are prepaid at a rate that is slower than you expect, the yield on your Mega certificate will be lower than you expect. If you purchase a Mega certificate at a premium over its outstanding principal balance and the related mortgage loans are prepaid at a rate that is faster than you expect, the yield on your Mega certificate also will be lower than you expect. **You must make your own decision about the principal prepayment assumptions you will use in deciding whether to purchase the Mega certificates.**

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

Maturity and Prepayment Considerations

The maturity and prepayment considerations for a particular issuance of Mega certificates are directly related to those that apply to the MBS and/or REMIC securities directly or indirectly underlying the related trust. See the discussion under the heading “**YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS**” in the Single-Family MBS Prospectus, the Multifamily MBS Prospectus and the Single-Family REMIC Prospectus, as applicable.

In addition, Mega certificateholders will receive an early payment of principal of their Mega certificates if we purchase any underlying securities under the circumstances discussed under “**THE TRUST AGREEMENT–Purchase or Substitution of Underlying Securities by the Issuer**” in this prospectus.

Weighted Average Lives and Final Distribution Dates

The “weighted average life” of a Mega certificate refers to the average length of time, weighted by principal, that will elapse from the time we issue the Mega certificate until we distribute to you the full amount of outstanding principal. The weighted average life of a Mega

certificate will depend upon the extent to which each payment on the underlying securities is applied to principal rather than interest. The weighted average life of a Mega certificate is determined by:

- (a) multiplying the amount of the reduction, if any, of the principal balance of the Mega certificate from each distribution date to the next distribution date by the number of years from the settlement date of that Mega issue to the second such distribution date,
- (b) summing the results, and
- (c) dividing the sum by the aggregate amount of the reductions in principal balance of the Mega certificate referred to in clause (a).

The actual weighted average life of a Mega certificate will be affected by the rate at which principal payments are actually made on the underlying securities. See the discussion under the heading “**YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS**” in the Single-Family MBS Prospectus, Multifamily MBS Prospectus and Single-Family REMIC Prospectus, as applicable.

The final distribution date for the Mega certificates of a particular issuance is the date by which we must pay the holders the full outstanding principal balance of the Mega certificates of that issuance. The final distribution date is the distribution date immediately following the latest maturity date of a mortgage loan backing the underlying securities, as specified in the prospectus supplement.

It is likely that we will pay the full outstanding principal balance of the Mega certificates of a particular issuance earlier, and perhaps much earlier, than the final distribution date, because the rate at which we pay principal on the Mega certificates will be determined by the rate at which principal payments are made on the related mortgage loans. We cannot assure that the outstanding principal balance of the Mega certificates of any issuance will be paid in full before their final distribution date.

As indicated in “**THE TRUST AGREEMENT—Termination,**” we have no clean-up call option.

THE UNDERLYING SECURITIES

General

The assets of a trust may consist of MBS, previously issued Mega certificates and/or REMIC securities. There is no limit on the number of MBS, previously issued Mega certificates and REMIC securities that may back a particular Mega issue. The underlying securities will be directly or indirectly backed by pools of mortgage loans secured by either single-family properties or multifamily properties. We do not include both single-family underlying securities and multifamily underlying securities in the same trust. The trust for a Mega issuance may hold one or more underlying securities issued by a single trust (or by separate trusts) but need not hold all the underlying securities issued by any trust.

The Single-Family MBS Prospectus describes the general characteristics of single-family MBS and single-family mortgage loans that may back the Mega certificates. The Multifamily MBS Prospectus describes the general characteristics of multifamily MBS and multifamily mortgage loans that may back the Mega certificates. The Single-Family REMIC Prospectus describes the general characteristics of any single-family REMIC certificates that may back the Mega certificates. This prospectus describes the general characteristics of previously issued Mega certificates that may back the Mega certificates. See “**DISCLOSURE DOCUMENTS FOR ISSUANCES OF MEGA CERTIFICATES—Prospectuses—Prospectuses for the Underlying Securities.**”

Certain additional information concerning the underlying securities held in a particular trust may be found in the prospectus supplement, if any, for the underlying securities and the final data statement for the related Mega issuance. Before investing in an issuance of Mega certificates, investors should read the applicable prospectus and the prospectus supplement for each of the underlying securities. In addition, if the underlying securities include previously issued Mega certificates, investors should review each of the related final data statements.

It should be noted that 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 Internal Revenue Code. As a result, if a trust is indirectly backed by a related mortgage loan with a loan-to-value ratio greater than 125%, the related Mega certificates evidencing a beneficial ownership interest in the trust will not be a suitable investment for a REMIC.

Single-Family Mega Certificates

A single-family Mega trust may hold

- MBS that are directly backed by single-family mortgage loans and/or previously issued Mega certificates that are directly or indirectly backed by single-family MBS, or
- REMIC securities directly or indirectly backed by single-family loans.

We will describe the characteristics of any single-family ARM loans backing the underlying securities in a prospectus supplement.

All of the single-family fixed-rate MBS and single-family fixed-rate Mega certificates directly or indirectly backing an issuance of Mega certificates will have the same pass-through rate and generally will have the same pool prefix. All of the single-family fixed-rate REMIC securities directly backing an issuance of Mega certificates will have the same interest rate as the Mega certificates backed by those REMIC securities.

All of the single-family ARM MBS and single-family ARM Mega certificates directly or indirectly backing an issuance of Mega certificates will have the same subtype and may have the same pool prefix.

You can find information on Mega and MBS pool prefixes and on Mega and MBS subtypes used for single-family underlying securities by clicking “Pool Prefix Glossary” in the “Reference Documents” section on the Structured Transactions and Megas page on our Web site. Information on REMIC securities and the securities or mortgage loans backing the REMIC securities may be found in the Single-Family REMIC Prospectus under **“THE SERIES TRUST ASSETS—Underlying REMIC Securities.”**

Multifamily Mega Certificates

A multifamily Mega trust may hold MBS that are directly backed by multifamily mortgage loans and/or previously issued Mega certificates that are directly or indirectly backed by multifamily MBS. We will describe the characteristics of the multifamily mortgage loans backing the underlying securities in a prospectus supplement.

The multifamily fixed-rate MBS and multifamily fixed-rate Mega certificates directly or indirectly backing an issuance of Mega certificates may have the same pass-through rate or a combination of pass-through rates. The pass-through rates included in a combination typically will fall within an inclusive 100 basis point range and will result in a weighted average pass-through rate for the Mega certificates being issued. Mega certificates backed by multifamily fixed-rate MBS will have a pool prefix that is unique to Megas but corresponds to the pool prefix for the multifamily MBS. Mega certificates backed by multifamily fixed-rate Mega certificates generally will have the same pool prefix as the pool prefix of the previously issued Mega certificates.

All of the multifamily ARM MBS and multifamily ARM Mega certificates directly or indirectly backing an issuance of multifamily Mega certificates will have the same subtype. Mega certificates backed by multifamily ARM MBS will have a pool prefix that is unique to Megas but corresponds to the pool prefix for the multifamily MBS. Mega certificates backed by multifamily ARM Mega certificates generally will have the same pool prefix as the pool prefix of the previously issued Mega certificates. You can find information on Mega and MBS pool prefixes used for multifamily underlying securities by clicking “Pool Prefix Glossary” in the “Reference Documents” section on the Structured Transactions and Megas page on our Web site.

MATERIAL FEDERAL INCOME TAX CONSEQUENCES

Our special tax counsel has delivered an opinion to us that each trust will not be classified as an association taxable as a corporation for federal income tax purposes but instead will be classified as a fixed investment trust and, under subpart E of part I of subchapter J of the Internal Revenue Code, a beneficial owner of a Mega certificate will be considered to be the beneficial owner of a pro rata undivided interest in each of the underlying securities. For a general discussion of the federal income tax consequences of the ownership of MBS or single-family REMIC securities, see the discussion about federal income tax consequences in the Single-Family MBS Prospectus, Multifamily MBS Prospectus and Single-Family REMIC Prospectus, as applicable, and the prospectus supplements for the underlying securities.

PLAN OF DISTRIBUTION

Pursuant to a Fannie Mae commitment, we generally will deliver the Mega certificates of a particular issuance to one or more securities dealers or other institutional investors in exchange for the underlying securities held in the related trust and specified in the final data statement. In certain cases, we may directly provide some or all of the underlying securities of a particular trust from our portfolio and will sell some or all of the related Mega certificates to one or more dealers for the aggregate cash proceeds specified in the prospectus supplement. Each dealer will offer the Mega certificates as specified in the prospectus supplement. Each dealer may, in turn, offer the Mega certificates to or through other dealers. The dealers engage in transactions with us and perform services for us in the ordinary course of their business. We, the dealers or other parties may receive compensation, trading gain or other benefits in connection with these transactions. We typically receive a fee from the dealer or other institutional investor for each offering. We reserve the right to acquire Mega certificates for our own account at the time they are issued or later in the secondary market, and may retain or dispose of any Mega certificates that we acquire.

A secondary market for an issuance of Mega certificates may not develop. If one does develop, it may not continue during the entire term during which the Mega certificates are outstanding. In addition, neither we nor any other party are obligated to make a market in the Mega certificates. Mega certificateholders also should note that the Mega certificates are not traded on any exchange and the market price of an issuance of Mega certificates or a benchmark price may not be readily available. See “**RISK FACTORS—RISKS RELATING TO LIQUIDITY.**”

ACCOUNTING CONSIDERATIONS

The accounting treatment that applies to an investor’s purchase and holding of Mega certificates of a particular issuance 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 Mega certificates, you should consult your own accountants regarding the proper accounting treatment for the Mega 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 Mega certificates of an issuance, or in Mega 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 Federal Deposit Insurance Corporation, the National Credit Union Administration, 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 Mega certificates of a particular issuance. In addition, if you are a financial institution, you should consult your regulators concerning the risk-based capital treatment of any Mega certificate. **You should consult your own legal advisors to determine whether and to what extent the Mega certificates of an issuance constitute legal investments or are or may become subject to restrictions on investment and whether and to what extent the Mega certificates of an issuance can be used as collateral for various types of borrowings.**

ERISA CONSIDERATIONS

ERISA or section 4975 of the Code imposes 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 requirements imposed by ERISA and section 4975 of the Code. Before a plan invests in Mega certificates of a particular issuance, the plan fiduciary must consider whether the governing instruments for the plan permit the investment, whether the Mega 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 a 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 Mega 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 mortgages in the pool. Our counsel, Sidley Austin LLP, has advised us that the Mega certificates qualify under the definition of guaranteed governmental mortgage pool certificates and, as a result, the purchase and holding of Mega 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 a Mega certificate. However, investors should consult with their own counsel regarding the ERISA eligibility of Mega certificates they may purchase.

LEGAL OPINION

If you purchase Mega certificates of a particular issuance, 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 Mega certificates and the related trust documents.

No one is authorized to give information or to make representations in connection with the Mega 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 Mega 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 Mega 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 800-237-8627 or 202-752-7115 or on our Web site at www.fanniemae.com.

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Guaranteed MBS Pass-Through Securities (Mega Certificates)

MEGA PROSPECTUS



February 1, 2012
