Single-Family MBS Prospectus

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

The Certificates

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

Fannie Mae Guaranty

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

Consider carefully the risk factors section beginning on page 10. Unless you understand and are able to tolerate these risks, you should not invest in the certificates.

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

The date of this Prospectus is April 1, 2008.

TABLE OF CONTENTS

INFORMATION ABOUT THIS PROSPECTUS AND PROSPECTUS SUPPLEMENTS

We will provide information that supplements this prospectus in connection with each issue of certificates. We will either deliver these documents electronically to parties who so request in accordance with our procedures or provide electronic copies of this prospectus and the prospectus supplement for each issuance of certificates on our Web site listed below. This prospectus and the prospectus supplement for each issue of certificates will also be available to you in paper form upon request. The disclosure documents for any particular issue of certificates are this prospectus and the prospectus supplement, together with any information incorporated in these documents by reference as discussed below under the heading "**INCORPORATION BY REFERENCE.**" We also provide updated information and corrections regarding mortgage pools through our "PoolTalk"® application or other locations on our Web site listed below. Certificateholders should note that the certificates are not traded on any exchange and the market price of a particular issue of certificates or a benchmark price may not be readily available. **In determining whether to purchase any issue of certificates in any initial offering, you should rely ONLY on the information in this prospectus, the related prospectus supplement and any information that we have otherwise incorporated into these documents by reference. You should not rely on information that may be offered to you by a third party. It may not be reliable.**

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

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

You may obtain copies of this prospectus and the related prospectus supplement by writing to Fannie Mae, Attention: Fixed Income Investor Marketing, 3900 Wisconsin Avenue, N.W., Area 2H-3S, Washington, D.C. 20016 or by calling the Fannie Mae Helpline at 1-800-237-8627 or (202) 752-7115. Typically, the prospectus supplement is available no later than two business days before settlement of the related issue of certificates. These documents generally will also be available on our corporate Web site at www.fanniemae.com. We are providing our internet address solely for the information of prospective investors. We do not intend the internet address to be an active link. This means that we are not using this internet link to incorporate additional information into this prospectus or into any prospectus supplement.

INCORPORATION BY REFERENCE

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

You should rely only on the information provided or incorporated by reference in this prospectus and any applicable supplement, and you should rely only on 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, 2007 ("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 Form 10-K until the date of this prospectus, including any quarterly reports on Form 10-Q and current reports on Form 8-K, but excluding any information "furnished" 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 subsequent to the date of this prospectus and prior to the completion of the offering of the related certificates, excluding any information we "furnish" to the SEC on Form 8-K.

You may read our SEC filings and other information about us at the offices of the New York Stock Exchange and the Chicago Stock Exchange. Our SEC filings also are available at the SEC's Web site at www.sec.gov. You also may read and copy any document we file with the SEC by visiting the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the operation of the Public Reference Room. We are providing the address of the SEC's Web site solely for the information of prospective investors. We do not intend the internet address to be an active link. This means that information that appears on the SEC's Web site is not incorporated into this prospectus, except as specifically stated in this prospectus.

You can obtain copies of periodic reports we file with the SEC and all documents incorporated in this prospectus by reference without charge from our Office of Investor Relations, Fannie Mae, 3900 Wisconsin Avenue, N.W., Washington, D.C. 20016 (telephone: 202-752-7115).

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 issue of certificates, you should have the information necessary to make an investment decision. For that, you must read this prospectus in its entirety (as well as any documents we refer you to in this prospectus) as well as any applicable prospectus supplement for that issue.

Security	Guaranteed Mortgage Pass-Through Certificates (Single-Family Residential Mortgage Loans).
Issuer and Guarantor	Fannie Mae, a federally chartered and stockholder-owned corporation. We alone are responsible for making payments on our guaranty. **The certificates and payments of principal and interest on the certificates are not guaranteed by the United States, and do not constitute a debt or obligation of the United States or any of its agencies or instrumentalities other than Fannie Mae.**
Description of Certificates	Each certificate will represent a beneficial ownership interest in a pool of mortgage loans. We will issue the 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 related prospectus supplement. The book-entry certificates will not be convertible into physical certificates.
Minimum Denomination	We will issue the certificates in minimum denominations of $1,000 with additional increments of $1.
Issue Date	The first day of the month in which the certificates are issued.
Distribution Date	The 25th day of each month is the date designated for payments to certificateholders. If that day is not a business day, payment will be made on the next business day. The first distribution date following an issuance will occur in the month following the month in which the certificates are issued. For example, if an issue date is March 1st, the first distribution date will be April 25th or, if April 25th is not a business day, the first business day following the 25th.
Interest	We will pay interest on the certificates each month on the distribution date. If a pool contains fixed-rate mortgage loans, we will pay to certificateholders interest at the fixed pass-through rate stated in the related prospectus supplement. If a pool contains adjustable-rate mortgage loans, other than those permitting negative amortization, we will pay to certificateholders an amount of interest at a variable pass-through rate (referred to as the pool accrual rate). The initial pool accrual rate is described in the related prospectus supplement. If a pool contains adjustable-rate mortgage loans that permit negative amortization, we will pay to certificateholders interest at the variable pool accrual rate minus the aggregate

amount of any deferred interest that is added to the principal balance of the mortgage loans.

Principal . . . .

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

On each distribution date, we will pass through to certificateholders:

- the aggregate amount of the borrowers' scheduled principal payments for the related due period;
- the stated principal balance of mortgage loans that were prepaid in full during the calendar month immediately preceding the month in which the distribution date occurs;
- the stated principal balance of mortgage loans that were purchased from the pool during the calendar month immediately preceding the month in which the distribution date occurs; and
- the amount of any partial prepayments on mortgage loans that were received during the calendar month immediately preceding the month in which the distribution date occurs (or during the second preceding calendar month for pools of loans from our portfolio that require monthly remittance by the direct servicer of actual payments instead of scheduled payments).

Depending on the election made by the direct servicer servicing the mortgage loans for us, prepayments in full received by the first business day of a month may be treated as if received by the last day of the preceding calendar month. If they are so treated, they will be passed through on the distribution date in the month of actual receipt. For example, if a prepayment is actually received on February 1st, it may be treated as if it had been received on January 31st and, if it is so treated, the prepayment will be passed through on February 25th (or the next business day, if February 25th is not a business day). If the direct servicer has not chosen this treatment of prepayments, a prepayment received on the first day of a month will be passed through on the distribution date in the calendar month immediately following the calendar month in which it was received.

Monthly Pool Factors . . . .

On or about the fourth business day of each month, we will publish the monthly pool factor for each issue of certificates. If you multiply the monthly pool factor by the original principal balance of the certificates, you will obtain the current principal balance of the certificates, after giving effect to the

	monthly principal payment to be passed through on the distribution date in that month.
Business Day	Any day other than: a Saturday or Sunday, a day on which 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 in the district where the certificate account is maintained is closed.
Guaranty	We guarantee to the MBS trust that on each distribution date we will supplement amounts received by the MBS trust as required to permit payments on the certificates in an amount equal to: • the aggregate amounts of scheduled and unscheduled principal payments described in the second paragraph under "—Principal" above, and • an amount equal to one month's interest on the certificates. For fixed-rate pools, we guarantee payment of interest at the stated pass-through rate provided in the prospectus supplement. For adjustable-rate pools, we guarantee payment of interest calculated at the pool accrual rate minus the aggregate amount of any deferred interest that is added to the principal balance of the mortgage loans. In addition, we guarantee to the MBS trust that we will supplement amounts received by the MBS trust as required to make the full and final payment of the unpaid principal balance of the certificates on the distribution date in the month of the maturity date specified in the prospectus supplement. Our guaranty runs directly to the MBS trust and not directly to certificateholders. As a result, certificateholders do not have any rights to bring proceedings directly against Fannie Mae to enforce our guaranty except in the limited circumstances described below under "**DESCRIPTION OF THE CERTIFICATES—Certificateholder Rights.**"
Master Servicing/Servicing	We are responsible as master servicer for certain duties. We generally contract with mortgage lenders to perform servicing functions for us. We refer to these servicers as our direct servicers. For a description of our duties as master servicer and our direct servicers' responsibilities, see "**DESCRIPTION OF THE CERTIFICATES—Collection and Other Servicing Procedures.**"
Trustee	We serve as trustee for each issue of certificates pursuant to the terms of the trust agreement and the related issue supplement.
Paying Agent	The Federal Reserve Bank of New York currently serves as our paying agent on the certificates.

Fiscal Agent	An entity designated by us to perform certain administrative functions for the trust. The Federal Reserve Bank of New York currently serves as our fiscal agent.
Mortgage Pools	Each mortgage pool will contain the types of mortgage loans (or participation interests in mortgage loans) described in the related prospectus supplement.
Mortgage Collateral	Each mortgage loan will be secured by a first or subordinate lien on residential real property containing one to four dwelling units (including manufactured housing) or on a share in a cooperative housing corporation representing the right to occupy a residential dwelling. We require each mortgage loan to meet our published standards for loans that we purchase, except to the extent that we have permitted variances from those standards. We may change our standards from time to time.
Mortgage Loan Types	Loan pools may include the following types of mortgage loans: • Fixed-rate, equal monthly payment, fully amortizing loans • Fixed-rate, equal biweekly payment, fully amortizing loans • Fixed-rate loans with monthly payments of interest only for a specified initial period, followed by fully amortizing equal monthly payments of principal and interest for the remaining loan term • Fixed-rate loans with a balloon payment due at maturity • Adjustable-rate, monthly pay, fully amortizing loans • Adjustable-rate loans with monthly payments of interest only during a specified initial fixed-rate period, followed by fully amortizing monthly payments of principal and interest for the remaining loan term • Adjustable-rate loans that may permit deferred interest (which is added to the outstanding principal balance of the mortgage loan) as a result of negative amortization or provide for a balloon payment due at maturity.
Minimum Pool Size	Unless the related prospectus supplement provides otherwise, each of our pools will typically consist of either: • Fixed-rate loans that have an aggregate unpaid principal balance of at least $1,000,000 as of the issue date, or • Adjustable-rate loans that have an aggregate unpaid principal balance of at least $500,000 as of the issue date.
No Optional Termination	We have no clean-up call option. That is, we have no right to terminate the trust early when the unpaid principal balance of a pool reaches a certain amount or reaches a certain percentage of the original issue date unpaid principal balance of a pool.

Federal Income Tax Consequences . .	Each mortgage pool will be classified as a fixed investment trust. Each beneficial owner of a certificate will be treated as the owner of a pro rata undivided interest in each of the mortgage loans included in that pool. Accordingly, each owner will be required to include in income its pro rata share of the entire income from each mortgage loan in the pool, and generally will be entitled to deduct its pro rata share of the expenses of the trust, subject to the limitations described in this prospectus.
Legal Investment Considerations . . .	Under the Secondary Mortgage Market Enhancement Act of 1984, the certificates offered by this prospectus and the related prospectus supplement will be considered to be "securities issued or guaranteed by . . . the Federal National Mortgage Association." Nevertheless, you should consult your own legal advisor to determine whether and to what extent the certificates of a series constitute legal investments for you.
ERISA Considerations	For reasons discussed under "**ERISA CONSIDERATIONS**" in this prospectus, investment by a plan in the certificates will not cause the assets of the plan to include the mortgage loans underlying the certificates or cause the sponsor, trustee and servicers of the mortgage pool to be subject to the fiduciary provisions of the Employee Retirement Income Security Act (ERISA) or the prohibited transaction provisions of ERISA or section 4975 of the Internal Revenue Code of 1986.

RISK FACTORS

We have listed below some of the principal risks associated with an investment in the certificates. In addition, our Form 10-K, which we incorporate by reference into this prospectus, includes risks, including risks relating to Fannie Mae, that may affect your investment in the certificates and the value of the certificates; you should review those risk factors before investing in the certificates. Because each investor has different investment needs and different risk tolerances, you should consult your own financial and legal advisors to determine whether the certificates are a suitable investment for you.

GENERAL:

There are numerous potential legislative and regulatory developments and proposals that may significantly affect us.

The U.S. Congress is currently considering various bills in the House of Representatives and Senate that address our business and regulatory environment. These draft bills address various issues, including our regulatory structure, capital standards, potential receivership, scope of business activities, affordable housing goals, portfolio composition, potential limits on the size of our portfolio, creation of an affordable housing fund, and expanded oversight of our business. We cannot predict whether any legislation will be approved by Congress and signed into law by the President and, if so, the final form and effective date of such legislation. We also cannot predict the effect, if any, that potential legislation or regulatory developments may have on our credit ratings or on our business.

INVESTMENT FACTORS:

The certificates may not be a suitable investment for you.

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

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

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

PREPAYMENT FACTORS:

General

Mortgage loans in the pool could be repaid at a different speed than you expect, affecting the timing of repayment of principal on your certificates.

If mortgage loans in the pool are repaid at a different speed than you expect when you purchase the certificates, the return on your investment in the certificates could be less than you expect. Some of the specific reasons that loans could be repaid at a different speed are described in separate paragraphs below. Regardless of the reason, if the loans are repaid more quickly than you expect, the principal on your certificates will be repaid to you sooner than you expect. Depending on then-prevailing economic conditions and interest rates, you may not be able to reinvest those proceeds at a yield that is equal to or greater than the yield on your certificates. If the loans are repaid more slowly than you expect, the principal on your certificates will be repaid to you later than you expect. Your ability to reinvest these funds would therefore be delayed. If the yield on your certificates is lower than comparable investments available when you expected your certificates to prepay, you will be at a disadvantage by not having as much principal available to reinvest at that time, and by having your investment dollars remain invested in the certificates for a longer period than you expect.

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

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

Borrowers could make full or partial prepayments of principal, accelerating the rate at which you receive your return of principal on the certificates.

Some borrowers may elect to make a full or partial principal prepayment and thereby reduce or eliminate their outstanding loan balance. The outstanding principal balance of the certificates will be reduced by the amount of this prepaid principal, resulting in an earlier return of principal than otherwise might be the case. This result will be more pronounced for prepayments in full of mortgage loans with higher balances. While this risk of prepayment applies to all pool types, it is particularly noteworthy in the context of pools that contain loans obligating the borrower to pay only interest for a stated period, before beginning to amortize principal. Although these loans are interest-only for that stated period, distributions on the certificates during and after that stated period will typically include any unscheduled payment of principal made by the borrower.

Refinance Environment

Prevailing interest rates could decline, causing borrowers to prepay their loans and refinance at a lower mortgage interest rate, accelerating the rate at which you receive your return of principal on the certificates.

If prevailing rates decline and borrowers are able to obtain new loans at lower rates, they are more likely to refinance their mortgage loans. As a result, you could receive payments of principal on the certificates more quickly than you expect, at a time when reinvestment rates are lower. The mortgage loans may or may not contain prepayment premiums that discourage borrowers from prepaying.

The mortgage origination industry could change its underwriting requirements, procedures and prices for refinancing loans, either accelerating or slowing the rate at which you receive your return of principal on the certificates.

Mortgage originators continually review and revise procedures to ease the burden for themselves and borrowers of processing refinance loans. Sometimes these changes occur with our cooperation. These changes by originators may include reducing the amount of documentation required to refinance and easing their underwriting standards. In addition, mortgage originators are working to find ways to reduce the costs to borrowers of refinancing. To the extent mortgage originators are successful in streamlining procedures and reducing costs for refinancing, this could encourage borrowers to refinance their loans. An increase in the refinancing activity with respect to the mortgage loans in the pool will accelerate the rate at which you receive payments of principal on your certificates. From time to time, mortgage originators may tighten underwriting guidelines, making it potentially more difficult for borrowers to refinance their loans. Any decrease in the refinancing activity with respect to the mortgage loans in the pool will delay the rate at which you receive payments of principal on your certificates.

Prevailing interest rates could rise, causing borrowers not to prepay their loans, slowing the rate at which you receive your return of principal on the certificates.

If prevailing interest rates rise and borrowers are less able to obtain new loans at lower rates, they may elect less frequently to move to a new home or refinance their existing loan. As a result, the loans in the pool may, on average, prepay less rapidly than you expect. As a result, you could receive payments of principal on the certificates more slowly than you expect, and the certificates could remain outstanding longer than you expect, at a time when reinvestment rates are higher.

Mortgage loans included in your pool that were purchased in compliance with the temporary increase in our loan limits may be less likely to be refinanced when our temporary authority expires.

In February 2008, the U.S. Congress enacted legislation that temporarily increased our conforming loan limits, thereby giving us the ability to purchase mortgage loans with original principal balances in excess of our previously established conforming loan limits for 2008. We refer to these mortgage loans as "jumbo-conforming mortgage loans". Following the expiration of this temporary loan limit increase at the end of 2008, we will not be able to purchase mortgage loans originated after 2008 with original principal balances in excess of our then-current conforming loan limits. As a result, prevailing interest rates on such mortgage loans after such expiration may be higher than would be the case if the temporary loan limit increase had not expired. Consequently, jumbo-conforming mortgage loans in the pool may be less likely to be refinanced if the refinanced loan would exceed our then-current conforming loan limits. If this occurs, you may receive payments of principal on the certificates more slowly than you expect, and the certificates could remain outstanding longer than you expect.

Certain hybrid adjustable-rate mortgage loans with long initial fixed-rate periods may be more likely to be refinanced than other mortgage loans.

Certain adjustable-rate mortgage loans that have long initial fixed interest rate periods have the potential for a significant rate increase at the first interest rate change date. For these loans, borrowers may be more likely to refinance at the first change date or in anticipation of the first change date. In addition, absent a refinancing some borrowers may find it increasingly difficult to remain current in their scheduled monthly payments following the increase in monthly payment amounts if interest rates rise substantially after the long initial fixed interest rate period.

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

Certain fixed-rate mortgage loans and adjustable-rate mortgage loans have scheduled monthly payments consisting only of accrued interest during a long period after origination. Following the end of the interest-only period, the scheduled monthly payments on these mortgage loans are increased to amounts that are sufficient to cover accrued interest and to fully amortize each mortgage loan by its maturity date. In particular, for certain adjustable-rate mortgage loans, borrowers may experience a substantial increase in payments if the first change to the interest rate and payment coincides with the end of the interest-only period on that loan. As a result, borrowers may be more likely to refinance these mortgage loans on or before the dates on which the scheduled monthly payments increase. In addition, absent a refinancing some borrowers may find it increasingly difficult to remain current in their scheduled monthly payments following the increase in monthly payment amounts.

Property/Credit/Repurchase Risk

Under the trust agreement, we are obligated to repurchase mortgage loans under certain conditions, accelerating the rate at which you receive your return of principal.

If certain events occur, we are obligated under the trust agreement that governs each pool to repurchase mortgage loans from a pool. The reasons that a mortgage loan must be removed from a pool include the following:

- a court or a governmental entity instructs us to do so;
- a borrower takes certain actions permitted under the mortgage note (such as converting an adjustable-rate loan to a fixed-rate loan), which are specified in a prospectus supplement as leading to mandatory repurchase;
- the principal and interest payments required by a mortgage loan have not been made in full on each payment due date during a period of 24 consecutive months (as may be extended under our servicing policies and practices for delinquencies);
- a mortgage insurer or mortgage guarantor requires us to delay (beyond a period of time otherwise permitted by the trust agreement) exercising loss mitigation remedies after a default; or
- a mortgage insurer or mortgage guarantor requests transfer of the mortgage loan in connection with payment of a claim. When a loan is repurchased, its stated principal balance is passed through to certificateholders, typically on the distribution date in the month following the month of repurchase. Thus, a mandatory repurchase pursuant to the trust agreement may accelerate the rate of repayment of principal on your certificates. See "**YIELD, MATURITY, AND PREPAYMENT CONSIDERATIONS—Maturity and Prepayment Considerations—*Repurchases*** and ***—Mandatory Repurchases***" below.

Borrowers could default on their loans, resulting in prepayment of a portion of the principal on the certificates.

If a mortgage loan is delinquent with respect to four or more consecutive monthly payments (or eight biweekly payments), in whole or in part, we have the option to purchase the delinquent loan out of the pool. We typically will pass through the stated principal balance of the repurchased loan to certificateholders on the distribution date in the month after the month in which the loan is repurchased. Thus, a loan that is delinquent with respect to four or more consecutive monthly payments (or eight biweekly payments) can have the same effect on the timing of certificate principal repayment as a borrower prepayment, if we decide to exercise our option to repurchase such loan. Factors affecting the likelihood of a borrower default include:

- the general economic conditions;

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

Additionally, if the borrower has committed a material default (other than in respect of the payment of principal and interest) under any provision of the mortgage note, mortgage, or deed of trust and this default continues for 60 consecutive days, we may also repurchase the mortgage loan from the pool. See "**YIELD, MATURITY, AND PREPAYMENT CONSIDERATIONS—Maturity and Prepayment Considerations—*Repurchases, —Optional Repurchases, and —Servicing Policies and Practices for Delinquencies***" below for a discussion of factors that impact whether we exercise our option to repurchase delinquent mortgage loans.

Recent developments in the residential mortgage market and the economy may lead to increasing defaults and adversely affect the performance and market value of your certificates.

The residential mortgage market in the United States is experiencing a significant disruption and worsening economic conditions that may adversely affect the performance and market value of your certificates. Delinquencies and losses with respect to residential mortgage loans generally have increased in recent months and may continue to increase. In addition, in recent months housing prices and appraisal values in many states have remained stagnant or declined after extended periods of significant appreciation, a trend which is expected to continue during the near term. A continued decline or an extended flattening of housing values may result in additional increases in delinquencies and losses on residential mortgage loans. If delinquencies continue to increase, you may receive prepayments of principal faster than you anticipated.

The loan-to-value ratio information provided in a prospectus supplement generally is based on the value assigned to the related mortgaged property at the time the mortgage loan was originated. Any decline in the value of that mortgaged property after the mortgage loan was originated will result in a higher loan-to-value ratio with respect to that mortgage loan.

We could withdraw some or all of the mortgage loans from the pool due to a breach of representations and warranties, accelerating the rate at which you receive your return of principal.

Each seller that sells loans to us makes various representations and warranties about itself and the loans. For a description of the subjects covered by these representations and warranties, see "**FANNIE MAE PURCHASE PROGRAM—Seller Representations and Warran-**

ties" below. If these representations and warranties were not true when they were made, we can require the seller to repurchase the affected loans at any time. The affected loans could be all of the loans in the pool or only a portion of the pool. When a loan is repurchased, its stated principal balance is passed through to certificateholders on the distribution date in the month following the month of repurchase. Thus, a breach of a representation and warranty may accelerate the rate of repayment of principal on your certificates. See "**YIELD, MATURITY, AND PREPAYMENT CONSIDERATIONS—Maturity and Prepayment Considerations—*Repurchases* and —*Optional Repurchases***" below.

Anti-predatory lending laws may result in increased repurchases for breach of representations or warranties, accelerating the rate at which you receive your return of principal.

Many states have introduced or enacted legislation modifying or adopting anti-predatory lending laws. As of the date of this prospectus, several of these state laws, and potential actions the federal government may take, are continually evolving. We require representations and warranties that loans delivered to us comply with all applicable federal, state and local laws (which include laws intended to address predatory lending). In addition, we also require representations and warranties that certain loans subject to such laws will not be delivered to us, even if they do not actually violate those laws (for example, loans that may have unusually high costs associated with the origination of the loan). In addition, we have certain requirements with respect to predatory lending practices, and we require representations and warranties that lenders have complied with those requirements as well. If more loans become subject to such anti-predatory lending laws and violate the required representations and warranties, there is a possibility that the number of loans we require to be repurchased may increase. When a loan is repurchased, its stated principal balance is passed through to certificateholders on the distribution date in the month following the month of repurchase. Thus, a breach of a representation and warranty may accelerate the rate of repayment of principal on your certificates.

We could repurchase some or all of the mortgage loans for additional reasons, accelerating the rate at which you receive your return of principal.

We have the option under the trust agreement to repurchase some or all of the mortgage loans in a pool if certain events occur. For example, if a bankruptcy court approves a bankruptcy plan for the borrower that affects the key terms of the mortgage note, we may repurchase the mortgage loan from the pool. When a loan is repurchased, its stated principal balance is passed through to certificateholders on the distribution date in the month following the month of repurchase. Thus, an optional repurchase may accelerate the rate of repayment of principal on your certificates. See "**YIELD, MATURITY, AND PREPAYMENT CONSIDERATIONS—Maturity and Prepayment Considera-**

tions—*Repurchases* and —*Optional Repurchases*" below.

The characteristics of loans may differ from pool to pool, causing prepayment speeds to differ for different issues of certificates.

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

A disproportionate incidence of prepayments and repurchases among adjustable-rate loans of different interest rates will affect your yield.

Certificateholders in pools of adjustable-rate mortgage loans will receive interest at a rate that is the weighted average of the loan rates, net of our fees. That weighted average will change whenever a loan in the pool is prepaid, either in whole or in part, or is repurchased out of the pool. A disproportionate incidence of prepayments and repurchases among loans of different interest rates will increase or decrease the effective yield to you.

Location

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

We purchase mortgage loans throughout the United States and its territories. A pool may include loans secured by property in one or several states, and may be relatively concentrated or diverse in location. Regional economic differences among locations may affect the likelihood that a borrower will prepay a loan and/or the likelihood that a borrower will become delinquent. Thus, the differences among geographic concentrations in pools may have an effect upon the extent to which the prepayment of a particular issue of certificates will follow historical averages or averages of otherwise similar certificates issued at the same time. Furthermore, a natural disaster such as a hurricane, tornado or earthquake could severely impact the economy of a particular region for an extended period of time, thereby causing an increase in the number of defaults or repayments by borrowers. Such an event may result in accelerated principal payments to you and adversely affect the liquidity of your certificates.

LIQUIDITY FACTORS:

There may be no market for the certificates of a particular issue, and no assurance can be given that a market will develop and continue.

We cannot be sure that each new issue of certificates, when created, will have a ready market, or, if a market does develop, that the market will remain during the entire term for which the certificates are outstanding. Therefore, it is possible that if you wish to sell your certificates in the future, you may have difficulty finding potential purchasers. Some of the factors that may affect the resale of certificates are:

- the method, frequency and complexity of calculating principal or interest on the loans or the certificates;
- the age of the mortgage loans in the pool;
- the outstanding principal balances or other characteristics of the mortgage loans in the pool;
- the outstanding principal amount of the certificates of that series and other series with similar features;
- the amount of certificates of that series or of a series with similar features offered for resale from time to time;
- any legal restriction or tax treatment that limits the demand for the certificates;
- the availability of comparable securities;
- 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;
- the financial condition and rating of the seller and the direct servicer of the mortgage loans backing your certificates; and
- 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.

The occurrence of terrorist activities, related military and political actions within the United States, or any other major disaster, could adversely affect national or regional economies and markets, disrupt our ability to conduct business, reduce investor confidence, and impair the liquidity and market value of the certificates.

It is impossible to predict whether or not terrorist activities, related government actions, or any other major disaster will occur or the extent to which such a major event would adversely affect the certificates of a particular issue. Any such major event, however, could have a serious adverse effect on the United States and world financial markets, on local, regional and national economies, and on real estate markets within or across the United States, which may result in an increase in the number of defaults on the mortgage loans underlying the certificates or in prepayments by mortgage loan borrowers. This, in turn, could result in early payments of principal to holders of certificates of one or more issues. Moreover, the contingency plans and facilities that we have in place in case of a terrorist attack or other disaster may be insufficient to prevent a disruption in the infrastructure that supports our business and the communities in which we are located from having an adverse effect on our ability to conduct business. If a disruption occurs and our senior management or other employees are unable to occupy our offices, communicate with other personnel or travel to other locations, our ability to conduct our business operations, including our ability to communicate with other personnel or with our lenders and servicers, may suffer, and we may not be successful in implementing contingency plans that depend on communication or travel. As a result, investors may lose confidence in us, or in the capital or real estate markets. Reduced investor confidence in us, the capital markets, or the real estate markets could impair the liquidity and market value of the certificates of one or more issues and/or limit our ability to continue to finance our business operations and fulfill our existing obligations, including our guaranty obligations to certificateholders.

CREDIT FACTORS:

Seller Credit Factors

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

In certain cases, we may permit the seller of the mortgage loans or an affiliate of the seller to act as our document custodian. Upon a bankruptcy or receivership of the seller or its affiliate that acts as our custodian, the mortgage loans may be exposed to the claims of certain other creditors of the seller. If as a result of such claims, the seller was also the direct servicer of the mortgage loans and was unable to remit part or all of the amounts received on the mortgage loans, we would make the required payments to certificateholders. Additionally, in the event of a bankruptcy or receivership of a seller, a court could determine that the mortgage loans were not sold to us but instead were pledged to us to secure a financing. Courts may also deny our standing to enforce delinquent mortgages if we cannot adequately prove our ownership. In either instance, if the seller was unable to remit part or all of the amounts received on the mortgage loans, we would make payments in the amount of any deficiency.

Servicer Credit Factors

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

If a direct servicer experiences financial difficulties or becomes insolvent, its ability to effectively service mortgage loans may become impaired as its focus is more directed toward rebuilding financial strength through measures such as staff reductions. In some cases it may become necessary to transfer servicing to another more effective servicer. Less robust servicing practices before, during, or after the transition to a new servicer can exacerbate loan delinquencies and borrower defaults. Although our guaranty of timely payment of principal and interest would cover such borrower delinquencies and defaults, an increase in borrower delinquencies and defaults could result in acceleration of prepayments on your certificates, if we decide to exercise our option to repurchase such delinquent loans. See "**YIELD, MATURITY, AND PREPAYMENT CONSIDERATIONS—Maturity and Prepayment Considerations—*Repurchases, —Optional Repurchases, and —Servicing Policies and Practices for Delinquencies***" below for a discussion of factors that impact whether we exercise our option to repurchase delinquent mortgage loans.

FANNIE MAE CREDIT FACTORS

If we fail to pay under our guaranty, the amount distributed to certificateholders would be reduced.

If borrowers fail to make their mortgage loan payments on time or at all, or if a direct servicer fails to remit borrower payments to us, we will make payments under our guaranty. If, however, we were unable to pay, or fail to pay for any reason, the payments of principal and/or interest certificateholders receive would be reduced as a result of borrowers' late payments or failure to pay their loans or a direct servicer's failure to remit borrower payments to us. In such event, fees for the administration of the trust would be paid from mortgage loan payments prior to distributions to certificateholders. In addition, because the law is unclear regarding a reorganization or similar proceeding involving the assets of Fannie Mae, no assurance can be made regarding the status of the certificateholders' interests in the mortgage loans if a proceeding of that type were to occur.

If our credit should become impaired, a buyer may be willing to pay only a reduced price for your certificates, if you wanted to sell them in the future.

There could be an adverse change in our financial condition that would impair the perception of our credit. Even if we were to make all the payments required under our guaranty, potential buyers may offer less for your certificates than they would offer if our financial condition had remained unchanged.

FANNIE MAE

Fannie Mae is a federally chartered and stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act, as amended. We were established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market. We became a stockholder-owned and privately managed corporation by legislation enacted in 1968.

Under our Charter Act, we were created to:

- provide stability in the secondary market for residential mortgages;
- respond appropriately to the private capital markets;
- provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing; and
- promote access to mortgage credit throughout the nation (including central cities, rural areas and underserved areas) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing.

In accordance with our statutory purpose, we provide funds to the mortgage market by purchasing mortgage loans from lenders. In this way, we replenish their funds so they can make additional loans. We acquire funds to purchase these loans by issuing debt securities to capital market investors, many of whom ordinarily would not invest in mortgages. Thus, we are able to expand the total amount of funds available for housing.

We also issue mortgage-backed certificates, receiving guaranty fees for our guaranty to the MBS trust that we will supplement amounts received by the MBS trust as required to permit timely payments of interest and principal on the certificates. We issue mortgage-backed certificates primarily in exchange for pools of mortgage loans from lenders. By issuing mortgage-backed certificates, we further fulfill our statutory mandate to increase the liquidity of residential mortgage loans.

In addition, we offer various services to lenders and others for a fee. These services include issuing certain types of structured mortgage-backed certificates and providing technology services for originating and underwriting mortgage loans.

Our principal office is located at 3900 Wisconsin Avenue, N.W., Washington, D.C. 20016 (telephone: (202) 752-7000).

USE OF PROCEEDS

We usually issue certificates in swap transactions, in which the certificates are issued in exchange for the mortgage loans in the pool that backs the certificates. In some instances, we may issue certificates backed by pools of mortgage loans that we already own. In those transactions, we generally would receive cash proceeds. Unless stated otherwise in the prospectus supplement, we would apply the cash proceeds to the purchase of other mortgage loans and for other general corporate purposes.

DESCRIPTION OF THE CERTIFICATES

The Certificates

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

Occasionally, if so stated in the related prospectus supplement, the certificates represent fractional undivided beneficial ownership interests in a pool of participation certificates, rather than whole mortgage loans. We will hold the participation certificates, in our capacity as trustee under the trust agreement, for the benefit of all holders of certificates of the same issue. The description of the certificates throughout this prospectus is based on the more common scenario where the certificates represent interests in whole loans.

Issuance in Book-Entry Form

We will issue the certificates in book-entry form using the book-entry system of the U.S. Federal Reserve Banks, unless we specify a different method in the applicable prospectus supplement. Physical certificates are not available. Book-entry 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 certificateholder is an entity that appears in the records of a Federal Reserve Bank as the owner of the certificate. Only entities that are eligible to maintain book-entry accounts with a Federal Reserve Bank may be certificateholders. These entities are not necessarily the beneficial owners of the certificates. If a certificateholder is not also the beneficial owner of a certificate, the certificateholder and all the other financial intermediaries in the chain between the certificateholder and the beneficial owner are responsible for establishing and maintaining accounts for their customers.

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

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

Distributions on Certificates

We will make distributions to certificateholders on the 25th day of each month, or if the 25th day is not a business day, on the first business day following the 25th day of the month. We refer to this date as a distribution date. We will make the first payment for each issue of certificates on the distribution date in the month following the month in which the certificates are issued. For example, if an issue date occurs on March 1st, the first distribution date for that issue will be April 25th, or the following business day if April 25th is not a 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 a day when the Federal Reserve Bank in the district where the certificate account is maintained is closed. We will pay the certificateholder who is listed as the holder in the records of any Federal Reserve Bank as of the record date. The record date is the close of business on the last day of the month prior to the month in which the distribution date occurs.

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

For pools of fixed-rate loans, we will distribute one month's interest at the pass-through rate stated in the prospectus supplement. For pools of adjustable-rate loans (other than those that permit negative amortization), we will distribute one month's interest at a variable pass-through rate (based on the rates of interest accruing on the loans), which we refer to as the pool accrual rate.

In the case of adjustable-rate pools composed of mortgage loans that permit negative amortization, we will distribute an amount equal to one month's interest at the pool accrual rate *minus* the aggregate amount of any deferred interest that is added to the principal balance of the mortgage loans during the related due period. During periods when the mortgage loans are negatively amortizing, although your certificate balance will be increasing (as deferred interest is added to the principal balance of the mortgage loans), the amount of interest you receive might not increase.

The due period for each distribution date is the period beginning with and including the second calendar day of the calendar month preceding the month in which the distribution date occurs and ending with and including the first calendar day of the month in which that distribution date occurs.

Interest Accrual Basis. We will calculate the amount of interest due each month on the certificates by assuming that each month consists of 30 days and each year consists of 360 days. We calculate interest this way even if some or all of the mortgage loans in the pool provide that interest is calculated on a different basis, such as simple interest. Simple interest, also called daily interest, means that interest on the mortgage loans is calculated daily based on the actual number of days in each month with a year consisting of 365 days (or 366 days, as applicable) and with the borrower's payment being credited on the date it is received.

Principal Distributions. On each distribution date, we will distribute to certificateholders, as payments of principal on the certificates, an amount equal to the aggregate of the following amounts:

- the scheduled principal due on the mortgage loans in the pool during the related due period;
- the stated principal balance of each mortgage loan that was prepaid in full during the calendar month immediately preceding the month in which that distribution date occurs;
- the stated principal balance of each mortgage loan that was purchased from the pool during the calendar month immediately preceding the month in which that distribution date occurs; and
- the amount of any partial prepayment of a mortgage loan, sometimes referred to as a curtailment, that occurred during the calendar month immediately preceding the month in which the distribution date occurs (during the second preceding calendar month, for pools of loans from our portfolio that are serviced on a basis that requires remittance of actual payments instead of scheduled payments).

Our direct servicers must elect whether they will treat prepayments in full received on the first business day of a month as if the prepayments actually were received by the last day of the preceding month. For example, if a prepayment is received on February 1st, it may be treated as if it had been received on January 31st and, if it is so treated, the prepayment will be passed through on February 25th (or the next business day, if February 25th is not a business day). If the direct servicer has not chosen this treatment, the prepayment will be passed through on the distribution date occurring in the month following the calendar month in which it was actually received—March 25th in the above example.

The stated principal balance of a mortgage loan is the principal balance of the loan as of the issue date of the certificates, reduced by all payments of principal paid to certificateholders after that date, and increased by accrued interest, if any, that has been added to principal as a result of negative amortization under the loan's terms.

For mortgage loans that do not have their first scheduled principal payment due until the second due period following the issue date of the certificates, certificateholders will receive no scheduled principal payment on the first distribution date (but will receive interest). The prospectus supplement will indicate the percentage of such mortgage loans in the pool, if any.

For mortgage loans that provide for interest to be calculated on a daily or simple interest basis, the scheduled principal payment will be determined as the amount of principal that would have been due on the mortgage loan under an amortization schedule that assumes interest accrues monthly on the basis of a 360-day year consisting of twelve 30-day months, rather than on a daily or simple interest basis.

There are some instances when the distribution date for principal prepayments may differ slightly from the description above. Sometimes the direct servicer is unable to provide us with prepayment information in sufficient time to allow us to include the prepayment in the monthly pool factor for that distribution date. Additionally, we may not receive timely reporting information from the direct servicer in instances such as a natural disaster, terrorist attack, or other similar catastrophic event. In such instances, we will distribute to certificateholders only the scheduled principal payment amount (and accrued interest) on each applicable distribution date. Following our receipt and reconciliation of required prepayment information from the direct servicer, any principal prepayments that were received but not reported will be distributed on subsequent distribution dates.

Reports to Certificateholders

Monthly Reports. Each certificateholder who is listed as the holder in the records of any Federal Reserve Bank will be provided the information below on a monthly basis with respect to each payment, adjusted to reflect each certificateholder's pro rata interest in the related pool as of the distribution date:

- the amount due on the certificates on that distribution date on account of total scheduled and unscheduled principal;
- the amount due on the certificates on that distribution date on account of interest;
- the total cash distribution on the certificates on that distribution date;
- the amount of deferred interest, if any, added to principal as of that distribution date as a result of negative amortization on loans;
- the principal balances of the certificates on that distribution date after giving effect to any distribution of principal on that date and to deferred interest, if any, added to the principal balances of the mortgage loans in that pool during the related due period; and
- for pools of adjustable-rate loans, the pool accrual rate for that distribution date.

Annual Reports. Within a reasonable time after the end of each calendar year, we will furnish to each person who was listed as a certificateholder in the records of any Federal Reserve Bank at any time during that year a statement containing any information required by the federal income tax laws.

Trust Agreement

We will issue the certificates pursuant to trust documents. For each issuance of certificates, there will be an issue supplement to the trust agreement. This prospectus relates to certificates issued on and after April 1, 2008, that are issued under our Single-Family Master Trust Agreement, effective as of June 1, 2007, as it may be amended from time to time pursuant to its terms. For information about certificates issued before that date, see the related prospectus that was in effect at the time of issuance of those certificates.

We have summarized some important terms of the trust agreement below. This summary is not complete. If there is any conflict between the information in this prospectus and the actual provisions of the trust agreement, the terms of the trust agreement and its related issue supplement will govern. You may obtain a copy of the trust agreement from our Washington, D.C. office or our Web site found at www.fanniemae.com. You may obtain a copy of the issue supplement that applies to your issue of certificates from our Washington, D.C. office.

Fannie Mae Guaranty

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

- the aggregate amounts of scheduled and unscheduled principal payments described and further explained under "**—Distributions on Certificates—*Principal Distributions***" above, plus
- one month's interest on the certificates.

For fixed-rate pools, we guarantee payment of an interest amount at the fixed pass-through rate stated in the prospectus supplement. For adjustable-rate pools, we guarantee payment of an interest amount at the pool accrual rate *minus* the aggregate amount of deferred interest, if any. Deferred interest, if any, is added to the principal balance of the mortgage loans.

In addition, we guarantee to the MBS trust that we will supplement amounts received by the MBS trust as required to make the full and final payment of the unpaid principal balance of the certificates on the distribution date in the month of the maturity date specified in the prospectus supplement for the certificates. For providing this guaranty, we receive a fee payable from a portion of the interest collected on the mortgage loans that is not required to be paid to certificateholders.

If a direct servicer informs us that a borrower has become subject to the Servicemembers Civil Relief Act, as amended, or any similar state laws, we will make payments to the trust under our guaranty for the difference between the amount of interest actually received from the servicemember and interest payable to certificateholders.

Our guaranty runs directly to the MBS trust and not directly to certificateholders. As a result, certificateholders do not have any rights to bring proceedings directly against Fannie Mae to enforce our guaranty except in the limited circumstances described below under "**—Certificateholder Rights.**"

If we were unable to perform our guaranty obligations, certificateholders would receive from the MBS trust only the payments that borrowers actually made and any other recoveries on the mortgage loans in the pool from sources such as insurance, condemnation and foreclosure proceeds. In that event, delinquencies and defaults on the mortgage loans would directly affect the amount of principal and interest that certificateholders would receive each month. In such a scenario, distributions of principal and interest on the mortgage loans would be made in the following sequence (to the extent the following amounts are due but not already paid): first, all collections would be allocated to payment of the trustee fee, then to the payment of the servicing fees to the master servicer (described below), then to the payment of the servicing fee to the direct servicer (described below) and any excess servicing fee that may have been securitized by a direct servicer to the holder of that excess servicing fee, then to the reimbursement of any delinquency advances previously made by the direct servicers, then to interest on the certificates, and finally all remaining funds would be allocated to payment of principal on the certificates.

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

Collection and Other Servicing Procedures

We are responsible as the master servicer under the trust agreement for certain duties. Our duties include entering into contracts with direct servicers to service the mortgage loans, supervising and monitoring the direct servicers, ensuring the performance of certain functions if the direct servicer fails to do so, establishing certain procedures and records for each trust, and taking additional actions as set forth in the trust agreement. The direct servicers collect payments from borrowers, make servicing advances, foreclose upon defaulted mortgage loans, and take other actions as set forth in the trust agreement. See "**FANNIE MAE PURCHASE PROGRAM— Seller and Servicer Eligibility**" for information on our direct servicer requirements. Our direct servicers may contract with subservicers to perform some or all of the servicing activities.

Until collections are remitted to us for distribution to certificateholders, direct servicers are required to deposit collections from borrowers into either an insured demand deposit account or an account through which funds are invested in specified eligible investments. These accounts are called custodial accounts and must be established with eligible depositories and held in our name as master servicer or in the name of the direct servicer as our agent, trustee or bailee. Funds in custodial accounts may be commingled with funds from other Fannie Mae trusts. An eligible depository is a financial institution that typically has its accounts insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Share Insurance Fund (NCUSIF) and satisfies the capital requirements of its regulator as well as specified minimum rating standards by established rating agencies. Insured custodial account funds are entitled to limited benefits under such insurance, subject to the rules and regulations of the FDIC or NCUSIF, in the event that an eligible depository is placed in receivership or is subject to insolvency proceedings. It is unlikely, however, that such insurance would cover, in full, amounts due to certificateholders. In the event such insurance were unavailable or inadequate to cover amounts due to certificateholders, we would make payments to cover amounts due to certificateholders. Our direct servicers are entitled to interest and investment earnings on funds on deposit in the custodial accounts. Certificateholders are not entitled to any earnings generated from funds in the custodial accounts.

Our direct servicers remit borrower collections to us monthly for distribution to certificateholders. We hold these funds in a custodial account at a third-party institution. This account is called a certificate account, and funds held in this account are held in trust for the benefit of certificateholders pending distribution to certificateholders. Amounts in the certificate account will be held separately from our general corporate funds. However, amounts in the certificate account will be commingled with funds for other Fannie Mae trusts and will not be separated on a trust by trust basis. We may invest funds in the certificate account in specified eligible investments, including our own debt instruments. We are entitled to all earnings on funds on deposit in the certificate account as compensation for our role as master servicer, issuer, and trustee. Certificateholders are not entitled to any earnings from the certificate account.

Certain Matters Regarding Our Duties as Trustee

We serve as trustee under the trust agreement. 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. Even if our duties as trustee under the trust agreement terminate, we still would be obligated under our guaranty.

Under the trust agreement, the trustee may consult with and rely on the advice of counsel, accountants and other advisors, and 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 we do not believe adequate indemnity exists against a particular risk. This does not affect our obligations 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 or gross negligence or as a result of 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 certificateholders. We may be reimbursed for the legal expenses and costs of the action from the assets of the trust.

We may be removed as trustee only if a guarantor event of default has occurred with respect to a trust. In that case, we can be removed and replaced by a successor trustee as to an affected trust by certificateholders owning at least 51% of the voting rights of that trust.

Guarantor Events of Default

Any of the following events will be considered a guarantor event of default under the trust agreement for an issue of certificates:

- if we fail to make a required payment under our guaranty, and our failure continues uncorrected for 15 days after certificateholders holding at least 5% of the voting rights for that issue of certificates have given us written notice of nonpayment; or

- if 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 certificateholders holding at least 25% of the voting rights for that issue of certificates have given us written notice; or

- if we become insolvent, a conservator or receiver is appointed (either voluntarily or involuntarily, and in the case of an involuntary appointment, the order has been undischarged or unstayed for 60 days) or we admit in writing that we are unable to pay our debts.

If one of the guarantor events of default occurs with respect to a trust and continues uncorrected, certificateholders who own at least 51% of the voting rights of the related issue of certificates will have the right to terminate all of our rights and obligations as trustee and as master servicer with respect to that issue under the trust agreement and the related issue supplement. However, our guaranty obligations will continue to be in effect. The same proportion of certificateholders that has the right to terminate us as trustee and/or master servicer also may appoint a successor to assume all of our terminated obligations of the master servicer and/or the trustee. The successor trustee will take title to the mortgage loans included in the related trust fund. Any decision of certificateholders to terminate us and appoint a successor must be in writing.

Certificateholder Rights

A certificateholder generally does not have any right under the trust agreement to institute any proceeding against us with respect to the trust agreement. A certificateholder may institute such a proceeding only if a guarantor event of default has occurred and is continuing and:

- the certificateholders holding at least 25% of the voting rights of an affected trust 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 any 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 certificateholder unless the certificateholders have offered to the trustee reasonable security or indemnity against the costs, expenses and liabilities that the trustee may incur.

Amendment

We may amend the trust documents without notifying or obtaining the consent of the certificate-holders, to do any of the following:

- correct an error; 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 a prospectus supplement; or cure an ambiguity or supplement a provision of the trust documents, provided that such cure of an ambiguity or supplement of a provision is not otherwise inconsistent with the trust documents; and
- modify the trust documents to maintain the fixed investment trust status of a trust for federal income tax purposes.

No amendment to maintain the tax status of a trust or to cure an ambiguity can be made if it would otherwise require certificateholder consent.

In addition, if certificateholders beneficially owning at least 51% of an issue of certificates give their consent, we may amend the trust documents for a purpose not listed above, except that we may not do any of the following without the consent of all certificateholders of the related trust:

- terminate or change our guaranty obligations;
- reduce or delay payments to certificateholders;
- take an action which materially increases the taxes payable in respect of a trust or affects the status of the trust as a fixed investment trust for federal income tax purposes;
- reduce the percentage requirement of certificateholders who must give their consent to any waiver or amendment; or
- make a change to the activities of the trust that would (i) allow the seller of the mortgage loans to us (or allow Fannie Mae, in the case of a pool formed by our portfolio) to regain control of the mortgage loans, (ii) cause the trust to cease to be a qualified special purpose entity for accounting purposes, or (iii) affect the interests of a certificateholder in any way that would be viewed as significant by a reasonable person.

Termination

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

Merger

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

Effective Yield

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

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

Yield of Adjustable-Rate Certificates

Certificates backed by adjustable-rate loans bear interest at a rate that also adjusts and that is calculated on the basis of the changing rates on the loans in the pool. How the index value is determined and how it changes, along with other features of adjustable-rate loans, will affect the yield on the certificates. See "**THE MORTGAGE LOANS—Adjustable-Rate Mortgages (ARMs)**" for information regarding the different types of adjustable-rate loans, and the methods for adjusting their interest rates. The adjustment of interest rates on the loans in the pool affects the yield on the certificates. The effective yield on the certificates is the result of the combined effect of some or all of the following factors:

- ***The index.*** All mortgage loans in a single pool have the same index, which will be identified in the prospectus supplement.
- ***Initial fixed-rate period.*** If the mortgage loans in the pool have an initial interest rate that is not based on the index, the certificates will have an interest rate that is also not initially based on the index. This will continue to be true until all of the mortgage loans in the pool have had their first rate adjustment date. Not all the mortgage loans in the pool will have the same first-rate adjustment date.
- ***Mortgage margin.*** On each rate change date, the interest rate is adjusted to equal the sum of the index value available as of a recent date and the mortgage margin, each as specified in the mortgage note. The result is rounded according to the rounding convention stated in the mortgage note (usually to the nearest, next lower or next higher 1/8 or 1/4 of 1%).
- ***Index change frequency.*** If the interest rates on the mortgage loans change less frequently than the index value, changes in the effective yield on the certificates will lag changes in the index. A change in the index value will not necessarily cause an immediate change in the pool accrual rate. The pool accrual rate will only be affected as, and to the extent that, mortgage loans in the pool experience interest rate adjustments.
- ***Interest rate adjustment dates.*** Since not all the mortgage loans in the pool will have the same rate adjustment date, the index values upon which interest rate adjustments are based may vary among the mortgage loans in a pool at any given time.
- ***The lookback period.*** The lookback period has the effect of creating a lag (45 days, unless the prospectus supplement specifies otherwise) between the index value upon which interest rate adjustments are based and the index value in effect at the time the interest rate on the mortgage loan adjusts.
- ***Interest rate caps and floors.*** Interest rate caps and floors can have the effect of preventing the interest rate on a loan from increasing as high or declining as low as it would as a result of a change in the index value without the application of a floor or cap. Therefore, whenever one or more mortgage loans in the pool are affected by a cap or a floor, the yield on the certificates usually will be affected.
- ***Negative amortization.*** For pools that include adjustable-rate mortgage loans that permit negative amortization, the yield on the related certificates can be affected in several ways.

— *Principal may increase.* During periods when a mortgage loan is negatively amortizing, the unpaid principal balance on the mortgage loan will be increasing, as deferred interest is added to the outstanding principal balance of the mortgage loan. The same amount is also added to the outstanding principal balance of the certificates, so that the unpaid principal balance of the certificates equals the stated principal balance of the mortgage loans.

— *Interest payments may be affected.* When a loan is negatively amortizing, certificateholders will be paid interest equal to only the portion of the borrower's scheduled payment for the related due period that is allocable to interest. This interest excludes the amount of any deferred interest. As a result, during periods when one or more mortgage loans in the pool are negatively amortizing, certificateholders will receive less interest than they would have expected if they were calculating the anticipated interest solely on the outstanding certificate balance at the applicable pool accrual rate. Moreover, certificateholders will receive no scheduled principal payments with respect to these mortgage loans during periods of negative amortization.

— *Effect of periodic reamortization.* Whenever the mortgage loans are reamortized under the terms of the mortgage note, certificateholders' monthly interest payments will no longer be reduced by deferred interest and scheduled payments of principal will resume, unless another period of negative amortization occurs.

- ***Options to convert to fixed-rate loan.*** If the borrower exercises any option to convert the adjustable-rate mortgage loan to a fixed-rate mortgage loan, we will repurchase the mortgage loan from the pool during the calendar month before the loan begins to accrue interest at the new fixed rate. We will repurchase the loan at a price equal to its stated principal balance, together with one month's interest at its then-current pool accrual rate. The stated principal balance of that mortgage loan will be passed through to certificateholders, and will reduce the outstanding principal balance of the certificates, on the distribution date in the month following the month of repurchase. As a result, the weighted average lives of the certificates for a pool of convertible adjustable-rate mortgage loans may be significantly shorter than for a comparable pool of non-convertible adjustable-rate mortgage loans.

- ***Prepayments and repurchases of loans.*** Adjustable-rate pools generally contain mortgage loans having several different interest rates. The certificateholders receive a rate of interest that is the weighted average of the loan rates, net of our fees. Thus, the resulting rate of interest for certificateholders will change whenever a loan in the pool is prepaid, either in whole or in part, or is repurchased out of the pool. A disproportionate incidence of prepayments and repurchases among loans of different interest rates could increase or decrease the effective yield to certificateholders.

- ***Low initial interest rates and certain negative amortization loans.*** In some cases, prevailing market interest rates may be so low that the initial interest rate for adjustable-rate loans is less than the applicable mortgage margin specified in the mortgage note. Therefore, the mortgage interest rate may not increase to an amount greater than or equal to the applicable mortgage margin until after one or more adjustments, depending on the applicable periodic caps. As a result, distributions of interest to certificateholders that are based on the initial mortgage interest rate for the loans may be less than the applicable MBS margin (which is the mortgage margin of a loan less the sum of the servicing fee and our guaranty fee on that loan). For certain types of negatively amortizing mortgage loans, a low initial interest rate combined with a short initial interest rate ("teaser") period of typically 1 to 3 months may result in significant amounts of deferred interest during the first few years of the loan term. This result may occur because the initial monthly payment, which is based upon the low initial interest rate, does not change when the interest rate adjusts up to the fully indexed rate.

Maturity and Prepayment Considerations

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

Loan prepayments may occur for a variety of reasons. Some of the chief reasons are discussed in this section. They are not all equally applicable to all pools, as they relate in part to features of the loans that differ among pools. Because of these variables, we cannot estimate the future prepayment experience of the mortgage loans in our pools.

Fully amortizing loans with equal monthly payments (including both fixed-rate loans and adjustable-rate loans that are reamortized each time the payment is adjusted) have most of their payments allocated to interest in the early years, with greater portions of the payments allocated to principal as the loans remain outstanding. For example, in the case of a fully amortizing loan with equal monthly payments and an original maturity of 30 years, if a borrower makes all scheduled payments (but no prepayments), one-half of the original principal balance of the loan will be repaid by the 20th to 23rd year, depending on the level of the mortgage interest rate of the loan. (Higher mortgage interest rates result in a slower scheduled amortization of principal.) Similarly, on a fully amortizing loan with equal monthly payments that instead has an original term of 15 years, if a borrower makes all scheduled payments (but no prepayments), one-half of the original principal balance of the loan will be repaid by the 8th to 10th year. These examples assume interest rates in the 4% to 7% range.

Balloon loans have equal monthly payments that are calculated on the basis of an amortization schedule (generally 30 years) that is a longer period of time than the contractual maturity date for the loan (typically 7 to 10 years). The remaining principal balance becomes due in a lump sum payment on the loan's contractual maturity date. Only a small portion of the principal amount of the loans will have amortized before the balloon payment on the loan is due.

Some mortgage loans provide for the payment of interest only for an initial period, after which the payments are increased so that the principal balance of the loan fully amortizes over the remaining term. There is no scheduled amortization of principal during the interest-only period, and, assuming no prepayments by the borrower, the loan amortizes more slowly than does a loan of the same term and interest rate that provides for monthly payments of principal and interest from the outset. Certificates backed by pools of these loans likewise pay only interest for an initial period, except to the extent of borrower prepayments during the initial period. Any borrower prepayments of principal will be passed through to certificateholders, resulting in earlier than anticipated receipt of principal.

Biweekly Mortgage Loans. Most mortgage loans provide for monthly payments by the borrower. Biweekly mortgage loans, however, have terms that provide for payments by the borrower every 14 days. The amount that is due every 14 days is one-half of the amount that would have been due on an otherwise identical loan with 12 equal monthly payments. Since payments are made every 14 days, 26 payments are made per year (27 in some years). Therefore, biweekly payments are made as if there were one additional payment made each year ($1\frac{1}{2}$ in some years) on a comparable monthly payment loan. In addition, because of the manner in which the biweekly payment amount is calculated, a biweekly loan with a higher interest rate will amortize more rapidly than an otherwise identical biweekly loan with a lower interest rate. Consequently, biweekly mortgage loans have a reduced term, when compared with otherwise identical monthly payment loans. This is because the principal balance of each loan is reduced every 14 days, and because the total dollar amount of payments made in a year is more than the total dollar amount of the payments made in a year on a monthly payment mortgage loan with the same principal balance and interest rate. Certificates backed by pools of biweekly mortgage loans have shorter stated maturities, usually in the range of approximately 20 years, as compared with certificates backed by monthly payment loans. Certificates backed by pools of biweekly loans with higher interest rates will have shorter stated terms to maturity as compared with certificates backed by biweekly loans with lower interest rates.

Biweekly Collection Option Mortgage Loans. Unlike the traditional biweekly mortgage loans described above, which require biweekly payment for the entire term of a mortgage loan, some mortgage loans have terms that allow a borrower to switch between a biweekly and monthly payment during the mortgage term. If borrowers choose the biweekly payment option, then principal collections on these mortgage loans during that collection period may reduce the mortgage loan principal balance faster than if the principal balance of the mortgage loans was being reduced with monthly payments. If we include mortgage loans with a biweekly collection option in a pool, we will use a special prefix or prospectus supplement.

Borrower Refinancing. Generally, when current interest rates decline below the mortgage interest rates on existing loans, prepayments will increase. In a declining interest rate environment, borrowers often refinance their mortgage loans. When a borrower refinances a loan in a pool, the proceeds from the borrower's new loan pay off the loan in the pool. This results in a prepayment for the certificateholders. Certain adjustable-rate loans have long initial fixed-rate interest periods. Because of the potential for a significant rate increase for these loans at the first interest rate change date, borrowers may be more likely to refinance at the first change date or in anticipation of the first change date.

It is increasingly difficult to predict how far interest rates must decline before significant prepayments occur. This difficulty results from several developments. For instance, various lenders (in some cases in conjunction with us) have instituted streamlined refinance procedures and liberalized fee structures and underwriting guidelines. That may increase the number of borrowers who are eligible for refinance loans, and may narrow the interest rate differential that would make refinancing attractive to borrowers. In addition, increased borrower sophistication regarding the benefits of refinancing and extensive mass solicitation of borrowers by lenders (including our mortgage loan servicers) may increase the frequency with which borrowers refinance their mortgage loans. Our policy permits lenders who service mortgage loans in our pools to advertise in a general manner their availability and willingness to make new refinancing loans, but does not permit them to specifically target borrowers whose loans are in our pools. Conversely, lenders may tighten underwriting standards at any time and, in such case, borrowers may find it more difficult to refinance.

In the state of New York, it is common practice to modify existing mortgage loans in lieu of a traditional refinance where the previous mortgage is extinguished and a new mortgage is created. We treat these loans as a refinancing.

Loan Modifications. While we do allow repurchase and modification of certain non-performing loans under terms specified in our trust agreement, we generally prohibit lenders servicing our performing loans from (i) repurchasing mortgage loans from our pools for the purpose of making loan modifications or (ii) modifying mortgage loans that are in our pools.

In the case of some adjustable-rate loan pools, however, a lender may repurchase performing adjustable-rate loans in order to modify them as part of the lender's borrower retention strategy. Our policy prohibiting lenders from specifically targeting borrowers whose loans are in our pools in their solicitations applies. Repurchase of those adjustable-rate loans will result in an early repayment of principal on the certificates in the same manner as borrower full prepayments. We will specify in a prospectus supplement and by a separate subtype designation if a pool of performing adjustable-rate loans is subject to repurchase for the purpose of modification. See "**THE MORTGAGE POOLS—Pool Prefixes and Subtypes**" below for information about subtype designations. Otherwise, we generally do not permit lenders to repurchase performing adjustable-rate loans from our pools for the purpose of modification.

Additionally, a lender may have modified a mortgage loan before delivering it to us. If the lender modified the loan in lieu of completing a traditional refinancing, we will disclose such a loan as a refinance on the loan purpose table of a prospectus supplement. See ***Exhibit B*** at the end of this prospectus for further information.

Other Borrower Considerations. Prepayment rates are influenced by a variety of factors, including homeowner mobility and general economic circumstances. Certain mortgage loan features may also impact prepayment rates. For example, loans which permit borrowers to pay only accrued interest for extended periods of time without requiring any principal amortization may impact borrower decisions or reflect borrower's expectations regarding sale of the property or refinancing because the borrower will not have been required to reduce the principal balance of the loan. Furthermore, a borrower's payment of additional principal, a borrower's request to re-amortize a mortgage after a large principal prepayment, a borrower's decision to enter into an agreement at loan origination to have the borrower's monthly payment cancelled or reduced (or in extremely limited circumstances, have the borrower's unpaid principal balance cancelled) in the event of an adverse event in the borrower's life, or a borrower's decision to enter into a bi-weekly payment option after origination, may affect the timing of prepayments and prepayment rates. Prepayments may also result from borrowers making additional principal payments in order to reduce their loan-to-value ratio to 80% and thereby eliminate their payment for mortgage insurance on a mortgage loan.

Additionally, certain adjustable-rate mortgage loans offer the borrower several specified payment options above the minimum required payment when the loan is negatively amortizing, as described under the heading "**THE MORTGAGE LOANS—Adjustable-Rate Mortgages (ARMs)—*Deferred interest/negative amortization ARMs.***" The exercise of any of these payment options by a borrower may affect the prepayment rate on your certificates. Other factors that may influence a borrower's decision on prepayment are described below under the subheadings "***—Prepayment Premiums***" and "***—Due-On-Sale Clause.***"

Repurchases. Under the trust agreement, we have the option, in some instances (as further described below), to repurchase certain mortgage loans from a pool. We generally exercise our contractual option to repurchase a mortgage loan from a pool when we believe the benefit of repurchasing the loan exceeds the benefit of leaving the loan in the trust. In deciding whether and when to repurchase a loan from a pool, we consider a variety of factors. In general, these factors include: our loss mitigation strategies and the exposure to credit losses we face under our guaranty; our cost of funds; the effect that a repurchase will have on our capital; relevant market yields; the administrative costs associated with repurchasing and holding the loan; mission and policy considerations; counterparty exposure to lenders that have agreed to cover losses associated with delinquent loans; general market conditions; our statutory obligations under our Charter Act; and other legal obligations such as those established by consumer finance laws. We may also repurchase loans from a pool, using the optional purchase provision relating to delinquent payments, as necessary to ensure compliance with certain provisions of the trust documents.

We have a mandatory obligation under the trust agreement to repurchase mortgage loans from a pool in certain other instances (as further described below). The exercise of any of these optional or mandatory repurchases will result in prepayments of principal on the certificates in the same manner as borrower prepayments in full. The repurchase price of any mortgage loan we repurchase will be equal to its stated principal balance plus one month's interest at the pass-through rate for a fixed-rate mortgage loan or at the accrual rate for an adjustable-rate mortgage loan, as further described in the trust agreement.

Optional Repurchases. Under the trust agreement, we may, at our option, repurchase a mortgage loan from a pool for any of the following reasons:

- if there is a material breach of a representation and warranty about the mortgage loan or about the mortgage loan documentation that was made in connection with the sale of the mortgage loan to us;
- if the mortgage loan is delinquent with respect to four or more consecutive monthly payments (or eight bi-weekly payments), in whole or in part; or if the borrower has committed a material default (other than in respect of the payment of principal and interest) under any provision of the mortgage loan documents which has continued for 60 consecutive days;

- if a bankruptcy court approves a plan that affects the key terms of the mortgage loan;
- if complying with state or federal law would require a modification of the mortgage loan;
- if the mortgage loan does not conform to the description of the mortgage loans in the prospectus supplement or issue supplement;
- if there is a borrower transfer or proposed borrower transfer of the mortgaged property under circumstances that would trigger acceleration under a due-on-sale provision that either the master servicer or direct servicer reasonably believes to be enforceable under the terms of the mortgage note and the trust agreement;
- if the related mortgaged property has suffered damage as a result of a disaster, terrorist attack, or other catastrophe and has suffered at least a 5% reduction in the value of the property;
- if the mortgage loan is no longer secured by the related mortgaged property;
- if removal of the mortgage loan is needed to preserve the fixed investment trust status of the MBS trust for federal income tax purposes; or
- if the mortgaged property underlying a mortgage loan is acquired by the trust as REO property.

See "**Maturity and Prepayment Considerations—*Repurchases***" above for a discussion of the factors we consider in deciding whether to exercise our option.

Limitations on Timing of Certain Optional Repurchases for Portfolio Pools. For certain of the optional repurchases described above, we are limited under the trust agreement as to when we may repurchase a mortgage loan from the pool if the mortgage loans underlying the pool were originally sold to us and we subsequently pooled them from our portfolio. For these portfolio formed pools, if the mortgage loan is eligible for repurchase as a result of a plan approved by a bankruptcy court, as a result of a modification by act of law, as a result of a terrorist attack or natural disaster, or as a result of the mortgage loan ceasing to be secured by the related mortgaged property, we can only exercise our option to repurchase the mortgage loan during a stated period. The period for repurchase, in such circumstances, begins on the first day of the fiscal quarter that immediately follows the fiscal quarter in which we receive notice of the related reason for repurchase and ends on the last day of such fiscal quarter. For example, if we have received notice on January 2nd of a bankruptcy plan and choose to repurchase such loan, we may not repurchase that mortgage loan before April 1st or later than June 30th of the same year.

Mandatory Repurchases. We are obligated under the trust agreement to repurchase a loan from a pool for any of the following reasons:

- if we determine or our regulator or a court determines that our acquisition of the mortgage loan was not permitted;
- if a court or governmental entity requires us to repurchase the mortgage loan;
- if a mortgage insurer or mortgage guarantor requires us to delay (beyond a period of time otherwise permitted by the trust agreement) exercising loss mitigation remedies after a default;
- if a mortgage insurer or mortgage guarantor requires transfer of a mortgage loan or related REO property in connection with an insurance or guaranty payment; or
- if the principal and interest payments required by a mortgage loan have not been made in full on each payment due date during a period of 24 consecutive months (as may be extended under our servicing policies and practices for delinquencies).

For certain pools (designated by prefix, subtype, and/or special disclosure), we are also obligated to repurchase mortgage loans under the trust agreement before the effective date of changes related to certain events. These events are the following:

- if a borrower elects to convert an adjustable-rate mortgage loan to a fixed-rate mortgage loan pursuant to the terms of the mortgage note;
- if a borrower elects to change the applicable index for an adjustable-rate mortgage loan pursuant to the terms of the mortgage note;
- if the borrower exercises a right to a conditional modification on a balloon loan maturity date pursuant to the terms of the mortgage note;
- if the direct servicer and the borrower have agreed to a modification in lieu of a refinance as part of the direct servicer's borrower retention strategy; or
- if the mortgage margin or maximum or minimum interest rate changes on an adjustable-rate mortgage loan as a result of a direct assumption by a new borrower.

Servicing Policies and Practices for Delinquencies. We do not want to foreclose on a delinquent mortgage loan if there is a reasonable chance of the borrower becoming current under his or her mortgage obligation. We currently permit several types of loss mitigation measures to assist borrowers who are delinquent and may authorize additional measures as we determine appropriate. We encourage our direct servicers to use these measures if our direct servicer believes the borrower has a reasonable chance of becoming current and avoiding foreclosure. The direct servicer typically analyzes each case carefully before determining which loss mitigation measure is most appropriate for a given borrower.

We typically first attempt to bring the borrower current through a repayment plan. We use this loss mitigation measure while a loan remains in the pool. In a repayment plan, a borrower repays delinquent payments typically by making higher payments than his or her normal scheduled payments after the period of delinquency until the mortgage is brought current. Under our trust agreement, a repayment plan cannot last longer than 18 months.

If a repayment plan is not appropriate for a particular borrower, we may use a loss mitigation measure referred to as Homesaver Advance™. Under this tool, our direct servicer makes a new unsecured loan to the borrower in the amount of the delinquency and the proceeds of the new loan are used to bring the delinquent mortgage loan current. We then obtain this new loan from the servicer. The borrower is obligated to make payments under this additional loan over an extended period of time, typically after a period of no or reduced payments and usually over a period of time longer than what is permitted in a typical repayment plan. With this loss mitigation measure, a delinquent mortgage loan remains in the pool because it will be brought current.

If these loss mitigation measures are not appropriate to the borrower's circumstances or have otherwise not succeeded in bringing a mortgage loan current, we may need to repurchase the mortgage loan in order to modify it. Before we decide to exercise our option to repurchase a loan in that situation, however, our direct servicer typically will have conducted an analysis of the borrower's financial situation based upon information provided to the direct servicer. Once the direct servicer makes an assessment that modification is the appropriate loss mitigation measure to take, we may repurchase the delinquent loan from a pool.

Under our servicing policies and practices, we may choose to repurchase a delinquent loan when our direct servicer confirms to us that four consecutive months have elapsed since the payment date to which monies totaling a full monthly loan payment were last applied by the direct servicer. For example, if a borrower makes his or her December 1st payment, but fails to pay his or her January 1st, February 1st, March 1st, and April 1st payments, the loan could be repurchased under our servicing policies and practices as soon as April 2nd. In furtherance of our policy to help delinquent borrowers remain in their homes and avoid foreclosure when feasible, we may also repurchase a loan that has been in a state of continuous delinquency during the period from the first missed payment date through the fourth consecutive payment date if our direct servicer has determined that modification is the appropriate loss mitigation measure to take. As an example, if a borrower fails to pay his or her January 1st payment but makes a full or partial monthly payment on February 1st, March 1st, and April 1st, the loan could be repurchased under our servicing policies and practices as soon as April 2nd in order to effect a modification. Generally, the loss mitigation measure used in this second example is used only if a borrower has made good faith payments under a forebearance agreement for some months.

If it appears that none of the loss mitigation measures, including modification, will be appropriate to the borrower's circumstances and provide a reasonable chance of the borrower becoming current, we may have to permit a short sale of the mortgaged property by the borrower (for less than the amount owed), accept a deed in lieu of foreclosure, or foreclose on the mortgaged property. These loss mitigation measures will lead to a prepayment in full of the principal of the mortgage loan since we normally purchase the REO property from a pool shortly after the foreclosure or deed in lieu process and proceeds from a short sale are passed through the same manner as refinancing proceeds.

Prepayment Premiums. Some mortgage loans provide that the noteholder may charge the borrower a prepayment premium if the loan is paid in full or in part prior to its maturity. Prepayment premiums apply for the time period specified in the mortgage note (such as for three years after the loan's origination). Prepayment premiums will not be paid to certificateholders, unless so stated in the prospectus supplement. If a prepayment premium provision is included in a mortgage loan, however, it may affect a borrower's decision whether or when to sell the property, refinance, or otherwise pay off the mortgage loan. Thus, inclusion of prepayment premium provisions in mortgage loans may affect the speed with which the mortgage loans in a pool prepay. A direct servicer may or may not enforce a prepayment premium provision if the borrower chooses to refinance with the direct servicer that is servicing the borrower's mortgage.

Unless the prospectus supplement states otherwise, none of the mortgage loans in the pool will contain prepayment premium provisions. If the mortgage loans contain prepayment premium provisions, all of the mortgage loans in that pool will have prepayment premium features unless the prospectus supplement states otherwise. We will describe any prepayment premium features in the prospectus supplement. If a pool of fixed-rate mortgage loans has prepayment premium provisions, we will use a special pool prefix in addition to the prospectus supplement description.

We prohibit our direct servicers from charging or enforcing a prepayment premium if the prepayment arises because the borrower must sell the property to cure a default, or when enforcement of the prepayment premium is otherwise prohibited by law. We also encourage our direct servicers to waive enforcement of prepayment premiums on sales of homes to third parties.

Furthermore, state and federal laws may affect when or if a prepayment premium may be collected or may limit the premium that a lender may collect from a borrower when a mortgage loan is prepaid. We cannot ensure whether the imposition of a prepayment premium is enforceable under any of these laws or if a change in any law will affect a borrower's decision whether or when to sell the property, refinance, or otherwise pay off the mortgage loan.

Due-on-Sale Clause. Many fixed-rate loans include a provision (called a due-on-sale clause) stating that the lender can require payment in full if the borrower sells or transfers the related property. There are, however, several laws and provisions in the trust agreement that limit the enforceability of this provision. With fixed-rate mortgage loans, when a borrower sells or transfers the property securing a mortgage loan in a pool, we will either enforce the due-on-sale provision of the mortgage loan (except if we are prohibited by law or by the trust agreement from enforcing the provision) or repurchase the mortgage loan from the pool. In either case, the principal of the mortgage loan will be paid to the certificateholders by the distribution date not later than the month following the month of prepayment or repurchase of the mortgage loan.

Some fixed-rate mortgage loans may contain a provision that allows the mortgage loan to be assumed by new borrowers that meet certain eligibility standards. If a particular pool contains assumable fixed-rate mortgage loans, all of the mortgage loans in that pool will be assumable and the prefix of the pool will indicate this feature.

Most adjustable-rate mortgage loans contain a due-on-sale clause with an exception that generally permits a buyer of the related property to assume the mortgage loan under certain conditions, e.g., if the buyer meets the credit underwriting requirements of the lender or after an initial fixed period. For all other adjustable-rate mortgage loans, even those with terms that prohibit assumptions, we may permit buyers of the related properties to assume the loans if they meet credit underwriting requirements, unless the related prospectus supplement says otherwise.

Loans that are guaranteed or insured by a government agency typically contain clauses that provide that the mortgage loan will be assumable upon the sale of the related property, subject generally to the purchaser's compliance with the credit and underwriting guidelines of the governmental agency.

Subordinate Lien Mortgage Loans. Borrowers may be more likely to prepay subordinate lien mortgage loans than first lien mortgage loans for several reasons. Borrowers may not view subordinate lien loans as permanent financing. Compared to a first lien loan, the loan term of a subordinate lien mortgage loan is typically shorter (although a subordinate lien mortgage loan can have an original maturity of up to 30 years). The interest rate on a subordinate lien mortgage loan is typically higher than that of a first lien mortgage loan originated in the same interest rate environment. The principal amount is typically smaller, and its prepayment may, therefore, be easier for the borrower to fund. We are not aware of any reliable statistics or studies on the prepayment rates of subordinate lien mortgage loans.

THE MORTGAGE POOLS

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

Pool Prefixes and Subtypes

Each mortgage loan pool, and the related issue of guaranteed mortgage pass-through certificates, is assigned a separate pool number and a two-character prefix that identifies the type of mortgage loans in that pool and the basic terms of the certificates. The type of information reflected by the prefix includes whether the loans are conventional or government-insured or guaranteed, whether they bear interest at a fixed-rate or an adjustable-rate and, in the case of fixed-rate pools, the general term to maturity, and, in the case of adjustable-rate pools, various other features. Each adjustable-rate pool is also assigned a subtype designation, which provides a summary of the loan characteristics for that pool, such as the index, the frequency of rate and payment adjustments, the percent and timing of certain interest rate caps, any prepayment premiums or interest-only payment periods, and any option of the borrower to convert the loan to a fixed-rate loan. We will provide information regarding these characteristics in a prospectus supplement. While pool prefixes and adjustable-rate subtypes provide a quick and easy reference source for the pool's loan characteristics, ***when determining whether to purchase certificates, you should rely on them ONLY in conjunction with the information in this prospectus, the related prospectus supplement and any information that we have incorporated into these documents by reference.***

Some frequently used prefixes are listed in ***Exhibit A*** at the end of this prospectus. Current information about prefixes, including prefixes that may be created after the date of this prospectus, and subtypes, can be found on our Web site.

Monthly Pool Factor and Other Monthly Disclosures

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

On or about the fourth business day of each month, we will publish the current monthly pool factor for each issue of certificates that remains outstanding. If you multiply the monthly pool factor by the original unpaid principal balance of the certificates, you will obtain the then current principal balance of the certificates, after giving effect to the monthly principal payment to be passed through on the distribution date in that month. On the same day, we will also publish the fixed-rate quartiles, which will provide quartiles of critical data elements regarding the underlying mortgage loans backing our fixed-rate securities.

We will provide certain additional disclosures regarding our securities on a monthly basis. We publish the geographical statistics and a supplemental file to provide information regarding the characteristics of the underlying mortgage loans including, but not limited to, state, year of origination, loan purpose, and occupancy type. For our adjustable-rate securities, we publish the ARM statistics file and the adjustable-rate quartiles files, which detail rate, adjustment, and cap information as well as critical data elements (by quartiles) of the underlying mortgage loans backing our adjustable-rate securities. For our interest-only securities, we publish the interest-only disclosure which provides months to amortization information.

These monthly disclosures are made available each month on our Web site and in various financial publications.

Minimum Pool Size

Unless we state otherwise in the prospectus supplement for a particular pool, each of our pools will typically consist of either:

- fixed-rate mortgage loans that have an aggregate unpaid principal balance of at least $1,000,000, or

- adjustable-rate mortgage loans that have an aggregate unpaid principal balance of at least $500,000.

In each case, the aggregate unpaid principal balance is measured as of the first day of the month in which the certificates are issued. No pool will contain both fixed-rate and adjustable-rate loans.

Mortgage Pool Statistics

In each prospectus supplement, we will set forth certain characteristics of the underlying mortgage loans in the pools. We will provide some of these characteristics both by a weighted average (or simple average, in some cases) for that pool and in a quartile distribution (including a maximum and a minimum). We will provide certain other characteristics in either tabular or quartile format only.

The statistics listed in each prospectus supplement will be the following (some of the statistics are only applicable to adjustable-rate mortgages and will not be found in a prospectus supplement for fixed-rate mortgages):

Quartiles	Tabular	Additional Tabular for ARMs
• Loan-to-Value Ratio	• Loan Purpose	• Distribution by First Payment Date
• Credit Score	• Occupancy Type	• Current Interest Rates
• Loan Age	• Property Type	• Next Rate Change Date Information
• Loan Term	• Origination Year	• Loan Margins
• Loan Size	• Geographic Distribution	
• Coupon Rate	• Origination Type	
• Remaining Maturity	• Servicer (meaning the direct servicer)	
	• Seller (available on the first page of the pool statistics)	

A sample pool statistics section of a prospectus supplement that includes more detail on each of the above statistics is provided in ***Exhibit B*** at the end of this prospectus. For a description of how we obtain information provided in the pool statistics section, you should read the Pool Statistics Methodology section of ***Exhibit B***. Certificateholders should determine for themselves how to use the pool statistics. We may, from time to time, make additional data elements available to investors by including the data in the prospectus supplement.

THE MORTGAGE LOANS

Each mortgage loan in a pool is evidenced by a promissory note and secured by a deed of trust, mortgage or similar security instrument creating a first lien (or, if the prospectus supplement so states, a subordinate lien) on a one-to four-unit residential property. These may include manufactured housing loans and loans secured by pledges of ownership interests and assignments of occupancy rights in cooperative housing corporations. The loans bear interest at either a fixed or an adjustable rate. Each mortgage loan requires the borrower to make monthly payments of principal and interest, except as provided otherwise in the related prospectus supplement. Our pools include loans originated for the purpose of purchase or refinancing of one- to four-unit residential properties. The properties may be either owner-occupied or non-owner-occupied. Mortgage loans in our pools may be seasoned, meaning they were originated more than 12 months before pooling, or they may be newly originated, which means they were originated 12 months or less before pooling. Investors should consult the pool statistics portion of their prospectus supplement for further information regarding loan age.

Assignment of the Mortgage Loans

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

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

Under the terms of the trust agreement, the issuer, the seller, the master servicer, the trustee, a direct servicer, or an affiliate of any of these entities may act as custodian. If we are not the custodian, our current policies require that the custodian must be either: (a) a financial institution supervised and regulated by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Office of Thrift Supervision, the FDIC or the National Credit Union Administration or (b) a subsidiary of a parent financial institution that is supervised and regulated by one of these entities or a Federal Home Loan Bank. Regulated financial institutions must be in good standing with their regulators. In certain cases, we may permit the seller of the mortgage loans or an affiliate of the seller to act as our document custodian, provided that entity meets the above requirements and certain additional requirements. For a discussion of certain legal risks relating to the use of a seller or an affiliate of the seller as a document custodian, see "**RISK FACTORS—CREDIT FACTORS.**" We may modify our practices regarding the custody of mortgage documents at any time, subject to certain standards of care and other requirements described in the trust agreement. We periodically review our custodial practices and, subject to the terms of the trust agreement, make changes as we determine appropriate.

In connection with the creation of our trusts, we file a Uniform Commercial Code financing statement or UCC-1 against each mortgage loan seller. In the event of a bankruptcy or receivership of a seller, a court could determine that the mortgage loans were not sold to us but were pledged to secure a financing. If as a result of any such determination mortgage loan payments were inadequate to cover the amounts due to certificateholders, we would make payments to the trust in an amount required to pay certificateholders what they are due. See "**RISK FACTORS—CREDIT FACTORS.**"

Conventional and Government Mortgage Loans

Most of the loans included in our pools are conventional mortgage loans—that is, loans that are not insured by the Federal Housing Administration (FHA) or guaranteed by the Department of Veterans Affairs (VA), the Department of Housing and Urban Development (HUD) or the Rural Housing Service (RHS). We refer to non-conventional loans as government loans. We refer to pools consisting exclusively of government loans as government pools, which are designated by a separate pool prefix. All government loans, including RHS-guaranteed loans and HUD Native American loans, will be included only in government pools.

Both conventional loans and government loans can bear interest at either a fixed rate or an adjustable rate, and can provide for repayment of the principal on several different bases. The following discussion describes the types of interest rate and loan repayment terms that may be features of the loans in a pool. The prospectus supplement identifies which of these types of loans are included in the pool.

Fixed-Rate Loans

Fixed-rate pools consist entirely of fixed-rate loans. Although the loans in a fixed-rate pool bear various fixed rates of interest, certificateholders will receive interest at a single fixed pass-through rate, which is specified in the related prospectus supplement. In most instances, the interest rates of the underlying fixed-rate loans in a single pool are grouped so that the rates on the mortgage loans are all within a two percent (two hundred basis points) range. Because the pass-through rate for each loan in a fixed-rate pool is the same, the pass-through rate will not change if prepayments occur, even if those prepayments cause a change in the weighted average interest rate of the remaining loans in the pool. However, because interest is paid based on the outstanding principal balance of the certificates, and principal prepayments are passed through as repayment of principal on the certificates, principal prepayments may affect the yield on the certificates. For a discussion of how prepayments can affect yield, see "**YIELD, MATURITY, AND PREPAYMENT CONSIDERATIONS**" above.

Each fixed-rate pool will be designated with a distinct prefix, indicating that the mortgage loans in the pool are one of the following types. No fixed-rate pool may include mortgage loans of more than one of these types within the same pool, except that graduated payment mortgage loans and growing equity mortgage loans that have become eligible for inclusion may be pooled with fully amortizing loans.

- ***Fully amortizing loans***—Each scheduled monthly payment of principal and interest is in the same amount and fully amortizes the principal of the loan over its term. The term is usually 10, 15, 20, 25, 30 or 40 years. The pool prefix indicates the general maturity of the loans in the pool.
- ***Interest-only initially to fully amortizing equal payment loans***—During an initial period of time, no scheduled principal payment is due on the loan, and the borrower's required monthly payment is set at an amount sufficient to pay only the monthly interest due on the outstanding principal balance at the mortgage interest rate. Consequently, during this initial period, distributions on certificates backed by pools of this type of mortgage loan will consist only of interest and unscheduled principal from partial or full prepayments on the mortgage loans. On the first payment due date following the end of the initial interest-only period, the monthly payment amount will change to an amount necessary to pay interest at the mortgage interest rate plus principal in an amount that fully amortizes the outstanding principal balance of the loan on a level debt service basis over the remainder of its term. Accordingly, distributions on the certificates related to the new monthly payment (following the end of the initial interest-only period) will include scheduled principal (as well as unscheduled principal).
- ***Balloon loans***—Each scheduled monthly payment of principal and interest, except the final payment, is in the same amount. That amount is not sufficient, however, to amortize the loan fully over its term. The final scheduled payment at maturity is a lump sum or balloon payment that is substantially larger than any previously scheduled payment.
- ***Biweekly loans***—Each scheduled payment of principal and interest is in the same amount and fully amortizes the loan over its term. Payments are due every 14 days. The borrower's biweekly payment is equal to one-half the amount of the monthly payment for a fully amortizing 30-, 20-, 15-, or 10-year loan, as applicable, with the same principal amount and interest rate. Because the borrower's payments are due every 14 days, there are 26 payments in a year (or 27 in some years). Biweekly loans generally have two biweekly payments during ten months of the year and three payments in the other two months. In years with 27 payments, biweekly loans have two biweekly payments during nine months and three payments in the other three months.
- ***Graduated payment mortgage loans***—The scheduled monthly payments of principal and interest gradually increase over a fixed period of time, in accordance with a pre-set schedule. The early payment amounts are not sufficient to pay all of the accrued interest, so during the early portion of the term some of the interest is deferred. The only graduated payment mortgage loans that are eligible for inclusion in our fixed-rate pools are those as to which no further payment increases are scheduled and as to which no further interest will be deferred after the issue date of the related certificates.
- ***Growing equity mortgage loans***—The scheduled monthly payments of principal and interest gradually increase over a fixed period of time, in accordance with a pre-set schedule. The amount of the increases is applied solely to principal. The only growing equity mortgage loans that we include in our fixed-rate pools are those growing equity mortgage loans for which no future payment increases are scheduled after the issue date of the related certificates.
- ***Minimum servicing fee on fixed-rate pools***—We typically require a direct servicer to retain a minimum servicing fee of 25 basis points for each mortgage loan in our fixed-rate pools. However, if a pool contains loans with a minimum servicing fee that is below 25 basis points, we will indicate this feature by using a special prefix in the prospectus supplement. Initially, a direct servicer may deliver loans that have aggregate servicing fees that are equal to or greater than the applicable minimum. A direct servicer may, at a later date, securitize the amount in excess of the applicable minimum servicing fee and retain only the minimum servicing fee. In

no event will the direct servicer retain less than the minimum servicing fee for a particular pool. However, securitization of any amount in excess of the minimum servicing fee after the issuance of a pool will not affect the rate of interest you receive on your certificates.

Adjustable-Rate Mortgages (ARMs)

We will calculate interest for each adjustable-rate pool at a monthly rate, which we call the pool accrual rate. The pool accrual rate is equal to the weighted average of the mortgage interest rate (net of the sum of our servicing fee and our guaranty fee) for each loan in that pool. Therefore, the pool accrual rate is not a fixed pass-through rate and generally will vary from month to month as mortgage loans adjust, amortize or prepay. We refer to the sum of the servicing fee and our guaranty fee as our fee percentage. We refer to the difference between the loan's mortgage margin (a percentage specified in a mortgage note) and our fee percentage as the MBS margin.

Pool Accrual Rate	=	Weighted Average of		
		(Mortgage Interest Rate*	−	Fee Percentage*)
Fee Percentage*	=	Servicing Fee*	+	Guaranty Fee*
MBS Margin*	=	Mortgage Margin*	−	Fee Percentage*

* For each loan in the pool.

ARMs generally have an initial fixed interest rate period during which the interest for the loans accrues at a fixed market rate that is not based upon an index or the note's mortgage margin. Beginning on the first interest rate change date for each of the ARMs in a pool, the interest on the loans will accrue at a rate equal to the index value plus the mortgage margin (subject to rounding and to interest rate caps and floors).

In some adjustable-rate pools, the mortgage margin may be zero percent. Because we usually charge a fee percentage, where the mortgage margin is zero the MBS margin will be expressed as a negative value in the pool statistics. However, the pool accrual rate for pools containing these loans will still be equal to the weighted average of the mortgage interest rate (net of the sum of our servicing fee and guaranty fee) for each loan in the pool.

We generally establish the MBS margin for loans in an adjustable-rate pool in one of two ways:

- In some adjustable-rate pools, the MBS margin is the same for all loans in the pool, even though the mortgage margins may vary from loan to loan. We accomplish this by varying the fee percentage from loan to loan, so that the difference between each loan's mortgage margin and its corresponding fee percentage results in an MBS margin that is the same for each loan. We refer to this type of adjustable-rate pool as a fixed MBS margin pool.
- In other adjustable-rate pools, our fee percentage is the same for each of the loans in the pool, with the result that the MBS margins vary to the same degree as the mortgage margins among the loans in the pool. We refer to this type of adjustable-rate pool as a weighted average MBS margin pool.

Increasing Fee Percentage Pools—For most pools, the fee percentage for each loan remains constant for the life of the loan. For some pools, however, the fee percentage for each loan in the pool will increase at the first interest rate change date for such loan. Thereafter, the fee percentage for each loan will remain constant for the life of the loan. We refer to these pools as increasing fee percentage pools. If your pool has an increasing fee percentage, we will indicate this in the prospectus supplement. The pool accrual rate for increasing fee percentage pools will be calculated according to the same formula as set forth above for pools with fee percentages that remain constant. When the fee percentage increases, however, this will result in a pool accrual rate that will be lower than it otherwise would be if that pool did not have increasing fee percentage loans. After all the loans in a pool have reached their first adjustment, the amount of the difference in the pool accrual rate from what the pool accrual rate would be for that pool if that pool did not have the increasing fee percentage feature will equal the amount as calculated pursuant to the formula set forth in ***Exhibit B*** at the end of this prospectus.

The prospectus supplement will provide information about the MBS margin for your pool. Each month we make available updated MBS margin information for the pool on our Web site and in various financial publications.

Each adjustable-rate loan is of one of the following types. An adjustable-rate pool will include loans of one of these types. Unless the prospectus supplement states otherwise, adjustable-rate pools will not include mortgage loans that commingle one or more of the features described below. The prospectus supplement will describe each of the following features to the extent they apply to a particular issue of certificates.

- ***Fully amortizing ARMs***—The interest rate adjusts periodically during the term of the loan. Each time the rate is adjusted, the monthly payment amount is adjusted to cover accrued interest and full amortization of principal on a level payment basis over the remaining loan term, based on the current interest rate. Unless we specify otherwise in the applicable prospectus supplement, each loan included in an ARM pool is a fully amortizing adjustable-rate loan.

- ***Interest-only initially to fully amortizing loans***—For an initial period of time, the interest rate is typically a fixed rate and no scheduled principal payment is due on the loan. The borrower's required monthly payment is set at an amount sufficient to pay only the monthly interest due on the outstanding principal balance at the fixed rate. Consequently, during this initial period, distributions on certificates backed by pools of this type of mortgage loan will consist only of interest and unscheduled principal from partial or full prepayments on the mortgage loans. Beginning on the payment due date of the last scheduled interest-only payment, the interest rate on the loan will begin adjusting in accordance with the provisions of the mortgage note to a rate based on the index and margin specified in the mortgage note. On the first payment due date following the end of the initial interest-only period, the monthly payment amount will change to an amount necessary to pay interest at the new mortgage interest rate plus principal in an amount that fully amortizes the outstanding principal balance of the loan on a level debt service basis over the remainder of its term. Accordingly, distributions on the certificates related to the new monthly payment (following the end of the initial interest-only period) will include scheduled principal (as well as unscheduled principal) and monthly interest based on the pool accrual rate then in effect.

- ***Deferred interest/negative amortization ARMs***—As with ARMs that do not permit negative amortization, the interest rate and payment amount of negatively amortizing ARMs adjust periodically during the term of the loan. However, an ARM that permits negative amortization features either an adjustment schedule in which the payment amounts are adjusted less frequently than the interest rate or a payment cap limiting the amount by which the payment can increase as a result of an interest rate increase, or, in some cases, both. In any case, this feature creates the possibility that after an interest rate adjustment, the monthly payment will be insufficient to cover the accrued interest. Whenever that occurs, the portion of interest that is not included in the payment amount will be added to the loan's principal balance. This addition to principal is referred to as negative amortization. For certain of these negatively amortizing ARMs that require a minimum monthly payment in an amount that may be less than the full amount of monthly accrued interest, the direct servicer may offer the borrower the following incrementally higher payment options to achieve a particular aim:
    - A payment that covers only the full amount of monthly accrued interest;
    - A higher payment that would amortize the outstanding principal balance of the loan based on a 30-year amortization schedule; or

— An even higher monthly payment that would amortize the outstanding balance of the loan based on a 15-year amortization schedule.

In a pool comprised of ARM loans that permit negative amortization, we may include negatively amortizing ARM loans that feature the above options as well as those that do not. However, even if a direct servicer does not specifically offer the above options, borrowers still may have the ability to make additional payments to reduce or avoid the effect of any negative amortization as well as to prepay principal.

- ***Fully amortizing ARMs with fixed-rate conversion option***—The interest rate and payments adjust in the same manner as fully amortizing ARMs, described above, unless the loan is converted. The borrower has the option to convert the interest rate to a fixed rate at specified times.

- ***Minimum servicing fee on ARM pools***—We typically require a direct servicer to retain a minimum servicing fee of 25 basis points for each mortgage loan in our adjustable-rate pools. However, if a pool contains loans with a minimum servicing fee that is below 25 basis points, we will indicate this feature by using a special prefix in the prospectus supplement. Initially, a direct servicer may deliver loans that have aggregate servicing fees that are equal to or greater than the applicable minimum. A direct servicer may, at a later date, securitize the amount in excess of the applicable minimum servicing fee and retain only the minimum servicing fee. In no event will the direct servicer retain less than the minimum servicing fee for a particular pool. However, securitization of any amount in excess of the minimum servicing fee after the issuance of a pool will not affect the rate of interest you receive on your certificates.

How adjustable-rate loans work

Adjustable-rate loans bear interest at rates that adjust periodically in response to changes in an index. Some of the frequently used indices are described below.

- ***Initial fixed-rate period.*** For an initial period, interest on most adjustable-rate loans accrues at a fixed rate, which may not be based on the index value in effect at the time of the loan's origination. The prospectus supplement will state the length of time from loan origination to the first interest rate change for the loans in the pool and the frequency of subsequent interest rate adjustments.

- ***Calculation of the adjustable interest rate.*** After the initial fixed-rate period, if any, the interest rate on the loan is adjusted at regular intervals specified in the mortgage note. On each rate change date, the interest rate is adjusted to equal the sum of the index value most recently available as of a date specified in the mortgage note plus an amount specified in the mortgage note and referred to as the mortgage margin. The result is rounded according to the rounding convention stated in the mortgage note (usually to the nearest, next lower or next higher 1/8 or 1/4 of 1%). Unless the prospectus supplement states otherwise, the index value used in this calculation is the index value that was most recently available as of the date that is 45 days before the adjustment date. (This 45-day period is referred to as the lookback period.)

- ***Interest rate caps and floors; payment change and payment caps.*** Most adjustable-rate loans contain periodic interest rate caps and floors, which limit the amount by which the interest can increase or decrease on each interest rate change date. The prospectus supplement will describe the periodic interest rate caps and floors that apply to the initial rate adjustment and to each subsequent interest rate adjustment. Adjustable-rate loans also include a lifetime interest rate cap. The interest rate on the adjustable-rate loan can never exceed the lifetime interest rate cap, regardless of the applicable index value. Some adjustable-rate loans also have lifetime interest rate floors below which the interest rate cannot be set. Unless the prospectus supplement states otherwise, all payment adjustments on ARM loans will be effective in the month after each interest rate change and no payment caps (which limit the amount by which the payment can increase or decrease) will apply to the loans in the pool.

- ***Options to convert to fixed rate.*** Some adjustable-rate mortgage loans permit the borrower to convert the loan to a fixed interest rate loan at certain times specified in the mortgage loan documents. If the borrower exercises the right to convert the ARM to a fixed-rate loan, we will repurchase the loan from the pool during the calendar month before the loan begins to accrue interest at the new fixed rate. When repurchasing the loan, we will pay a price equal to its stated principal balance, together with one month's interest at its then-current pool accrual rate. As a result, the weighted average lives of the certificates for a pool of convertible ARMs may be significantly shorter than for a comparable pool of non-convertible ARMs. In general, the new fixed rate is based on a spread of at least 0.375% above the net yield we require or the Federal Home Loan Mortgage Corporation requires when purchasing 30-year fixed-rate loans under short-term mandatory delivery commitments in effect at the time the ARM converts to its fixed rate. (If the original term of the convertible ARM is 15 years or less, the required net yield for 15-year fixed-rate loans is used.) Unless stated in the related prospectus supplement, we will not include convertible ARM loans in a pool. The prospectus supplement for a convertible ARM pool will specify the times when the ARMs may begin to accrue interest at a fixed rate.

- ***Negative amortization.*** Unless we specify otherwise in the prospectus supplement, the pool will contain no loans that have a possibility of negative amortization.

  - ***Payment change frequency and payment caps.*** If the mortgage note permits negative amortization, there may be times when the monthly payment is insufficient to pay all of the interest that has accrued during the month. This usually occurs when payments are not adjusted as frequently as the interest rate adjusts, when a payment cap applies, or both. Payment caps and floors limit the amount by which the borrower's payment can increase or decrease with each interest rate change, frequently to 7.5% above or below the amount of the monthly payment before the interest rate change. If a payment cap or floor applies, the prospectus supplement will so state. In either case, when this happens, the amount by which the payment is insufficient to pay the interest due is deferred and added to the principal balance of the mortgage loan. Interest then accrues on the new higher mortgage loan balance.

  - ***Periodic reamortization.*** Most adjustable-rate loans that permit negative amortization provide for a full reamortization of principal periodically, usually five or ten years from the first payment due date for the loan and, then, every five years for the remainder of the loan term. These loans also usually provide that, between these dates of planned reamortization, if the addition of deferred interest to principal would cause the then outstanding principal balance of the loan to exceed a specified percent of the original principal balance, then the loan is reamortized. The levels that are most frequently specified to trigger this unscheduled reamortization are 110%, 115% and 125% of the original principal balance. Reamortization is the adjustment of the monthly payment amount to an amount sufficient to pay the then outstanding principal balance of the loan, together with interest at the then applicable rate, in equal monthly payments for its remaining term. This readjustment is made without regard to the caps on payment adjustments that would otherwise apply. If a loan permits negative amortization, the prospectus supplement will indicate the dates for scheduled reamortizations and the trigger level for unscheduled reamortizations.

  - ***Rate adjustments upon assumption.*** Adjustable-rate loans generally permit the purchaser of the real property that secures the loan to assume the loan, provided that the purchaser is creditworthy. For additional information about the rules that apply in this circumstance, see "**YIELD, MATURITY, AND PREPAYMENT CONSIDERATIONS—*Due-on-Sale Clause.***" In some cases, at the time of the assumption, the maximum and minimum interest rates, mortgage margin or payment may be reset to take into account then-prevailing market interest rates. If a pool includes loans that provide for resets of any of these features at the time a loan is assumed, the prospectus supplement will indicate that we will repurchase from the pool any adjustable-rate loan prior to the effective date of such reset.

ARM Indices

Some of the most frequently used indices are described below. The prospectus supplement for each pool will specify the index used (which may be one described below or a different one) to determine the mortgage interest rates for the mortgage loans in the pool. We make no representations as to the continued availability of these indices or the date on which the index is published or made publicly available. If an index becomes unavailable, we generally will use a comparable index.

- *US Treasury Indices:* The weekly average yield on United States Treasury securities adjusted to a constant maturity of one year (One-Year Treasury Index), three years (Three-Year Treasury Index), five years (Five-Year Treasury Index) and ten years (Ten-Year Treasury Index), in each case as made available by the Federal Reserve Board.[(1)] These indices are sometimes referred to as the constant maturity Treasury or "CMT" indices.
- *WSJ LIBOR Indices:* The average of the London Interbank Offered Rates for six-month (Six-Month WSJ LIBOR Index) and one-year (One-Year WSJ LIBOR Index) United States dollar-denominated deposits, as published in *The Wall Street Journal.*
- *COFI Index:* The 11th district monthly weighted average cost of funds index of the Federal Home Loan Bank of San Francisco, as made available by the Bank (COFI Index).[(2)]

Uniform Hybrid Adjustable-Rate Mortgage Pools

A pool may contain certain adjustable-rate mortgage loans that have fixed interest rates for an initial period of years and then adjust annually after this initial period. We call these adjustable-rate mortgage loans "hybrid ARMs." Certain pools of these hybrid ARMs will be designated with a specific prefix and a subtype indicating that the pool is composed entirely of loans with a uniform set of attributes. We refer to this type of pool as a "uniform hybrid ARM" pool. Generally, the initial fixed interest rate period for these uniform hybrid ARMs will be 3, 5, 7, or 10 years. When we identify these uniform hybrid ARMs by prefix and subtype, they will not be pooled with hybrid ARMs of a different type.

A pool of uniform hybrid ARMs has a structure that combines both fixed and weighted attributes. All uniform hybrid ARM pools will have a fixed MBS margin. Also, all uniform hybrid ARM pools will have a fixed pool accrual rate in an increment of 1/4 of 1% (0.25%) until the first interest rate adjustment date for the mortgage loans in the pool. After this initial adjustment, the pool accrual rate will equal the weighted average of the mortgage interest rates (net of our fee percentage) of the adjustable-rate mortgage loans. Although the first interest rate adjustment dates vary among the mortgage loans in the pool, they are all within a specified range that is more constricted than the range for most other hybrid ARM products.

All uniform hybrid ARMs will have an initial fixed interest rate period that is a specified range of scheduled payments. As an example, for the uniform hybrid ARM with an initial period of five years ("5/1 uniform hybrid ARM"), this range will be 54 to 62 scheduled payments. During this period, the

---

(1) These indices are published by the Board of Governors of the Federal Reserve System in Federal Reserve Statistical Release: Selected Interest Rates No. H.15 (519). This release usually appears on Monday (or Tuesday, if Monday is not a business day) of every week. You can obtain a copy by writing the Publications Department at the Board of Governors of the Federal Reserve System, 20th and "C" Streets, N.W., Washington, D.C. 20551, by calling (202) 452-3244, or by accessing their Web site at www.federalreserve.gov/releases. We do not intend this internet address to be an active link.

(2) The COFI Index is published in the monthly Federal Home Loan Bank of San Francisco Bulletin. You can obtain a copy by writing to the Office of Public Information, Federal Home Loan Bank of San Francisco, P.O. Box 7948, 600 California Street, San Francisco, California 94120 or by calling (415) 616-1000. You can also obtain the COFI Index by calling (415) 616-2600 or by accessing the FHLB-SF Web site at www.fhlbsf.com. We do not intend this internet address to be an active link.

initial interest rate for each of the ARMs in the pool will be fixed at a competitive market rate. After the initial fixed-rate period, the mortgage interest rate will vary annually in response to the One-Year WSJ LIBOR Index and subject to certain interest rate caps described below and in the related prefix and subtype. The adjustable mortgage interest rate will be equal to (i) the One-Year WSJ LIBOR Index value that is most recently available 45 days before the interest rate change date plus (ii) a specified percentage that a lender sets when the adjustable-rate mortgage is originated.

All uniform hybrid ARMs will be subject to certain periodic and lifetime interest rate caps (as specified in the related prefix and subtype). The following is an example of this cap structure using the 5/1 uniform hybrid ARM. At the first annual interest rate change date, the mortgage interest rate may not be adjusted to a rate that is more than five percentage points above or below the initial interest rate. Additionally, at any subsequent annual interest rate change date for the 5/1 uniform hybrid ARM, the mortgage interest rate may not be adjusted to a rate that is more than two percentage points above or below the previous mortgage interest rate. Finally, the lifetime cap for the 5/1 uniform hybrid ARM will not allow the mortgage interest rate to adjust to a rate that is more than five percentage points above the initial interest rate. We refer to the lifetime cap as the maximum mortgage interest rate. Furthermore, the mortgage interest rate for each of the ARMs in any uniform hybrid ARM pool may never decrease to less than the related mortgage margin. We call this the minimum mortgage interest rate.

The uniform hybrid ARMs in a pool generally will not be assumable until the expiration of the initial fixed-rate period. See "**YIELD, MATURITY, AND PREPAYMENT CONSIDERATIONS—*Due-on-Sale Clause*"** above. The original terms of the uniform hybrid ARMs may range up to 30 years.

Fannie Majors

Each Fannie Majors® pool is composed of a single mortgage type originated within 12 months of the issue date and usually exceeds $200 million at issuance. Some Fannie Majors pools are larger than $500 million. Fannie Majors pools are backed by fixed-rate, adjustable-rate, or balloon mortgages. Fannie Majors pools are generally larger and potentially more geographically diversified than non-Fannie Majors pools and contain mortgage loans typically delivered to us by multiple lenders. However, some Fannie Majors pools may settle with loans from only a single lender. During the month of issuance of a Fannie Majors pool, we may issue book-entry securities with respect to initial deliveries of loans made into the pool and before all final deliveries are made. Consequently, if you receive your security earlier in the month of issuance, your pro rata interest in the Fannie Majors pool at that time will not reflect changes due to future deliveries of mortgage loans until later that month. During the month of issuance, we will periodically publish the cumulative outstanding security balance of each open Fannie Majors pool from its issue date through the current business day on our Web site at www.fanniemae.com. The cumulative outstanding security balance will be updated as new securities are issued under each open Fannie Majors pool until that Fannie Majors pool is closed for further deliveries at the end of the month. Fannie Majors pools are identified by the same set of prefixes assigned to single-lender pools.

Special Feature Mortgage Loans

The following types of mortgage loans are sometimes treated separately in establishing loan pools. These loans may have either a fixed or an adjustable interest rate, and may have payment structures of one or more of the types described above with respect to fixed- and adjustable-rate loans.

Relocation Loans

Some employers enter into an agreement with a lender for the lender to make mortgage loans to one or more employees who are moving to a new job location. The mortgage loans are to finance the purchase of a home at the new job location. In general, these employees are highly mobile and expect to be relocated frequently. These loans may involve financial contribution by the employer, which can include subsidies and interest rate buydowns. We cannot estimate the future prepayment performance of relocation loans or how their performance might compare with that of loans that are not relocation loans. However, since the employer frequently has a financial interest in the loan, a beneficial change in the interest rate environment may cause the employer to encourage the employee to refinance the loan. We are not aware of any studies or statistics on the prepayment rates of relocation loans. In addition to the factors affecting loan prepayment rates in general, the prepayment of relocation loans depends on the circumstances of individual employees and employers and the characteristics of the specific relocation programs involved. Furthermore, a change in the economy or in the employer's business, such as an economic downturn or accelerated expansion of the employer's business, could cause an employer to suspend its relocation program or to move employees more frequently.

If a pool contains more than 10% of relocation loans, the pool prefix, in the case of fixed-rate pools, will identify the pool as a "relocation loan pool," and the pool statistics portion of the prospectus supplement will show the percentage of relocation loans in the pool. For adjustable-rate pools containing more than 10% of relocation loans, the pool statistics portion of the prospectus supplement will identify the pool as a "relocation loan pool" and will show the percentage of relocation loans in the pool. Relocation loans also may be included in other pools. When this occurs, the relocation loans in such pools will not exceed 10%, by aggregate principal balance, of the pool on its issue date.

Cooperative Share Loans

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

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

In addition to making the monthly mortgage payment, the borrower generally must pay a proportional share of real estate taxes on the housing project and of any blanket mortgage loan payments owed by the cooperative housing corporation and secured by the housing project. If the borrower fails to do so, the cooperative housing corporation can terminate the borrower's occupancy rights. In addition, the borrower's occupancy rights are subordinate to the lien of any blanket mortgage loan on the housing project. If the corporation should default on its blanket mortgage loan, the holder of the corporation's blanket mortgage loan (which could be Fannie Mae, given that we purchase such blanket mortgage loans under our multifamily programs) could foreclose on the housing project and terminate the occupancy rights of the borrower. This increases the likelihood of a repurchase of the cooperative share loan out of the pool due to borrower default, and a resulting prepayment of principal on the related certificates.

It is often the case that a single lender will have made several cooperative share loans to residents of the same housing project, and those loans may be included in the same pool. In that case, the certificateholders that have invested in the related series of certificates would be significantly at risk for multiple loan repurchases, and resulting prepayment of principal on the certificates, arising from a default by that particular cooperative housing corporation under its blanket mortgage loan.

If a pool contains more than 10% of cooperative share loans, the pool prefix, in the case of fixed-rate pools, will identify the pool as a "cooperative share loan pool," and the pool statistics portion of the prospectus supplement will show the percentage of cooperative share loans in the pool. For adjustable-rate pools containing more than 10% of cooperative share loans, the pool statistics portion of the prospectus supplement will identify the pool as a "cooperative share loan pool" and will show the percentage of cooperative share loans in the pool. Cooperative share loans also may be included in other pools. When this occurs, the cooperative share loans in such pools will not exceed 10%, by aggregate principal balance, of the pool on its issue date.

Buydown Mortgage Loans

To induce people to buy homes, builders and sellers of homes, or other interested parties, including lenders, may agree to pay some of the costs of the loan, including subsidizing the monthly mortgage payments for an agreed period of time. This arrangement, which we refer to as a "buydown," may enable borrowers to qualify for loans, even though their available funds ordinarily would not enable them to do so.

A pool may contain significant temporary interest rate buydown loans, which are buydowns of more than two percentage points below the note rate or a buydown that is extended for more than two years. If a pool contains more than 10% of significant temporary interest rate buydown mortgage loans, the pool prefix, in the case of fixed-rate pools, will identify the pool as a "significant temporary interest rate buydown mortgage loan pool," and the pool statistics portion of the prospectus supplement will show the percentage of significant temporary interest rate buydown mortgage loans in a pool. For adjustable-rate pools containing more than 10% of significant temporary interest rate buydown mortgage loans, the pool statistics portion of the prospectus supplement will identify the pool as a "significant temporary interest rate buydown mortgage loan pool" and will show the percentage of significant temporary interest rate buydown mortgage loans in the pool. Significant temporary interest rate buydown mortgage loans also may be included in other pools. When this occurs, the significant temporary interest rate buydown mortgage loans in such pools will not exceed 10%, by aggregate principal balance, of the pool on its issue date.

Jumbo-Conforming Mortgage Loans

In February 2008, Congress passed legislation that temporarily increases the conforming loan limit in high-cost areas for loans originated between July 1, 2007 and December 31, 2008. We refer to mortgage loans subject to this act as "jumbo-conforming" mortgage loans. See "**FANNIE MAE PURCHASE PROGRAM—Mortgage Loan Eligibility Standards—Conventional Loans—*Dollar Limitations***" below.

Fixed-rate jumbo-conforming mortgage loans originated between (and including) March 1, 2008 and December 31, 2008 will only be included in pools designated with certain prefixes and will not be included in our CI/CL pools. Fixed-rate jumbo-conforming mortgage loans originated prior to March 1, 2008 will only be included in "J" prefix pools. See "***'J' Prefix Pools for Fixed-Rate Mortgage Loans***" below.

Adjustable-rate jumbo-conforming mortgage loans originated between (and including) March 1, 2008 and December 31, 2008 will only be included in pools designated with certain prefixes. Adjustable-rate jumbo-conforming mortgage loans originated prior to March 1, 2008 will be included in pools designated with certain additional ARM prefixes.

In any case, any pool containing jumbo-conforming mortgage loans will contain a table in the pool statistics showing the percentage of the pool that consists of jumbo-conforming mortgage loans.

"J" Prefix Pools for Fixed-Rate Mortgage Loans

If over 15% of the aggregate principal balance of a pool on its issue date is composed of at least two types of the first three special feature mortgage loans described above (relocation loans, cooperative share loans, and buydown loans), we will designate the pool with a special "J" prefix. For example, if relocation mortgage loans constitute 9% and buydown mortgage loans constitute 8% of a pool, the pool will be designated with a "J" prefix, and the percentages of each category of mortgage loans will be included in the pool statistics portion of the prospectus supplement. The "J" prefix also may be used to call attention to additional special disclosure characteristics that are included in a prospectus supplement for certain fixed-rate pools. Additionally, the "J" prefix also will be used to indicate that the pool contains fixed-rate jumbo-conforming mortgage loans originated from and including July 1, 2007 through February 29, 2008.

Community Reinvestment Act Mortgage Loans

Many lenders that sell loans to us are required to ensure that they meet the credit needs of their entire community, including low- and moderate-income neighborhoods, pursuant to the Community Reinvestment Act. Mortgage loans originated to meet the Community Reinvestment Act objectives are subject to our eligibility and underwriting criteria and policies as we may waive or modify them from time to time. In addition, the mortgaged properties may be concentrated in low-and moderate-income neighborhoods and localities. The prospectus supplement for certain pools may include loan-level details regarding the census tract information of the properties securing the mortgage loans, the borrowers' income levels and loan balances, or information on how and when these loan-level details can be obtained at a later time. An investor must make its own determination as to whether a particular pool meets the Community Reinvestment Act objectives or other objectives relevant to that particular investor.

Reperforming Government Mortgage Loans

Some pools are composed entirely of FHA and VA mortgage loans that were ninety days or more delinquent during the twelve months immediately prior to issuance of the certificates. The pool prefix or the prospectus supplement will indicate if this is the case. These loans are referred to as reperforming mortgage loans because all the mortgage loans in the pool will be current as of the date of issuance of the related certificates. Reperforming FHA and VA mortgage loans may experience more delinquencies and a faster rate of prepayment than mortgage loans without similar delinquency histories, although we have no statistical data to indicate if this is the case.

FANNIE MAE PURCHASE PROGRAM

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

Selling and Servicing Guides

Our eligibility criteria and policies, summarized below, are set forth in our Selling and Servicing Guides (Guides) and updates and amendments to these Guides. We amend our Guides and our eligibility criteria and policies from time to time. This means it is possible that not all the mortgage loans in a particular pool will be subject to the same eligibility standards. It also means that the standards described in the Guides may not be the same as the standards that applied when loans in a particular pool were originated. We also may waive or modify our eligibility and loan underwriting requirements or policies when we purchase mortgage loans.

Mortgage Loan Eligibility Standards—Conventional Loans

Dollar Limitations

The Charter Act requires that we establish maximum original principal balance dollar limitations for the conventional loans that we purchase. These limitations, which we refer to as our conforming loan limits, typically are adjusted annually. As of January 1, 2008, our conforming loan limit for conventional loans secured by first liens on residences containing one dwelling unit is $417,000, except for mortgage loans secured by property in Alaska, Guam, Hawaii or the Virgin Islands, where it is $625,500. Our conforming loan limit as of January 1, 2008 for conventional loans secured by first liens on residences containing two dwelling units is $533,850, three dwelling units is $645,300 and four dwelling units is $801,950, except for mortgage loans secured by property in Alaska, Guam, Hawaii or the Virgin Islands, where in each case the limit will be 50% higher.

In February 2008, Congress passed legislation that temporarily increases the conforming loan limit in high-cost areas for loans originated between July 1, 2007 and December 31, 2008. For a one-family residence, the loan limit increased to 125% of the area's median house price, up to a maximum of $729,750. If the loan limit in any area under this formulation is lower than $417,000, the loan limit for such area will be $417,000. Higher original principal balance limits may apply to mortgage loans secured by two- to four-family residences and also to loans in Alaska, Hawaii, Guam and the Virgin Islands. We refer to mortgage loans subject to this act as "jumbo-conforming" mortgage loans. A list of high-cost areas affected by this legislation is available on www.fanniemae.com.

Our conforming loan limit for mortgage loans secured by subordinate liens on single-family one- to four-unit residences is 50% of the amount for first lien loans secured by one-unit residences. This means that as of January 1, 2008, the conforming loan limit for subordinate lien loans is generally $208,500 (subject to the legislation enacted by Congress in February 2008), except in Alaska, Guam, Hawaii and the Virgin Islands, where it is generally $312,750 (subject to the legislation enacted by Congress in February 2008). In addition, the aggregate original principal balance of all the mortgage loans we own that are secured by the same residence cannot exceed the amount of our first lien conforming loan limit for single-family one- to four-unit residences. Aside from the limits imposed under the Charter Act and by Congress, we may, from time to time, impose maximum dollar limitations on specific types of mortgage loans that we purchase.

Loan-to-Value Ratios

The Charter Act generally requires that we obtain credit enhancement whenever we purchase a conventional mortgage loan secured by a single-family one- to four-unit residence with a loan-to-value ratio over 80%. The credit enhancement may take several forms, including mortgage insurance issued by an insurer acceptable to us covering the amount in excess of 80% (at the time of purchase), repurchase arrangements with the seller of the mortgage loans, and seller-retained participation interests. In our discretion, we may impose credit enhancement requirements that are more restrictive than those of the Charter Act.

Our loan-to-value ratio requirements for loans we purchase vary depending upon a variety of factors which, for example, can include the type of loan, the loan purpose, loan amount, number of dwelling units in the property securing the loan, repayment terms and borrower credit history. Depending upon these factors, the loan-to-value ratio can be as high as 105%.

Underwriting Guidelines

We have established underwriting guidelines for mortgage loans that we purchase. These guidelines are designed to provide a comprehensive analysis of the characteristics of a borrower and a mortgage loan, including such factors as the borrower's credit history, the purpose of the loan, the property value and the loan amount.

We review and change our underwriting guidelines, from time to time, including expanding our underwriting criteria in order to make home loans more accessible to borrowers who are members of groups that have been underserved by mortgage lenders, including low and moderate income families, people with no prior credit history and those with less than perfect credit history, rural residents and people with special housing needs. In our discretion, we may grant waivers from our underwriting guidelines when we purchase any particular mortgage loan. From time to time, we may also purchase loans underwritten to our lenders' underwriting guidelines, which we have reviewed and approved.

Alternative or Reduced Documentation and No Documentation Mortgage Loans

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

Some common reduced, alternative, and no documentation products include (but may not be limited to) the following:

Stated Income: the borrower's income is stated on an application but is not verified by the lender. Typically, borrower's employment history and assets are verified.

Stated Assets: the borrower's assets are stated on an application but are not verified by the lender. Typically, source and amount of income are verified.

No Income: the borrower's income is neither stated nor verified. Borrower's assets are both disclosed and verified.

No Asset: the borrower's assets are neither stated nor verified. Borrower's income is both disclosed and verified.

Stated Income and Stated Assets: the borrower's income and assets are stated on an application, but the lender verifies neither. Typically, the borrower's employment history is verified.

No Income/No Asset: the borrower's income and assets are neither stated nor verified.

In some instances, the borrower may initiate a request for a reduced, alternative or no documentation product. In other instances, the lender may suggest that the borrower apply for one of these products or the lender may use one of these products (including for certain refinancing options that allow for less documentation) to expedite the approval process for a mortgage loan.

It is possible that due to limited verification procedures, reduced, alternative, or no documentation loans (especially borrower-initiated requests) have an increased likelihood of default and thus cause early prepayment of principal to you. On the other hand, it is also possible that reduced, alternative, or no documentation loans (especially borrower-initiated requests) may prepay more slowly than full documentation loans because the borrower may have fewer options for refinancing, which may result in a slower return of principal to you.

Mortgage Loan Eligibility Standards—Government Insured Loans

Dollar Limitations

The Charter Act sets no maximum dollar limitations on the loans that we can purchase if the loans are government loans.

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

The VA does not establish a maximum loan amount for VA guaranteed loans secured by single-family one- to four-unit properties. We will purchase VA mortgages up to our current maximum original principal amount for conforming loans secured by similar one- to four-unit properties.

The RHS has no maximum dollar limit for loans it guarantees. We will purchase RHS mortgages up to our current maximum original principal amount for conforming loans secured by similar one- to four-unit properties.

Loan-to-Value Ratios

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

Underwriting Guidelines

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

Seller and Servicer Eligibility

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

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

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

Servicing Arrangements

We are responsible for supervising and monitoring the servicing of the mortgage loans as master servicer under the trust agreement. We contract with other entities to perform servicing functions under our supervision. We refer to these entities as our direct servicers. Often, the direct servicer with which we contract is the seller that sold us the loans.

Direct servicers must meet the eligibility standards and performance obligations in our Guides. All direct servicers are obligated to perform diligently all services and duties customary to servicing mortgage loans. We monitor the direct servicer's performance, and we have the right to remove any direct servicer at any time we consider its removal to be in the certificateholders' best interest. Duties performed by the direct servicer include general loan servicing responsibilities, collection and remittance of payments on the mortgage loans, administration of mortgage escrow accounts, collection of insurance claims and foreclosure, if necessary.

Any agreement between a direct servicer and us governing the servicing of the mortgage loans held by an MBS trust is a contract solely between the direct servicer and us. Certificateholders will not be deemed to be parties to any servicing agreement and will have no claims, rights, obligations, duties, or liabilities with respect to the direct servicer. We, in our capacity as trustee, are a third-party beneficiary of each of these agreements. This means that we may pursue remedies against direct servicers in our capacity as trustee.

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

Servicing Compensation and Payment of Certain Expenses

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

Seller Representations and Warranties

Our sellers make representations and warranties to us about the mortgage loans we purchase. In general, the representations and warranties relate to:

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

We rely on these representations and warranties at the time of purchase to ensure that loans meet our eligibility standards. After purchase, we perform random quality control reviews of selected loans to monitor compliance with our guidelines, our eligibility standards and applicable laws and regulations. We can require a seller or direct servicer to repurchase a loan if we find a material breach of warranties and representations. For a discussion of how these repurchases can affect the performance of the certificates, see **"RISK FACTORS—PREPAYMENT FACTORS:** *Property/Credit/Repurchase Risk*—We could withdraw some or all of the mortgage loans from the pool due to a breach of

representations and warranties, accelerating the rate at which you receive your return of principal'' above.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

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

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

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

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

U.S. Treasury Circular 230 Notice

The tax discussions contained in this prospectus (including the sections entitled **''CERTAIN FEDERAL INCOME TAX CONSEQUENCES''** and **''ERISA CONSIDERATIONS''**) and any applicable prospectus supplement were not intended or written to be used, and cannot be used, for the purpose of avoiding United States federal tax penalties. These discussions were written to support the promotion or marketing of the transactions or matters addressed in this prospectus. You should seek advice based on your particular circumstances from an independent tax advisor.

Internal Revenue Service Guidance Regarding the Certificates

In Revenue Ruling 84-10, 1984-1 C.B. 155, the Internal Revenue Service set forth certain federal income tax consequences relating to investments in the certificates issued with respect to a pool. Pursuant to Revenue Ruling 84-10, a pool will not be classified as an association taxable as a corporation for federal income tax purposes. Instead, a pool will be classified as a fixed investment trust, and, under subpart E of part I of subchapter J of the Internal Revenue Code of 1986, as amended (the "Code"), each beneficial owner of a certificate will be considered to be the beneficial owner of a pro rata undivided interest in each of the mortgage loans included in that particular pool.

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

Revenue Ruling 84-10 does not address the treatment of a transfer of mortgage loans to a multiple lender pool such as a Fannie Majors pool. A transfer of mortgage loans to a Fannie Majors pool will be treated as a taxable exchange between the lender transferring the mortgage loans and the beneficial owners of certificates in the pool at the time of transfer. You should consult your own tax advisor regarding the federal income tax consequences of a transfer of mortgage loans to a Fannie Majors pool.

Application of Revenue Ruling 84-10

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

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

Original Issue Discount

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

Market Discount

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

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

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

Section 1272(a)(6)

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

Premium

A beneficial owner that acquires a mortgage loan for more than its principal amount generally has premium with respect to that mortgage loan in the amount of the excess. In that event, the beneficial owner may elect to treat the premium as amortizable bond premium. This election is available only with respect to an undivided interest in a mortgage loan that was originated after September 27, 1985.

If the election is made, a beneficial owner must also apply the election to all debt instruments the interest on which is not excludible from gross income (fully taxable bonds) held by the beneficial owner at the beginning of the first taxable year to which the election applies and to all fully taxable bonds thereafter acquired by the beneficial owner. A beneficial owner may revoke the election only with the consent of the IRS.

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

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

Accrual Method Election

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

Expenses of the Trust

A beneficial owner's ability to deduct its share of the fee payable to the direct servicer, the fee payable to us for providing our guaranty and other expenses to administer the pool is limited under section 67 of the Code in the case of (i) estates and trusts, and (ii) individuals owning an interest in a certificate directly or through an investment in a pass-through entity (other than in connection with such individual's trade or business). Pass-through entities include partnerships, S corporations, grantor trusts, certain limited liability corporations and non-publicly offered regulated investment companies, but do not include estates, nongrantor trusts, cooperatives, real estate investment trusts and publicly offered regulated investment companies.

Generally, a beneficial owner can deduct its share of these costs only to the extent that these costs, when aggregated with certain of the beneficial owner's other miscellaneous itemized deductions, exceed two percent of the beneficial owner's adjusted gross income. For this purpose, an estate or nongrantor trust computes adjusted gross income in the same manner as in the case of an individual, except that deductions for administrative expenses of the estate or trust that would not have been incurred if the property were not held in such trust or estate are treated as allowable in arriving at adjusted gross income.

In addition, section 68 of the Code may provide for certain limitations on itemized deductions otherwise allowable for a beneficial owner who is an individual. Further, a beneficial owner may not be able to deduct any portion of these costs in computing its alternative minimum tax liability.

Sales and Other Dispositions of Certificates

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

The Taxpayer Relief Act of 1997 amended section 1271 of the Code to provide that amounts received by a beneficial owner on retirement of any mortgage loan of a natural person are considered to be amounts received in exchange therefor. The legislation applies to mortgage loans originated after June 8, 1997, and any interest in a mortgage loan acquired after June 8, 1997. The application of section 1271 to a retirement of a mortgage loan that was acquired at a discount is unclear, and you should consult your own tax advisor regarding the application of section 1271 to a certificate in such a case.

Special Tax Attributes

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

1. A certificate owned by a domestic building and loan association is considered as representing loans secured by an interest in real property within the meaning of section 7701(a)(19)(C)(v) of the Code, provided the real property underlying each mortgage loan is (or, from the proceeds of the mortgage loans, will become) the type of real property described in that section of the Code.

2. A certificate owned by a real estate investment trust is considered as representing real estate assets within the meaning of section 856(c)(5)(B) of the Code, and the interest income is considered interest on obligations secured by mortgages on real property within the meaning of section 856(c)(3)(B) of the Code.

If a certificate represents an interest in a pool that contains a cooperative share loan, an escrow mortgage loan, a buydown loan, a government loan, or a loan secured by a manufactured home, you should also consider the following tax consequences applicable to an undivided interest in those loans.

In the event that any mortgage loan has a loan-to-value ratio in excess of 100% (that is, the principal balance of any mortgage loan exceeds the fair market value of the real property securing the loan), the interest income on the portion of the mortgage loan in excess of the value of the real property will not be interest on obligations secured by mortgages on real property within the meaning of Section 856(c)(3)(B) of the Code and such excess portion will not be a real estate asset within the meaning of Section 856(c)(5)(B) of the Code. The excess portion should represent a "Government security" within the meaning of Section 856(c)(4)(A) of the Code. If a pool contains a mortgage loan with a loan-to-value ratio in excess of 100%, a holder that is a real estate investment trust should consult its tax advisor concerning the appropriate tax treatment of such excess portion.

Cooperative Share Loans

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

Escrow Mortgage Loans

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

Buydown Loans

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

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

Government Mortgage Loans

Because generally information is not available with respect to the loan-to-value ratios of government mortgage loans contained in pools denoted by prefix GA, GG, GL, GO, TJ, TK, TQ or TT, no representations can be made regarding the qualification of such loans under sections 856(c)(3)(B), 856(c)(5)(B) and 7701(a)(19)(C)(v) of the Code.

Loans Secured by Manufactured Homes

For certain purposes of the Code, a mortgage loan secured by a manufactured home is treated as secured by an interest in real property if the manufactured home satisfies the conditions set forth in section 25(e)(10) of the Code. That section requires a manufactured home to have a minimum of 400 square feet of living space and a minimum width in excess of 102 inches and to be of a kind customarily used at a fixed location. Although Revenue Ruling 84-10 does not specifically refer to mortgage loans secured by manufactured homes, the conclusions discussed above regarding sections 856(c)(3)(B), 856(c)(5)(B) and 7701(a)(19)(C)(v) of the Code should be applicable to a beneficial owner's investment in a mortgage loan that is secured by property described in section 25(e)(10). With respect to mortgage loans secured by manufactured homes, the conditions of section 25(e)(10) will be satisfied.

Mortgage Loan Servicing

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

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

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

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

Information Reporting and Backup Withholding

For each distribution, we will post on our Web site information that will allow beneficial owners to determine (i) the portion of such distribution allocable to principal and to interest, (ii) the amount, if any, of OID and market discount and (iii) the administrative expenses allocable to such distribution.

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

Foreign Investors

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

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

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

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

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

LEGAL INVESTMENT CONSIDERATIONS

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

ERISA CONSIDERATIONS

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

The U.S. Department of Labor has issued a regulation covering the acquisition by a plan of a guaranteed governmental mortgage pool certificate, defined to include certificates which are backed by, or evidence an interest in, specified mortgages or participation interests therein and are guaranteed by Fannie Mae as to the payment of interest and principal. Under the regulation, investment by a plan in a guaranteed governmental mortgage pool certificate does not cause the assets of the plan to include the mortgage loans underlying the certificate or cause the sponsor, trustee and other servicers of the 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 certificates qualify under the definition of guaranteed governmental mortgage pool certificates and, as a result, the purchase and holding of certificates by plans will not cause the underlying mortgage loans or the assets of Fannie Mae to be subject to the fiduciary requirements of ERISA or to the prohibited transaction provisions of ERISA or section 4975 of the Code merely by reason of a plan's holding of a certificate. However, investors should consult with their own counsel regarding the ERISA eligibility of certificates they may purchase.

LEGAL OPINION

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

[This Page Intentionally Left Blank]

Exhibit A

Frequently Used Single-Family MBS Pool Prefixes

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

CA . . . . . . Conventional Long-Term, Level-Payment Mortgages; Single-Family; assumable.

CI . . . . Conventional Intermediate-Term, Level-Payment Mortgages; Single-Family; maturing or due in 15 years or less.

CJ . . . . . . Conventional Jumbo-Conforming, Intermediate-Term, Level-Payment Mortgages; Single-Family; maturing or due in 15 years or less. Pool contains jumbo-conforming loans with an origination date on or after March 1, 2008.

CK . . . . . . Conventional Jumbo-Conforming, Long-Term, Level-Payment Mortgages; Single-Family; maturing or due in 30 years or less. Pool contains jumbo-conforming loans with an origination date on or after March 1, 2008.

CL . . . . . . Conventional Long-Term, Level-Payment Mortgages; Single-Family; maturing or due in 30 years or less.

CN . . . . . . Conventional Short-Term, Level-Payment Mortgages; Single-Family; maturing or due in 10 years or less.

CT . . . . . . Conventional Intermediate-Term, Level-Payment Mortgages; Single-Family; maturing or due in 20 years or less.

CX . . . . . . Conventional Balloon, Level-Payment Mortgages; Single-Family; maturing or due in seven years or less.

CZ . . . . . . Conventional Extra Long-Term, Level-Payment Mortgages; Single-Family; maturing or due in forty (40) years or less.

GA . . . . . . Government, Adjustable-Rate Mortgages; Single-Family.

GL . . . . . . Government, Level-Payment Mortgages; Single-Family; maturing or due in 30 years or less.

GO . . . . . . Government, Level-Payment Mortgages; Single-Family; each pool is comprised entirely of loans which were delinquent for 90 days or more during the 12 months prior to the Pool Issue Date. All loans are current as of the Pool Issue Date.

JI . . . . Conventional Intermediate-Term Mortgages; Single-Family; maturing or due in 15 years or less. Pool meets any of the following criteria: (i) more than 15 percent of pool issue balance is comprised of loans with more than one special product characteristic (as defined in the Fannie Mae Guides), (ii) pool contains loans with one or more other unique characteristics (see individual Prospectus Supplement for details), or (iii) pool contains jumbo-conforming loans with an origination date beginning July 1, 2007 through February 29, 2008.

JL . . . . . . Conventional Long-Term Mortgages; Single-Family; Initial Terms greater than 15 years. Pool meets any of the following criteria: (i) more than 15 percent of pool issue balance is comprised of loans with more than one special product characteristic (as defined in the Fannie Mae Guides), (ii) pool contains loans with one or more other unique characteristics (see individual Prospectus Supplement for details), or (iii) pool contains jumbo-conforming loans with an origination date beginning July 1, 2007 through February 29, 2008.

K0 . . . . . . Conventional Long-Term, Level-Payment Mortgages; Single-Family; maturing or due in greater than 15 years but less than or equal to 30 years. The pool issue balance is comprised entirely of loans that have a three-year prepayment premium provision.

K1 ...... Conventional Intermediate-Term, Level-Payment Mortgages; Single-Family; maturing or due in 15 years or less. The pool issue balance is comprised entirely of loans that have a three-year prepayment premium provision.

KI .... Conventional Intermediate-Term, Level-Payment Mortgages; Single-Family; maturing or due in 15 years or less. The pool issue balance is comprised entirely of loans that have a prepayment premium provision.

KL ...... Conventional Long-Term, Level-Payment Mortgages; Single-Family; maturing or due in 30 years or less. The pool issue balance is comprised entirely of loans that have a prepayment premium provision.

LA ...... Adjustable-Rate Mortgage; Single-Family; uniform 5/1 hybrid; indexed to the one-year Wall Street Journal London Interbank Offered Rate (LIBOR); five-year initial fixed period; 5 percent cap initial interest rate adjustment, 2 percent cap subsequent interest rate adjustments, with a 5 percent lifetime cap. Minimum servicing of 12.5 basis points; stated MBS pool accrual rate in initial fixed period and stated MBS margin.

LB ...... Adjustable-Rate Mortgages, Single-Family, London Interbank Offered Rate (LIBOR), lifetime caps are pool-specific.

LC ...... Conventional Adjustable-Rate Jumbo-Conforming Mortgages, Single-Family, London Interbank Offered Rate (LIBOR); pool contains jumbo-conforming loans with an origination date beginning July 1, 2007 through February 29, 2008.

LD ...... Conventional Adjustable-Rate Jumbo-Conforming Mortgages, Single-Family, London Interbank Offered Rate (LIBOR); pool contains jumbo-conforming loans with an origination date on or after March 1, 2008.

NP ...... Conventional Long-Term; Single-Family; commencing with Interest Only period greater than or equal to seven years and less than or equal to 10 years; fully amortizing level payments for the remaining term; maturing or due in 30 years or less.

RE ...... Conventional Long-Term, Level-Payment Relocation Mortgages; Single-Family.

S1 ...... Conventional Long-Term Adjustable-Rate Mortgages; Single-Family; includes a wide variety of ARM types and indices; maturing or due in thirty (30) years or less. Minimum Servicing Fee on each loan in the pool is 12.5 bps.

S2 ...... Conventional Extra Long-Term, Adjustable-Rate Mortgages; Single-Family; includes a wide variety of ARM types and indices; maturing or due in forty (40) years or less. Minimum Servicing Fee on each loan in the pool is 12.5 bps.

WD ..... Adjustable-Rate Mortgages; Single-Family; indexed to the one-year Treasury Constant Maturity; extended fixed initial period; annual changes thereafter; various caps at first adjustment; 2 percent per interest rate adjustment thereafter; lifetime caps are pool-specific.

WS ...... Conventional Adjustable-Rate Mortgages; Single-Family. Includes a wide variety of ARM types and indices.

WZ ...... Conventional Extra Long-Term Mortgages; Single-Family; includes a variety of ARM types and indices; maturing or due in forty (40) years or less.

Exhibit B

ALL INFORMATION IN THIS EXHIBIT IS FOR ILLUSTRATIVE PURPOSES ONLY AND SHOULD NOT BE DEEMED TO REPRESENT ANY ACTUAL ISSUANCE. FURTHERMORE, CERTAIN INFORMATION WILL ONLY BE APPLICABLE TO ADJUSTABLE-RATE MORTGAGES. PLEASE SEE THE POOL STATISTICS METHODOLOGY SECTION FOLLOWING THIS SAMPLE FOR FURTHER INFORMATION ON THE POOL STATISTICS DISCLOSED BY THIS SAMPLE PROSPECTUS SUPPLEMENT.

FANNIE MAE
MORTGAGE-BACKED SECURITIES PROGRAM

SUPPLEMENT TO PROSPECTUS DATED APRIL 01, 2008

$1,167,254.00
ISSUE DATE APRIL 01, 2008
SECURITY DESCRIPTION FNAR 01.2345 WD-123456
3.2240 INITIAL POOL ACCRUAL RATE
FANNIE MAE POOL NUMBER WD-123456
CUSIP 12345ABC1

PRINCIPAL AND INTEREST PAYABLE ON THE 25TH OF EACH MONTH
BEGINNING MAY 25, 2008

POOL STATISTICS

(1) SELLER	ABC SELLER
(1) SERVICER	XYZ SERVICER
NUMBER OF MORTGAGE LOANS	6
(2) AVERAGE ORIGINAL LOAN SIZE	$194,725.00
(10) MATURITY DATE	06/01/2037
(3) INITIAL INTEREST RATE CHANGE DATE	05/01/2012
(4) WEIGHTED AVERAGE MONTHS TO ROLL	59 mo
SUBTYPE	204W
CONVERTIBLE	NO
TRANSFER TYPE	W (Wire)
PASS THROUGH METHOD	W (Weighted)
(5) WEIGHTED AVERAGE COUPON RATE	3.8490%
(6) MAXIMUM POOL ACCRUAL RATE	9.2240%
(7) MINIMUM POOL ACCRUAL RATE	0.0000%
(8) WEIGHTED AVERAGE LOAN AGE	1 mo
(9) WEIGHTED AVERAGE LOAN TERM	360 mo
(10) WEIGHTED AVERAGE REMAINING MATURITY	359 mo
(11) WEIGHTED AVERAGE LTV	73%
(12) WEIGHTED AVERAGE CREDIT SCORE	690
(12) % UPB WITHOUT CREDIT SCORE	25.7%
(13) % UPB WITH 1st PAYMENT DUE − ISSUE + 2 MONTHS	0.0000%
(14) % UPB WITH THIRD PARTY ORIGINATION	66.66%

FANNIE MAE
MORTGAGE-BACKED SECURITIES PROGRAM

SUPPLEMENT TO PROSPECTUS DATED APRIL 01, 2008

FANNIE MAE POOL NUMBER WD-123456

CUSIP 12345ABC1

POOL STATISTICS PAGE 2 OF 4

(15) QUARTILE DISTRIBUTION

Loan Size	
MAX	$300,000.00
75%	300,000.00
MED	199,050.00
25%	172,100.00
MIN	127,200.00

Coupon Rate	
MAX	4.250
75%	4.000
MED	3.750
25%	3.750
MIN	3.500

LTV	
MAX	95
75%	88
MED	80
25%	40
MIN	40

Credit Score	
MAX	720
75%	700
MED	675
25%	650
MIN	600

Loan Term (# Of Months)	
MAX	360
75%	360
MED	360
25%	360
MIN	360

Loan Age (# Of Months)	
MAX	1
75%	1
MED	1
25%	0
MIN	0

Remaining Maturity (# Of Months)	
MAX	360
75%	360
MED	359
25%	359
MIN	359

(16) LOAN PURPOSE

	# Of Loans	%	Aggregate UPB
PURCHASE	6	100.00	$1,167,254.62
REFINANCE	0	0.00	0.00

(17) PROPERTY TYPE

# Of Units	# Of Loans	%	Aggregate UPB
1	6	100.00	$1,167,254.62
2 – 4	0	0.00	0.00

(18) OCCUPANCY TYPE

Type	# Of Loans	%	Aggregate UPB
PRINCIPAL RESIDENCE	6	100.00	$1,167,254.62
SECOND HOME	0	0.00	0.00
INVESTOR	0	0.00	0.00

(19) NON-STANDARD LOANS

Type	# Of Loans	% Of UPB	Aggregate UPB
RELOCATION	6	100.00	$1,167,254.62
INTEREST RATE BUYDOWN	2	29.31	389,084.80

(20) DISTRIBUTION OF LOANS BY FIRST SCHEDULED AMORTIZATION

First Scheduled Amortization	Original Interest Rate	# Of Loans	Aggregate UPB
05/01/12	4.01 – 5.00	2	$389,084.80
06/01/12	4.01 – 5.00	2	389,084.80
07/01/12	4.01 – 5.00	2	389,084.80

(21) ORIGINATION YEAR

Year	# Of Loans	%	Aggregate UPB	Year	# Of Loans	%	Aggregate UPB
2007	6	100.00	$1,167,254.62				

(22) GEOGRAPHIC DISTRIBUTION

State	# Of Loans	%	Aggregate UPB	State	# Of Loans	%	Aggregate UPB
GEORGIA	1	17.96	$209,669.51	NEW HAMPSHIRE	1	14.72	171,862.89
LOUISIANA	2	42.73	498,763.20	TEXAS	1	13.69	159,759.02
MICHIGAN	1	10.90	127,200.00				

SERVICER (See Footnote (1) below)

Servicer Name	# Of Loans	% Of UPB	Aggregate UPB
XYZ SERVICER	6	100.00	$1,167,254.62

(23) ORIGINATION TYPE

Type	# Of Loans	% Of UPB	Aggregate UPB
BROKER	2	33.33	$389,084.80
CORRESPONDENT	2	33.33	389,084.80
RETAIL	2	33.33	389,084.80

FANNIE MAE
MORTGAGE-BACKED SECURITIES PROGRAM
SUPPLEMENT TO PROSPECTUS DATED APRIL 01, 2008
FANNIE MAE POOL NUMBER WD-123456
CUSIP 12345ABC1
POOL STATISTICS PAGE 4 OF 4

(24)DISTRIBUTION OF LOANS BY FIRST PAYMENT DATE

Date	Original Interest Rate	# Of Loans	Aggregate UPB
10/01/07	BELOW – 5.00	4	$740,054.62
11/01/07	BELOW – 5.00	2	427,200.00

CURRENT INTEREST RATES

Current Mortgage Interest Rate	# Of Loans	Aggregate UPB
BELOW — 5.00	6	$1,167,254.62

(25)GROSS MARGINS

Current Loan Margins	# Of Loans	Aggregate UPB
2.7500	6	$1,167,254.62

(26)NEXT RATE CHANGE DATE TABLE

Date	% Of Bal	MBS Margin High	MBS Margin Low	MBS Margin	Net Coupon High	Net Coupon Low	Wtd Avg Net Coupon	Net Life Caps High	Net Life Caps Low	Net Life Floor High	Net Life Floor Low
04/01/12	63.0000	2.1250	2.1250	2.1250	3.6250	2.8750	3.2370	9.6250	8.8750	0.0000	0.0000
05/01/12	37.0000	2.1250	2.1250	2.1250	3.3750	3.1250	3.1990	9.3750	9.1250	0.0000	0.0000
Wt Avg		2.1250			3.2240			9.2240		0.0000	

POOL STATISTICS METHODOLOGY

We provide to certificateholders the information as reported to us by lenders. If a lender has delivered mortgages that are not within the parameters that a lender represents and warrants to us, the lender may be obligated to repurchase the affected mortgage loans. Certificateholders should make their own conclusions regarding the data provided in the prospectus supplement.

We may update certain information about each pool on an ongoing monthly basis on our Web site.

The issue date unpaid principal balance of each pool may vary by up to 1% from the amount specified in the prospectus supplement.

(1) ***Seller and Servicer***

We will provide the name of the seller (the entity that delivered the mortgage loans to us) and the direct servicer (the entity that is servicing the mortgage loans upon delivery to us) for each pool. For pools that have multiple sellers, we will state ''multiple'' in the pool statistics section of the prospectus supplement. For pools that have multiple direct servicers, we will provide a table in the pool statistics section of the prospectus supplement listing the names of all direct servicers that service five or more percent of the pool (calculated by unpaid principal balance as of the issue date), the number of loans serviced by each of these direct servicers, the percent of the pool's unpaid principal balance as of the issue date that they service and the aggregate unpaid principal balance of the loans each of them services.

(2) ***Average Original Loan Size***

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

(3) ***Initial Interest Rate Change Date***

For adjustable-rate mortgage loans, we state the first interest rate change date of the loan that has the earliest first interest rate change date in the pool.

(4) ***Weighted Average Months to Roll***

For adjustable-rate mortgage loans, on the issue date, we will calculate a weighted average of the number of months until the next interest rate change date for each mortgage loan in the pool.

(5) ***Weighted Average Coupon Rate***

On the issue date, we will calculate both a weighted average and a quartile distribution of the interest rates then in effect on the underlying mortgage loans.

(6) ***Maximum Pool Accrual Rate***

For a pool containing adjustable-rate mortgage loans, on the issue date, we will calculate the maximum pool accrual rate that would accrue for that pool if all of the underlying mortgage loans were accruing interest at the maximum rate (less total fees) provided in their respective loan documents.

(7) ***Minimum Pool Accrual Rate***

For a pool containing adjustable-rate mortgage loans, on the issue date, we will calculate the minimum pool accrual rate that would accrue for that pool if all of the underlying mortgage loans were accruing interest at the minimum rate (less total fees) provided in their respective loan documents. Generally, the minimum pool accrual rate will not be less than the weighted average of the MBS margins of the mortgage loans in the pool.

(8) ***Loan Age***

On the issue date, we will calculate both a weighted average and a quartile distribution of the ages of the underlying mortgage loans. The age of a mortgage loan is the number of months from the loan's origination to the issue date of the security. For purposes of calculating this data element, origination shall mean the date on which the first full month of interest begins to accrue on the mortgage loan.

[9] ***Loan Term***

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

[10] ***Remaining Maturity***

On the issue date, we will calculate both a weighted average and a quartile distribution of the calculated maturity for the underlying mortgage loans. The calculated maturity for a mortgage loan is the number of months remaining until the borrower will pay off his mortgage loan, assuming that a borrower makes all future scheduled required payments on time as set forth in the mortgage note but makes no additional prepayment after the date of calculation. The calculated maturity for a loan may be earlier than the maturity date stated in the note if a borrower has made any partial prepayments prior to the date of calculation. The maturity date of a pool as stated in the prospectus supplement is the latest calculated maturity for any of the underlying mortgage loans, as calculated on the issue date for such pool.

[11] ***Loan-to-Value Ratio***

We will calculate both a weighted average and a quartile distribution of the loan-to-value ratios for the mortgage loans, which are expressed as percentages. We generally require the loan-to-value ratio of an underlying mortgage loan in a pool to be a comparison of the delivery date unpaid principal balance of the mortgage loan and either (1) in the case of a purchase, the lower of the sales price of a mortgaged property or its appraised value at the time of a sale or (2) in the case of a refinancing, the appraised or estimated value of the mortgaged property at the time of refinancing. However, we sometimes use other methods to determine the value of a mortgaged property. For instance, the loan-to-value ratio for some mortgage loans that are refinancings is based on a comparison of the delivery date unpaid principal balance of that loan and the value that was determined at the origination of the mortgage loan being refinanced. In any case, appraisals or other valuation methods are merely estimates of the mortgaged property values and may not reflect the actual amount received upon sale or liquidation. Investors should note that loan-to-value ratios may be as high as 105%. For pools containing government mortgage loans, such as mortgage loans insured by FHA or guaranteed by VA, we do not provide loan-to-value ratios.

[12] ***Credit Score of Borrowers***

Credit scores are often used by the financial services industry to evaluate the quality of borrowers' credit. Credit scores are typically based on a proprietary statistical model that is developed for use by credit data repositories. These credit repositories apply the model to borrower credit information to come up with a credit score. One statistical model used widely in the financial services industry was developed by Fair, Isaac & Company, Inc. ("Fair Isaac"). This model is used to create a credit score called the FICO® score. FICO scores can vary depending on which credit repository is using the Fair Isaac model to supply the score. FICO scores, as reported by the credit repositories, may range from a low of 150 to a high of 950. According to Fair Isaac, a high FICO score indicates a lesser degree of credit risk.

Sellers that provide us with credit scores typically deliver FICO credit scores. If credit scores have been provided to us for underlying mortgage loans in a pool, we will provide both a weighted average and a quartile distribution of the scores in the prospectus supplement. We request our sellers to provide us credit scores, as a matter of course. If no credit score is delivered, the prospectus supplement will set forth the percentage of the unpaid principal balance of the loans for which no credit score was delivered. These loans will be excluded from the quartile distribution and from the weighted average calculation. The credit scores provided to us were obtained at a single point between the date of application for a mortgage loan and the date of origination of a mortgage loan. Certificateholders should note that a borrower's credit score may have changed after the date it was obtained Thus, a credit score obtained at application or at origination may have no relation to a borrower's credit score at the time the MBS backed by that loan is issued. We do not guarantee the methodology used to determine the credit score or the utility of a credit score to a certificateholder.

(13) ***Percentage UPB with 1st Payment Due − Issue + 2 Months***

We provide the percent of the aggregate issue date unpaid principal balance of mortgage loans in a pool that do not have their first scheduled principal payment due until the second due period following the issue date of the certificates. Certificateholders will receive no scheduled principal payment on the first distribution date (but will receive interest) with respect to that percentage of loans.

(14) ***Percentage UPB with Third Party Origination***

We will provide the percent of the aggregate unpaid principal balance of mortgage loans in a pool that were originated by a third party.

(15) ***Quartile Calculations***

We calculate the quartile figures set forth in the pool statistics as follows. For each mortgage loan characteristic where quartile figures appear, we order each loan in the pool from the highest to the lowest value. For example, we would, in the case of loan-to-value ratios, order each loan in the pool from that with the highest loan-to-value ratio to that with the lowest loan-to-value ratio. The lowest loan-to-value ratio would appear in the pool statistics under "MIN." We determine the next figure in the quartile table for such mortgage loan characteristic by counting the loans starting with the lowest value and continuing upward until the unpaid principal balance of the loans so counted equals twenty-five percent of the issue date principal balance of all the loans in the pool. The value associated with the last loan so counted appears in the quartile distribution table under "25%." We then determine the next figures in the quartile table by counting all of the loans starting with the lowest value and continuing upward until the unpaid principal balance of the loans so counted equals fifty percent of the issue date principal balance of all the loans in the pool. We then repeat this process to determine the value in the quartile table associated with seventy-five percent. The values of the last loan so counted in each case appears in the quartile distribution table under "MED" and "75%," respectively. The highest such value for any mortgage loan in a pool appears in the quartile distribution table under "MAX."

(16) ***Loan Purpose***

We will provide information as of the issue date, in a tabular format, on the number of mortgage loans in a pool that are either refinance mortgage loans or purchase money mortgage loans. We also will provide the aggregate dollar amount of these mortgage loans and the percentage of the entire pool (by unpaid principal balance) that these loans constitute. Additionally, mortgage loans that may have been modified prior to delivery to us in lieu of a traditional refinance will be shown as refinance in this table.

(17) ***Property Type***

We will provide information as of the issue date, in a tabular format, on the number of mortgage loans in a pool that are secured by one unit properties and by two to four unit properties. We also will provide the aggregate dollar amount of these mortgage loans and the percentage of the entire pool (by unpaid principal balance) that these loans constitute.

(18) ***Occupancy Type***

We will provide information as of the issue date, in a tabular format, on the number of mortgage loans in a pool that, as of their respective origination dates, were secured by principal residences, second homes, or investment properties. We also will provide the aggregate dollar amount of these mortgage loans and the percentage of the entire pool (by unpaid principal balance) that these loans constitute. The actual occupancy of the properties as of the issue date has not been verified.

(19) ***Non-Standard Loans***

We will provide information as of the issue date, in a tabular format, regarding the number of mortgage loans, the percentage of the pool's issue date unpaid principal balance, and the aggregate unpaid principal balance of cooperative share loans, relocation loans, and/or significant temporary interest rate buydown loans in a pool.

[20] ***Distribution of Loans by First Scheduled Amortization***

For certain pools of loans that have an initial interest-only period, we will provide information as of the issue date, in a tabular format, including the date of the first scheduled monthly payment that the loan is scheduled to begin amortizing, the original interest rate, the number of mortgage loans, and the aggregate unpaid principal balance.

[21] ***Origination Year***

We will provide information as of the issue date, in a tabular format, regarding the aggregate unpaid principal balance of the underlying mortgage loans originated in a particular year, the count of the loans by such year, and the percentage of the pool's issue date unpaid principal balance that such loans constitute. For purposes of this calculation, origination year shall mean the year in which such loan closed.

[22] ***Geographic Distribution***

We will provide information as of the issue date, in a tabular format, regarding the geographic distribution by state of the mortgaged properties underlying the mortgage loans in a pool. We will provide the count of the loans by state, the aggregate unpaid principal balance of those loans, and the percentage of the pool's issue date unpaid principal balance that such loans constitute.

[23] ***Origination Type***

We will provide information on the number of mortgage loans that were originated as broker, lender correspondent, or retail. We also will provide the current dollar amount of these mortgage loans and the percentage of the current pool unpaid principal balance that these loans constitute (as of the pool issue date). We define these origination types as the following:

Broker: A person or firm that specializes in loan originations, receiving a commission to bring together the borrower and a lender. The broker performs some (or most) of the loan processing functions (such as taking loan applications; ordering credit reports, appraisals, and title reports; verifying a borrower's income and employment; etc.), but typically does not actually underwrite the mortgage, fund the mortgage at settlement, or service the mortgage. The mortgage is closed in the name of the lender that commissioned the broker's services.

Correspondent: An organization that typically sells the mortgages it originates to other lenders with which it has an ongoing relationship. It performs some (or all) of the loan processing functions (such as taking loan applications; ordering credit reports, appraisals, and title reports; verifying a borrower's income and employment; etc.), as well as underwriting and funding the mortgage at settlement. The mortgage is closed in the correspondent's name. The correspondent may or may not service the mortgage.

Retail: A loan which is originated by a lender and underwritten and funded by that lender. The mortgage is closed in the lender's name and if it is sold to Fannie Mae, it is sold by the lender who originated it.

[24] ***Distribution of Loans by First Payment Date***

For adjustable-rate mortgage loans, we will provide information as of the issue date, in a tabular format, regarding distribution of the underlying mortgage loans in a pool by their first payment date and the number of the mortgage loans having each such listed first payment date. We will also provide the aggregate dollar amount of these mortgage loans.

[25] ***Gross Margins***

For adjustable-rate mortgage loans, we will provide information as of the issue date, in a tabular format, regarding the mortgage loan margins (as stated in the mortgage note) and the number of mortgage loans having each such listed mortgage loan margin. We will also provide the aggregate dollar amount of these mortgage loans.

[26] ***Next Rate Change Date Table***

For adjustable-rate mortgage loans, we will provide information as of the issue date, in a tabular format, regarding the next rate change date for the underlying mortgage loans in a pool, including the percentage of the pool (by unpaid principal balance) that will have its next rate change on the listed dates, MBS margin, coupon, cap, and floor information.

Calculation of Increase in Fee Percentage

For pools with an increasing fee percentage feature, you can calculate the amount by which the pool accrual rate will be less after all loans in the pool have had their first interest rate adjustment (from what it would otherwise be for that pool if such pool did not have an increasing fee percentage feature) by looking at the pool statistics of your prospectus supplement.

Weighted Average Coupon Rate (value is set forth on the first page of the pool statistics)	−	Initial Pool Accrual Rate (value is set forth on the first page of the pool statistics)	=	X
Weighted Average Gross Margin (you can calculate by taking the gross margins presented on the gross margin table on the last page of the pool statistics and weighting these margins on the basis of their unpaid principal balances)	−	Weighted Average MBS Margin (value is set forth on the last page of the pool statistics on the next rate change date table)	=	Y

Difference in pool accrual rate for increasing fee percentage pools after all loans in the pool have adjusted equals the difference between X and Y.

No one is authorized to give information or to make representations in connection with the MBS certificates other than the information and representations contained in this prospectus. You must not rely on any unauthorized information or representation. This prospectus does not constitute an offer or solicitation with regard to the MBS certificates if it is illegal to make such an offer or solicitation to you under state law. By delivering this prospectus at any time, no one implies that the information contained in it is correct after its date.

The Securities and Exchange Commission has not approved or disapproved the MBS certificates or determined if this prospectus or any supplement to 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 corporate Web site at www.fanniemae.com.

TABLE OF CONTENTS

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

SINGLE-FAMILY MBS PROSPECTUS

FannieMae®

April 1, 2008