

PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED NOVEMBER 1, 1994

**\$225,458,807** (Approximate)

# Federal National Mortgage Association



## Guaranteed ACES<sup>SM</sup> REMIC Pass-Through Certificates Fannie Mae Multifamily REMIC Trust 1995-M1

The Guaranteed ACES<sup>SM</sup> REMIC Pass-Through Certificates offered hereby (the "Certificates") will represent beneficial ownership interests in Fannie Mae Multifamily REMIC Trust 1995-M1 (the "Trust"). The assets of the Trust will consist primarily of the "regular interests" in an underlying trust (the "Underlying REMIC Trust") to be created by CS First Boston Mortgage Securities Corp. and First Union Mortgage Securities, Inc. (the "Underlying Depositors"). The assets of the Underlying REMIC Trust will consist of the "regular interests" in a separate trust fund (the "Lower Tier Underlying REMIC Trust"). The primary assets of the Lower Tier Underlying REMIC Trust will consist of interests in a pool (the "Mortgage Pool") of conventional, monthly pay, balloon mortgage loans (each, a "Mortgage Loan") secured by multifamily projects (each, a "Mortgaged Property") consisting of five or more rental units. Certain of the Mortgage Loans will be Fixed Rate Mortgage Loans (the "Group 1 Mortgage Loans") and certain of the Mortgage Loans will be ARM Loans (the "Group 2 Mortgage Loans"). The Mortgage Loans and the Mortgaged Properties are more fully described herein under "Description of the Mortgage Pool" and on Exhibit A hereto.

The Certificates will be issued and guaranteed as to timely distribution of interest by Fannie Mae. Fannie Mae will also guarantee all principal to Certificateholders; however, unlike the Fannie Mae guaranty of MBS, the receipt of certain principal payments by the Certificateholders may be delayed under certain circumstances described herein. Fannie Mae will not guarantee the collection from Mortgagors or the Underlying Master Servicer or the payment to Certificateholders of any Prepayment Premiums or Yield Maintenance Charges. See "Description of the Certificates—General—Fannie Mae Guaranty" herein.

Investors should not purchase the Certificates before reading this Prospectus Supplement and the additional Disclosure Documents listed at the bottom of page S-2.

(Cover continued on next page)

**THE CERTIFICATES MAY NOT BE SUITABLE INVESTMENTS FOR ALL INVESTORS. NO INVESTOR SHOULD PURCHASE CERTIFICATES UNLESS SUCH INVESTOR UNDERSTANDS AND IS ABLE TO BEAR THE EXTENSION, PREPAYMENT, YIELD, LIQUIDITY AND OTHER RISKS ASSOCIATED WITH SUCH CERTIFICATES. PROSPECTIVE INVESTORS IN ANY CLASS OF CERTIFICATES SHOULD CAREFULLY CONSIDER WHETHER SUCH AN INVESTMENT IS APPROPRIATE FOR THEIR INVESTMENT OBJECTIVES. SEE "DESCRIPTION OF THE CERTIFICATES" HEREIN.**

**THE CERTIFICATES, TOGETHER WITH ANY INTEREST THEREON, ARE NOT GUARANTEED BY THE UNITED STATES. THE OBLIGATIONS OF FANNIE MAE UNDER ITS GUARANTY OF THE CERTIFICATES ARE OBLIGATIONS SOLELY OF FANNIE MAE AND DO NOT CONSTITUTE AN OBLIGATION OF THE UNITED STATES OR ANY AGENCY OR INSTRUMENTALITY THEREOF OTHER THAN FANNIE MAE. THE CERTIFICATES ARE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933 AND ARE "EXEMPTED SECURITIES" WITHIN THE MEANING OF THE SECURITIES EXCHANGE ACT OF 1934.**

Class(1)	Original Principal Balance(2)	Principal Type(3)	Interest Rate	Interest Type(3)	CUSIP Number	Final Distribution Date(4)
A	\$ 64,000,000	SEQ	6.650%	FIX	31359LUH6	July 2010
B	26,000,000	SEQ	6.840	FIX	31359LUJ2	July 2010
C	100,761,582	SEQ	6.965	FIX	31359LUK9	July 2010
D	34,697,225	SEQ	(6)	WAC	31359LUL7	July 2010
E	(5)	NTL	(7)	WAC/IO	31359LUM5	July 2010
G	(5)	NTL	(7)	WAC/IO	31359LUN3	July 2010
H	(5)	NTL	(7)	WAC/IO	31359LUP8	July 2010
R	0	NPR	0	NPR	31359LUQ6	July 2010

- (1) The Classes (other than the R Class) will be entitled to receive distributions of Prepayment Premiums and Yield Maintenance Charges which may be received with respect to Mortgage Loans for which a principal prepayment is received, to the extent described under "Description of the Certificates—Allocation of Prepayment Premiums and Yield Maintenance Charges" herein.
- (2) Subject to a permitted variance of plus or minus 5%.
- (3) See "Description of the Certificates—Class Definitions and Abbreviations" in the Multifamily REMIC Prospectus and "Description of the Certificates—Distributions of Interest" and "Distributions of Principal" herein.
- (4) The latest maturing Mortgage Loan is scheduled to mature in July 2005. See Exhibit A hereto. The Final Distribution Date reflects (i) the Underlying Special Servicer's ability, pursuant to the Underlying Pooling and Servicing Agreement, to extend the maturity of a Mortgage Loan for three years beyond its original stated maturity date, and (ii) an additional two year period for the Underlying Special Servicer to foreclose upon or liquidate such Mortgage Loan. See "Description of the Underlying REMIC Trust—Description of the Underlying Pooling and Servicing Agreement—Servicing of the Mortgage Loans—Modifications, Waivers and Amendments" herein.
- (5) The E, G and H Classes will be Notional Classes, will have no principal balance and will bear interest on their notional principal balances (initially \$64,000,000, \$26,000,000 and \$100,761,582 respectively). The notional principal balances of the E, G and H Classes will be calculated based on the outstanding Class Balance of each of the Class A, B and C Certificates, respectively.
- (6) Initially, 8.381% per annum. The D Class will bear interest initially at a variable rate per annum equal to the Weighted Average Net Mortgage Rate for the Group 2 Mortgage Loans as described herein and thereafter at a variable rate per annum determined as described herein. See "Description of the Certificates—Structure of the Underlying REMIC Trust—The Underlying PL Senior Certificates and the Mortgage Loans" herein.
- (7) Initially, 2.525%, 2.335% and 2.210% per annum for the E, G, and H Classes respectively. The E, G and H Classes will bear interest at a variable rate per annum which will equal the Weighted Average Net Mortgage Rate for the Group 1 Mortgage Loans, less the Class A, B and C Certificate Rates, respectively.

The Certificates will be offered by CS First Boston Corporation ("CS First Boston") and First Union Capital Markets Corp. ("First Union" and together with CS First Boston, the "Dealers") from time to time in negotiated transactions, at varying prices to be determined at time of sale.

The Certificates are offered by the Dealers, when, as and if issued, delivered to and accepted by the Dealers, and subject to the Dealers' right to reject any order in whole or in part. It is expected that the Certificates, except for the R Class, will be available through the book-entry system of the Federal Reserve Banks on or about June 30, 1995 (the "Settlement Date"). It is expected that the R Class in registered, certificated form will be available for delivery at the offices of CS First Boston, New York, New York on or about the Settlement Date.

**CS First Boston**

**First Union Capital Markets Corp.**

The date of this Prospectus Supplement is May 25, 1995.

*(Cover continued from previous page)*

The yield to investors in each Class will be sensitive in varying degrees to the rate of principal payments of the Mortgage Loans, the characteristics of the Mortgage Loans actually included in the Mortgage Pool, and the purchase price paid for the related Class. Accordingly, investors should consider the following risks:

- Subject to certain restrictions (including Lock-Out Periods and/or the imposition of Prepayment Premiums and Yield Maintenance Charges (as hereinafter defined)) on principal prepayments (as hereinafter defined), Mortgage Loans generally may be prepaid prior to their stated maturities; accordingly, the rate of principal payments thereon are likely to vary considerably from time to time. As used herein, "principal prepayment" means any payment or other collection of principal on a Mortgage Loan which is received in advance of its scheduled due date and which is not accompanied by an amount of interest representing scheduled interest due on any date or dates in any month or months subsequent to the month of payment.
- Slight variations in Mortgage Loan characteristics could substantially affect the weighted average lives and yields of some or all of the Classes.
- In the case of any Certificates purchased at a discount from their principal amounts, a slower than anticipated rate of principal payments is likely to result in a lower than anticipated yield.
- In the case of any Certificates purchased at a premium to their principal amounts, a faster than anticipated rate of principal payments is likely to result in a lower than anticipated yield.
- In the case of any Notional Class, a faster than anticipated rate of principal payments is likely to result in a lower than anticipated yield and, in certain cases, an actual loss on the investment.
- The allocation to any Class of any Prepayment Premium or Yield Maintenance Charge may be insufficient to offset fully the adverse effects on the anticipated yield arising out of the corresponding principal prepayment.
- The Underlying Pooling and Servicing Agreement (as hereinafter defined) permits the modification (including an extension) of a Mortgage Loan under certain circumstances. Any extension of a Mortgage Loan is likely to cause an extension of the weighted average life of a Certificate. In addition, failure of a Mortgagor to timely make a Balloon Payment (as hereinafter defined) is also likely to cause an extension of the weighted average life of a Certificate.
- The prepayment or default of a Cross-Collateralized Mortgage Loan (as hereinafter defined) may have a greater effect on the rate of principal prepayments, and therefore the yield on the Certificates, than the prepayment or default of a Mortgage Loan that is not cross-collateralized.

See "Description of the Certificates—Yield Considerations" herein.

In addition, investors should purchase Certificates only after considering the following:

- The actual final payment of any Class will likely occur earlier, and could occur much earlier, than the Final Distribution Date for such Class specified on the cover page. See "Description of the Certificates—Weighted Average Lives of the Certificates" herein and "Maturity and Prepayment Considerations and Risks—Weighted Average Life and Final Distribution Dates" in the Multifamily REMIC Prospectus.
- The rate of principal distributions of the Certificates is uncertain and investors may be unable to reinvest the distributions thereon at yields equaling the yields on the Certificates. See "Yield Considerations—Reinvestment Risk" in the Multifamily REMIC Prospectus and "Description of the Certificates—Yield Considerations" herein.
- Investors whose investment activities are subject to legal investment laws and regulations or to review by regulatory authorities may be subject to restrictions on investment in certain Classes of the Certificates. Investors should consult their legal advisors to determine whether and to what extent the Certificates constitute legal investments or are subject to restrictions on investment. See "Legal Investment Considerations" in the Multifamily REMIC Prospectus.
- The Dealers intend to make a market for the Certificates but are not obligated to do so. There can be no assurance that a secondary market will develop or, if developed, that it will continue. Thus, investors may not be able to sell their Certificates readily or at prices that will enable them to realize their anticipated yield. No investor should purchase Certificates unless such investor understands and is able to bear the risk that the value of the Certificates will fluctuate over time and that the Certificates may not be readily salable.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of this Prospectus Supplement or the Multifamily REMIC Prospectus. Any representation to the contrary is a criminal offense.

An election will be made to treat the Trust as a "real estate mortgage investment conduit" ("REMIC") pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). The R Class will be subject to transfer restrictions. See "Description of the Certificates—Characteristics of the R Class" and "Certain Additional Federal Income Tax Consequences" herein and "Description of the Certificates—Additional Characteristics of Residual Certificates" and "Certain Federal Income Tax Consequences" in the Multifamily REMIC Prospectus.

Investors should purchase the Certificates only if they have read and understood this Prospectus Supplement and the following documents (collectively, the "Disclosure Documents"):

- Fannie Mae's Prospectus for Guaranteed Multifamily REMIC Pass-Through Certificates dated November 1, 1994 (the "Multifamily REMIC Prospectus"); and
- Fannie Mae's Information Statement dated March 31, 1995 and any supplements thereto (collectively, the "Information Statement").

The Multifamily REMIC Prospectus and the Information Statement are incorporated herein by reference and may be obtained from Fannie Mae by writing or calling its MBS Helpline at 3900 Wisconsin Avenue, N.W., Area 2H-3S, Washington, D.C. 20016 (telephone 1-800-BEST-MBS or 202-752-6547). Such documents may also be obtained from CS First Boston or First Union by writing or calling the related Prospectus Department at 55 East 52nd Street, New York, NY 10055, Telephone: 212-909-2000 for CS First Boston, or One First Union Center, Charlotte, North Carolina 28288-0600, Telephone: 704-383-7406 for First Union.

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## REFERENCE SHEET

This reference sheet is not a complete summary of the REMIC transaction and it does not contain complete information about the Certificates. Investors should purchase the Certificates only after reading this Prospectus Supplement and each of the additional Disclosure Documents described herein in their entirety. Capitalized terms defined in the Glossary and not otherwise defined herein shall have the meanings assigned thereto in the Glossary.

### The Certificates

#### *Interest Rates*

The interest bearing Certificates will bear interest at the respective per annum interest rates set forth on the cover. The D Certificate Rate will be equal to the Underlying PL Class D Pass-Through Rate. See “Description of the Certificates—Structure of the Underlying REMIC Trust—The Underlying PL Senior Certificates and Mortgage Loans” herein.

#### *Interest Only Classes*

The notional principal balance of each Notional Class will be equal to the indicated percentage of the outstanding principal balance of the following Classes immediately prior to the related Distribution Date:

<u>Class</u>	<u>Percentage of Principal Balance of Specified Class</u>
E .....	100% of A Class
G .....	100% of B Class
H .....	100% of C Class

#### *Distributions of Principal*

On each Distribution Date, the Loan Group Aggregate Principal Distribution Amount will be distributed (i) with respect to the Group 1 Mortgage Loans to the A, B, C and D Classes, in that order, until the respective principal balances thereof are reduced to zero and (ii) with respect to the Group 2 Mortgage Loans to the D Class until the principal balance thereof is reduced to zero. See “Description of the Certificates—Distributions of Principal—Principal Distribution Amount” herein.

### Weighted Average Lives (years)\*

<u>Class</u>	<u>CPR Prepayment Assumption</u>				
	<u>0%</u>	<u>3%</u>	<u>6%</u>	<u>9%</u>	<u>12%</u>
A and E** .....	5.5	4.1	3.0	2.3	1.8
B and G** .....	7.5	6.5	6.1	5.3	4.4
C and H** .....	9.5	9.1	8.5	7.9	7.4
D .....	8.9	7.8	6.9	6.1	5.4

\* Determined as specified under “Description of the Certificates—Weighted Average Lives of the Certificates” herein.

\*\* The E, G and H Classes are Notional Classes. The Weighted Average Lives shown on the table for the E, G and H Classes are based upon the original notional principal balance thereof which is equal to the outstanding Class Balance of each of the A, B and C Classes, respectively.

### Characteristics of the Underlying REMIC Trust

#### *Characteristics of the Underlying PL Senior P&I Certificates*

The initial outstanding principal balance of the Underlying PL Senior P&I Certificates is \$225,458,807, subject to a permitted variance of plus or minus 5%. The Underlying PL Class A,

Class B and Class C Pass-Through Rates are, with respect to any Distribution Date, fixed rates of 6.650%, 6.840% and 6.965% per annum, respectively. The Underlying PL Class D Pass-Through Rate, with respect to any Distribution Date, is a variable rate per annum equal to the Weighted Average Net Mortgage Rate for the Group 2 Mortgage Loans except in certain circumstances described herein. See “Description of the Certificates—Structure of the Underlying REMIC Trust—*The Underlying PL Senior Certificates and the Mortgage Loans*”.

*Characteristics of the Related PL Subordinated Certificates*

The initial outstanding principal balance of the Related PL Subordinated Certificates is \$25,608,907, subject to a permitted variance of plus or minus 5%. For information relating to the payments required to be made to the Related PL Subordinated Certificates see “Description of the Underlying REMIC Trust” herein.

*Characteristics of Mortgage Loans in the Mortgage Pool*

The table contained in Exhibit A hereto sets forth certain information regarding the Mortgage Loans. In addition, the following table provides certain specific summary information regarding the Mortgage Pool as of the Cut-Off Date after application of payments due on that date. The information with respect to the Mortgage Loans set forth on Exhibit A hereto, and contained in the following table, has been collected and summarized by the Underlying Depositors and provided to Fannie Mae.

Number of Loans .....	76
Total Current Mortgage Loan Principal Balance .....	\$251,067,714
Average Mortgage Loan Principal Balance .....	\$3,303,523
Minimum Mortgage Loan Principal Balance .....	\$276,603
Maximum Mortgage Loan Principal Balance .....	\$10,931,430
Weighted Average Debt Service Coverage Ratio .....	1.35x
Minimum Debt Service Coverage Ratio .....	1.10x
Maximum Debt Service Coverage Ratio .....	2.05x
Weighted Average Loan-to-Value Ratio .....	67.7%
Minimum Loan-to-Value Ratio .....	48.73%
Maximum Loan-to-Value Ratio .....	75.44%
Weighted Average Remaining Amortization Term .....	328 months
Weighted Average Original Term to Stated Maturity .....	110 months
Minimum Original Term to Stated Maturity .....	60 months
Maximum Original Term to Stated Maturity .....	120 months
Weighted Average Remaining Term to Stated Maturity .....	104 months
Minimum Remaining Term to Stated Maturity .....	46 months
Maximum Remaining Term to Stated Maturity .....	121 months
Weighted Average Mortgage Rate .....	9.71%
Minimum Mortgage Rate .....	8.25%
Maximum Mortgage Rate .....	11.38%
Weighted Average Net Mortgage Rate .....	9.065%
Minimum Net Mortgage Rate .....	7.5875%
Maximum Net Mortgage Rate .....	10.805%
Weighted Average Remaining Lock-Out Period/Yield Maintenance .....	83 months

Certain of the Mortgage Loans are Cross-Collateralized Mortgage Loans. See “Description of the Mortgage Pool—Certain Terms and Conditions of the Mortgage Loans—*Cross-Default and Cross-Collateralization of Certain Mortgage Loans*” herein. For additional information as to the Mortgage Pool, including Debt Service Coverage Ratios and Cut-off Date LTV Ratios, see “Description of the Mortgage Pool—Additional Mortgage Loan Information” herein.

## CERTAIN ASPECTS OF MULTIFAMILY REMIC PASS-THROUGH CERTIFICATES

Prospective Certificateholders should consider the following factors in connection with a purchase of the Certificates.

1. *Balloon Mortgage Loans and Extension Risk.* All of the Mortgage Loans are not fully amortizing over their terms to maturity, and thus will have Balloon Payments due at their respective stated maturities. The Mortgage Loans involve a greater risk of default because the ability of a Mortgagor to make a Balloon Payment typically will depend upon the ability of the Mortgagor either to refinance the Mortgage Loan or to sell the related Mortgaged Property. The ability of a Mortgagor to accomplish either of these goals will be affected by a number of factors, including the level of available mortgage rates at the time of sale or refinancing, the Mortgagor's equity in the Mortgaged Property, the financial condition and operating history of the Mortgaged Property, tax laws and prevailing general economic conditions. If the Mortgagor were unable to either refinance the Mortgage Loan or to sell the related Mortgaged Property and such inability to refinance or sell led to a default under the terms of the Mortgage Loan, the Underlying Special Servicer may modify or amend the terms of such Mortgage Loan, which modification may extend the maturity of the Mortgage Loan up to three years. Any such extension of a Mortgage Loan may cause the weighted average lives of the Certificates to be longer than if the Mortgage Loan had paid under its original terms. See "Description of the Underlying REMIC Trust—Description of the Underlying Pooling and Servicing Agreement—*Servicing of the Mortgage Loans—Modifications, Waivers and Amendments*" herein.

2. *Other Risks of Multifamily Lending.* Multifamily lending is generally viewed as exposing the lender to a greater risk of loss than one- to four-family residential lending. Multifamily lending typically involves larger loans to single Mortgagors or groups of related Mortgagors than residential one- to four-family mortgage loans. Furthermore, the repayment of Mortgage Loans secured by income producing properties is typically dependent upon the successful operation of the related real estate project. If the cash flow from the project is reduced (for example, if leases are not obtained or renewed), the Mortgagor's ability to repay the Mortgage Loan may be impaired. Multifamily real estate can be affected significantly by supply and demand in the market for the type of property securing the Mortgage Loan and, therefore, may be subject to adverse economic conditions. Market values may vary as a result of economic events or governmental regulations outside the control of the Mortgagor or lender such as rent control laws, which impact the future cash flow of the property. Due to Fannie Mae's guaranty, Certificateholders will continue to receive the Interest Distribution Amount and applicable portion of the Principal Distribution Amount on each Distribution Date regardless of whether sufficient funds have been collected from the Mortgagors; however, the receipt of certain principal payments by Certificateholders may be significantly delayed in the event of any defaulted Balloon Payments. See "Description of the Certificates—General—*Fannie Mae Guaranty*" herein. In addition, principal prepayments resulting from liquidations of Mortgage Loans due to defaults, casualties or condemnations affecting the Mortgaged Properties, or purchases of Mortgage Loans out of the Lower Tier Underlying REMIC Trust due to breaches of representations may significantly affect the yield to investors. See "Description of the Certificates—Yield Considerations" and "Description of the Underlying REMIC Trust—Description of the Underlying Pooling and Servicing Agreement—*Representations and Warranties; Repurchases*" herein.

3. *Collection of Prepayment Premiums and Yield Maintenance Charges.* Fannie Mae will not guarantee the collection from Mortgagors or the Underlying Master Servicer or the payment to Certificateholders of any Prepayment Premiums or Yield Maintenance Charges. Certain state laws limit the amounts that a lender may collect from a Mortgagor as an additional charge in connection with the prepayment of a mortgage loan. Furthermore, the enforceability, under the laws of a number of states, of provisions providing for Prepayment Premiums or Yield Maintenance Charges

upon an involuntary prepayment is unclear. See “Description of the Certificates—General—*Fannie Mae Guaranty*” and “—Allocation of Prepayment Premiums and Yield Maintenance Charges” herein.

4. *Repurchases Due to Breach of Representations and Warranties.* CS First Boston Mortgage Capital Corp., First Union National Bank of North Carolina and Berkeley Federal Bank & Trust, FSB (each a “Mortgage Loan Seller” and together, the “Mortgage Loan Sellers”) will make certain customary representations and warranties for the benefit of the Underlying Trustee and the Underlying Certificateholders with respect to each Mortgage Loan sold to the related Underlying Depositor by each such Mortgage Loan Seller. If a breach is discovered which materially and adversely affects the value of any Mortgage Loan, the related Mortgage Loan Seller will be required to either cure in all material respects such breach or purchase the affected Mortgage Loan from the Underlying Trustee at the applicable Purchase Price. Principal prepayments resulting from repurchases of Mortgage Loans out of the Lower Tier Underlying REMIC Trust due to breaches of representations and warranties may significantly affect the yield to investors. If the Mortgage Loan is repurchased, the investor will not receive any Prepayment Premiums or Yield Maintenance Charges for such principal prepayment. See “Description of the Certificates—Yield Considerations” and “Description of the Underlying REMIC Trust—Description of the Underlying Pooling and Servicing Agreement—*Representations and Warranties; Repurchases*” herein.

5. *Permitted Variance Factor.* The Initial Mortgage Pool Balance and initial original principal balances of the Certificates are subject to a permitted variance of plus or minus 5%. Therefore, investors should be aware that the characteristics of the Mortgage Loans actually included in the Mortgage Pool may differ from the characteristics of the Mortgage Loans set forth in the discussions and tables in this Prospectus Supplement.

6. *Risks Associated with Low Income Housing Tax Credits.* The rent limitations imposed on certain of the Mortgaged Properties pursuant to the requirements of Section 42 of the Code may adversely affect the ability of the applicable Mortgagors to increase rents to maintain such Mortgaged Properties in proper condition during periods of rapid inflation or declining market value of such Mortgaged Properties. In addition, the income restrictions on tenants imposed by Section 42 of the Code may reduce the number of eligible tenants in such Mortgaged Properties and result in a reduction in occupancy rates applicable thereto. See “Description of the Mortgage Pool—Certain Terms and Conditions of the Mortgage Loans—*Low Income Housing Tax Credits*” herein.

## DESCRIPTION OF THE CERTIFICATES

The following summaries describing certain provisions of the Certificates do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the remaining provisions of this Prospectus Supplement, the additional Disclosure Documents and the provisions of the Trust Agreement (as defined below). In addition, the summary description below of certain aspects of the Underlying PL Senior P&I Certificates, the Underlying PL Senior Notional Certificates, the Related PL IO Certificates and the Related PL Subordinated Certificates do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the Underlying Pooling and Servicing Agreement. Capitalized terms used and not otherwise defined in this Prospectus Supplement have the meanings assigned to such terms in the applicable Disclosure Document or the Trust Agreement or the Underlying Pooling and Servicing Agreement (as the context may require).

## General

**Assets.** The assets of the Trust will consist primarily of (i) (A) seven classes of senior, private-label, mortgage pass-through certificates that will (1) evidence a specified portion of the beneficial ownership interest of the Underlying REMIC Trust to be created by the Underlying Depositors, and (2) be designated as the Underlying PL Class A, B, C and D Certificates (the “Underlying PL Senior P&I Certificates”) and the Underlying PL Class E, G and H Certificates (the “Underlying PL Senior Notional Certificates”) and together with the Underlying PL Senior P&I Certificates, the “Underlying PL Senior Certificates”) and (B) the proceeds of such Underlying PL Senior Certificates and (ii) the Trust Account (as hereinafter defined) and all cash and investments held therein. The assets of the Trust will also include one class of interest only, senior private-label, mortgage pass-through certificates that will be designated as the Class IO Certificates of the Underlying REMIC Trust (the “Related PL IO Certificates”).

**Structure.** The Trust will be created pursuant to a trust agreement to be dated as of June 1, 1995 (the “Trust Agreement”), executed by the Federal National Mortgage Association (“Fannie Mae”) in its corporate capacity and in its capacity as trustee (the “Trustee”), and the Certificates in the Classes and aggregate original principal balances set forth on the cover hereof will be issued by Fannie Mae pursuant thereto. A description of Fannie Mae and its business, together with certain financial statements and other financial information, is contained in the Information Statement.

The Certificates (other than the R Class) will be designated as the “regular interests” and the R Class will be designated as the “residual interest” in the REMIC constituted by the Trust.

**Fannie Mae Guaranty.** Fannie Mae guarantees to the Holders of the A, B, C, D, E, G and H Classes the timely payment of the amount of their respective Interest Distribution Amounts, whether or not sufficient funds are available therefor in the Trust Account. See “—Distributions of Interest—General” herein.

Fannie Mae will not guarantee the Underlying PL Senior Certificates or the timely payment of Balloon Payments on the stated maturity dates of the related Mortgage Loans. Fannie Mae will guarantee to the Holders of the A, B, C and D Classes the related Principal Distribution Amount (as defined herein), whether or not sufficient funds are available therefor in the Trust Account. However, the distribution of Balloon Payments may be significantly delayed in the event of any defaulted Balloon Payments. Fannie Mae will be obligated to distribute the principal balance of the A, B, C and D Classes in full no later than the applicable Final Distribution Date, whether or not sufficient funds are available in the Trust Account. See “—Distributions of Principal—Principal Distribution Amount” herein. In the case of defaulted Balloon Payments, the related Mortgage Loan will be treated as a Mortgage Loan that amortizes in accordance with its prior amortization schedule, and Certificateholders will be entitled to distributions in respect of a deemed payment (an “Assumed Payment”) that is generally equal to the prior scheduled principal and interest payments, and not the entire Balloon Payment. See “Description of the Underlying REMIC Trust—Description of the Underlying PL Senior P&I Certificates, the Underlying PL Senior Notional Certificates, the Related PL IO Certificates and the Related PL Subordinated Certificates—Distributions of Principal and Interest” herein.

Fannie Mae will not guarantee the collection from Mortgagors or the Underlying Master Servicer or the payment to Certificateholders of any Prepayment Premiums or Yield Maintenance Charges (referred to collectively as “Prepayment Premiums” in the Multifamily REMIC Prospectus). Accordingly, Certificateholders entitled to receive Prepayment Premiums or Yield Maintenance Charges will receive them only to the extent actually received by the Trustee from the Underlying Master Servicer. See “Description of the Certificates—Fannie Mae’s Guaranty” in



the Multifamily REMIC Prospectus and “Description of the Certificates—Allocation of Prepayment Premiums and Yield Maintenance Charges” herein. For a description of the Prepayment Premiums and Yield Maintenance Charges, see “Description of the Mortgage Pool—Certain Terms and Conditions of the Mortgage Loans—*Prepayment Provisions*” herein. Certain state laws may affect the collectibility of Prepayment Premiums and Yield Maintenance Charges. See “Description of the Certificates—Allocation of Prepayment Premiums and Yield Maintenance Charges” herein.

The guaranties of Fannie Mae are not backed by the full faith and credit of the United States.

*Characteristics of Certificates.* The Certificates, other than the R Certificates, will be issued and maintained and may be transferred by Holders only on the book-entry system of the Federal Reserve Banks. Such entities whose names appear on the book-entry records of a Federal Reserve Bank as the entities for whose accounts such Certificates have been deposited are herein referred to as “Holders” or “Certificateholders.” A Holder is not necessarily the beneficial owner of a book-entry Certificate. Beneficial owners will ordinarily hold book-entry Certificates through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. See “Description of the Certificates—Denominations, Certificate Form” in the Multifamily REMIC Prospectus.

The R Certificates will not be issued in book-entry form but will be issued in fully registered, certificated form. As to an R Certificate, “Holder” or “Certificateholder” refers to the registered owner thereof. The R Certificates will be transferable at the corporate trust office of the Transfer Agent, or at the agency of the Transfer Agent in New York, New York. The Transfer Agent initially will be State Street Bank and Trust Company in Boston, Massachusetts (“State Street”). A service charge may be imposed for registration of transfer of an R Certificate, and Fannie Mae may require payment of a sum sufficient to cover any tax or other governmental charge. See also “—Characteristics of the R Class” herein.

The distribution to the Holder of an R Certificate of the proceeds of any remaining assets of the Trust will be made only upon presentation and surrender of such R Certificate at the office of the Paying Agent. The Paying Agent initially will be State Street.

*Authorized Denominations.* The Certificates, other than the R Certificates, will be issued in minimum denominations of \$1,000 and integral multiples of \$1 in excess thereof.

*Distribution Dates.* Distributions on the Certificates will be made on the 25th day of each month (or, if such 25th day is not a business day, on the first business day next succeeding such 25th day) (each, a “Distribution Date”), commencing in the month following the Settlement Date.

*Record Date.* Each monthly distribution on the Certificates will be made to Holders of record on the last day of the immediately preceding month.

*REMIC Trust Factors.* As soon as practicable following the eleventh calendar day of each month, Fannie Mae will publish or otherwise make available for each Class of Certificates the factor (carried to eight decimal places) which, when multiplied by the original principal balance of a Certificate of such Class, will equal the remaining principal balance of such Certificate after giving effect to the distribution of principal to be made on the following Distribution Date.

*Optional Termination.* Fannie Mae will agree not to effect an early termination of the Trust through the exercise of its right to repurchase the Underlying PL Senior Certificates and the Related PL IO Certificates unless the aggregate Class Balance of the Underlying PL Senior P&I Certificates at the time of such repurchase is less than five percent of the original aggregate Class Balance of the Underlying PL Senior P&I Certificates. There may also be an early termination of

the Trust in the event the Underlying Master Servicer, the Majority Underlying PL Senior Voteholder or either Underlying Depositor effects the retirement of the Underlying PL Senior Certificates, the Related PL IO Certificates and the Related PL Subordinated Certificates by exercising its right to purchase the Mortgage Loans and the REO Properties in the Lower Tier Underlying REMIC Trust at any time when the aggregate Reported Principal Balances of such Mortgage Loans and the REO Loans is less than five percent of the Initial Mortgage Pool Balance. See “Description of the Underlying REMIC Trust—Description of the Underlying Pooling and Servicing Agreement—*Termination*” herein.

## **Structure of the Underlying REMIC Trust**

### *General*

The Underlying REMIC Trust will be created pursuant to a pooling and servicing agreement, to be dated as of June 1, 1995 (the “Underlying Pooling and Servicing Agreement”), among CS First Boston Mortgage Securities Corp. and First Union Mortgage Securities, Inc., as depositors (the “Underlying Depositors”), Bankers Trust Company, as master servicer (the “Underlying Master Servicer”) and as the initial special servicer (the “Underlying Special Servicer”) and State Street Bank and Trust Company, as trustee (the “Underlying Trustee”).

The assets of the Underlying REMIC Trust will consist of the “regular interests” in the Lower Tier Underlying REMIC Trust, the assets of which will consist generally of interests in (i) the Mortgage Loans and all payments under and proceeds of the Mortgage Loans received after the Cut-off Date (exclusive of payments of principal and interest due on or before the Cut-off Date), (ii) the Mortgage Notes, Mortgages and certain other documents related to the Mortgage Loans, (iii) any Mortgaged Property acquired on behalf of the Underlying REMIC Trust through foreclosure or deed in lieu of foreclosure (upon acquisition, an “REO Property”) and (iv) the rights of the mortgagee under all insurance policies with respect to the Mortgage Loans. The entire beneficial ownership interest in the Underlying REMIC Trust will be evidenced by the Underlying PL Senior Certificates, the Related PL IO Certificates and the other Classes issued therewith (such other Classes being referred to collectively herein as the “Related PL Subordinated Certificates”). The Underlying PL Senior Certificates, the Related PL IO Certificates and the Related PL Subordinated Certificates are not offered hereby or guaranteed by Fannie Mae. See “Reference Sheet—Characteristics of the Underlying REMIC Trust—*Characteristics of the Underlying PL Senior P&I Certificates and Characteristics of the Related PL Subordinated Certificates*” herein.

A REMIC election will be made with respect to the Underlying REMIC Trust. The Underlying PL Senior Certificates, the Related PL IO Certificates and the Related PL Subordinated Certificates (other than the Class R Certificates issued by the Underlying REMIC Trust, which shall be referred to herein as the “Related PL Class R Certificates”) will evidence the “regular interests” (the “Underlying REMIC Regular Interests”), and the Related PL Class R Certificates will evidence the sole class of “residual interests” (the “Underlying REMIC Residual Interests”), in the Underlying REMIC Trust. The Underlying PL Senior Certificates, the Related PL IO Certificates and the Related PL Subordinated Certificates that evidence Underlying REMIC Regular Interests are herein referred to from time to time as the “Underlying REMIC Regular Certificates.” See “Description of the Underlying REMIC Trust” herein.

### *The Mortgage Pool*

The “Cut-off Date” for the Mortgage Pool is June 1, 1995. There are 76 Mortgage Loans in the Mortgage Pool and the aggregate unpaid principal balance thereof as of the Cut-off Date (the “Initial Mortgage Pool Balance”) is approximately \$251,067,714, subject to a permitted variance of plus or minus 5%, after application of all payments of principal due on or before the Cut-off Date,

whether or not received. Each Mortgage Loan is evidenced by a note, bond or other evidence of indebtedness (a “Mortgage Note”) and is secured by a first mortgage, deed of trust or other similar security instrument (each, a “First Mortgage”) that creates a first lien on a multifamily project (a “Mortgaged Property”) consisting of five or more rental units. Certain sub-groups of the Mortgage Loans are cross-collateralized (each such Mortgage Loan, a “Cross-Collateralized Mortgage Loan”). Each Cross-Collateralized Mortgage Loan is also secured by a mortgage, deed of trust or other similar security instrument (each, an “Additional Mortgage” and each First Mortgage and Additional Mortgage, a “Mortgage”) that creates a lien on one or more Mortgaged Properties securing the other Mortgage Loan or Loans with which it is cross-collateralized. The purpose of the Additional Mortgages is to effect cross-collateralization of the related Cross-Collateralized Mortgage Loans and such Mortgages do not reflect additional debt beyond the applicable Cross-Collateralized Mortgage Loans. See “Description of the Mortgage Pool—Certain Terms and Conditions of the Mortgage Loans—*Cross-Default and Cross-Collateralization of Certain Mortgage Loans*” herein. Seventy of the Mortgage Loans, which represent 86.2% of the Initial Mortgage Pool Balance, bear interest at Mortgage Rates that are fixed for their entire terms (each, a “Fixed Rate Mortgage Loan”) and constitute the Group 1 Mortgage Loans. Six of the Mortgage Loans, which represent 13.8% of the Initial Mortgage Pool Balance, bear interest at Mortgage Rates which are in each case subject to periodic adjustments following the Cut-Off Date (each an “ARM Loan”) and constitute the Group 2 Mortgage Loans. All of the Mortgage Loans provide for monthly payments of principal based on amortization schedules significantly longer than the remaining terms of such Mortgage Loans (each, a “Balloon Mortgage Loan”), thereby leaving substantial principal amounts then due and payable (each, a “Balloon Payment”) on their respective maturity dates.

#### *The Underlying PL Senior Certificates and the Mortgage Loans*

The Underlying PL Senior P&I Certificates, which initially evidence 89.8% of the Initial Mortgage Pool Balance, initially will have an aggregate Class Balance of \$225,458,807, subject to a permitted variance of plus or minus 5%. The Underlying PL Class A, B and C Certificates have fixed Pass-Through Rates of 6.650%, 6.840% and 6.965% per annum, respectively. The Underlying PL Class D Pass-Through Rate, with respect to any Distribution Date, is a variable rate per annum equal to the Weighted Average Net Mortgage Rate for the Group 2 Mortgage Loans; provided, however, that in the event the Class Balance for the Underlying PL Class D Certificates exceeds the Reported Principal Balance of the Group 2 Mortgage Loans (such excess being the “Loss Amount” for the Group 2 Mortgage Loans), the Pass-Through Rate for the Underlying PL Class D Certificates will be adjusted to a per annum rate which is equal to the weighted average of (A) the Weighted Average Net Mortgage Rate of the Group 2 Mortgage Loans and (B) the Weighted Average Net Mortgage Rate of the Group 1 Mortgage Loans, weighted in the case of clause (A) by the aggregate Reported Principal Balance of the Group 2 Mortgage Loans and in the case of clause (B) by the Loss Amount.

The Underlying PL Class E, G and H Certificates, which do not have a principal balance, will bear interest at the per annum interest rates described herein on a notional principal balance equal to the outstanding Class Balance of each of the A, B and C Certificates, respectively. See “—Distributions of Interest—*Notional Classes*” and “Description of the Underlying REMIC Trust—Description of the Underlying PL Senior P&I Certificates, the Underlying PL Senior Notional Certificates, the Related PL IO Certificates and the Related PL Subordinated Certificates” herein.

The Underlying PL Senior Certificates will also have the other general and detailed characteristics described in the Multifamily REMIC Prospectus and under “Description of the Underlying REMIC Trust—Description of the Underlying PL Senior P&I Certificates, the Underlying PL Senior Notional Certificates, the Related PL IO Certificates and the Related PL Subordinated Certificates” herein. The “Pass-Through Rate” is the rate at which interest accrues on any Class of the Underlying PL Senior Certificates, which rates are described herein.

Generally, the “Accrued Certificate Interest” in respect of any Class of Underlying REMIC Regular Certificates for any Distribution Date is equal to 30 days’ interest at the Underlying Pass-Through Rate applicable to such Class of Underlying REMIC Regular Certificates for such Distribution Date, accrued on the Class Balance or notional principal balance thereof outstanding immediately prior to such Distribution Date.

The “Due Period” with respect to the Underlying PL Senior Certificates, the Related PL IO Certificates and the Related PL Subordinated Certificates for any Distribution Date is the period commencing on the second day of the month preceding the month in which such Distribution Date occurs and ending on the first day of the month in which such Distribution Date occurs. See “Description of the Underlying REMIC Trust—Description of the Underlying PL Senior P&I Certificates, the Underlying PL Senior Notional Certificates, the Related PL IO Certificates and the Related PL Subordinated Certificates—*Distributions of Principal and Interest*” herein.

The Mortgage Loans will be Fixed Rate Mortgage Loans and ARM Loans. The Mortgage Loans will have the characteristics described under “The Series Trust—The Mortgage Pools” and “Yield Considerations” in the Multifamily REMIC Prospectus and “Description of the Mortgage Pool” herein. The characteristics of the Underlying PL Senior Certificates, the Related PL Subordinated Certificates and the Mortgage Loans as of June 1, 1995 (the “Issue Date”) are expected to be as follows:

Aggregate Initial Mortgage Pool Balance represented by the	
Underlying PL Senior P&I Certificates .....	\$225,458,807
Aggregate Initial Mortgage Pool Balance represented by the Related	
PL Subordinated Certificates .....	\$25,608,907
Aggregate Mortgage Loan Principal Balance of the Mortgage Loans ...	\$251,067,714
Range of Net Mortgage Rates .....	7.5875-10.805%
WAC .....	9.065%
Range of Remaining Terms to Stated Maturity (in months).....	46-121
WAM (in months).....	104

The Underlying PL Senior Certificates will generally have the following Pass-Through Rates:

Underlying PL Class A Pass-Through Rate .....	6.650%
Underlying PL Class B Pass-Through Rate .....	6.840
Underlying PL Class C Pass-Through Rate .....	6.965
Initial Underlying PL Class D Pass-Through Rate .....	8.381
Initial Underlying PL Class E Pass-Through Rate .....	2.525
Initial Underlying PL Class G Pass-Through Rate .....	2.335
Initial Underlying PL Class H Pass-Through Rate .....	2.210

Certain of the Mortgage Loans are Cross-Collateralized Mortgage Loans. See “Description of the Mortgage Pool—Certain Terms and Conditions of the Mortgage Loans—*Cross-Default and Cross-Collateralization of Certain Mortgage Loans*” herein.

Following the issuance of the Certificates, Fannie Mae will prepare a Final Data Statement setting forth, among other information, the Class Balances of the Underlying PL Senior P&I Certificates and the notional principal balances of the Underlying PL Senior Notional Certificates. The Final Data Statement will not accompany this Prospectus Supplement but will be made available by Fannie Mae. To request the Final Data Statement, telephone Fannie Mae at 1-800-BEST-MBS or 202-752-6547. The contents of the Final Data Statement and other data specific to the Underlying PL Senior P&I Certificates and the Underlying PL Senior Notional Certificates are available in electronic form by calling Fannie Mae at 1-800-752-6440 or 202-752-6000.

## Distributions of Interest

### *Categories of Classes*

For the purpose of payments of interest, the Classes will be categorized as follows:

<u>Interest Type*</u>	<u>Classes</u>
Fixed Rate	A, B and C
Weighted Average Coupon	D, E, G and H
Interest Only	E, G and H
No Payment Residual	R

\* See "Description of the Certificates—Class Definitions and Abbreviations" in the Multifamily REMIC Prospectus.

*General.* The interest-bearing Certificates will bear interest at the respective per annum interest rates described on the cover. In the event that the Class Balance for the Underlying PL Class D Certificates exceeds the Reported Principal Balance of the Group 2 Mortgage Loans (such excess being the "Loss Amount" for the Group 2 Mortgage Loans), the Pass-Through Rate for the Underlying PL Class D Certificates will be adjusted to a rate per annum which is equal to the weighted average of (A) the Weighted Average Net Mortgage Rate of the Group 2 Mortgage Loans and (B) the Weighted Average Net Mortgage Rate of the Group 1 Mortgage Loans, weighted in the case of clause (A) by the aggregate Reported Principal Balance of the Group 2 Mortgage Loans and in the case of clause (B) by the Loss Amount.

Interest on the Certificates will be calculated on the basis of a 360-day year consisting of twelve 30-day months and is distributable monthly on each Distribution Date, commencing in the month after the Settlement Date. Interest to be distributed on each interest-bearing Certificate on a Distribution Date will consist of one month's interest on the outstanding principal balance or notional balance of such Certificate immediately prior to such Distribution Date (each such payment, the "Interest Distribution Amount").

*Interest Accrual Period.* Interest to be distributed on a Distribution Date will accrue on the interest-bearing Certificates during the one-month period set forth below (an "Interest Accrual Period").

<u>Classes</u>	<u>Interest Accrual Period</u>
A, B, C, D, E, G and H Classes (collectively, the "Delay Classes")	Calendar month preceding the month in which the Distribution Date occurs

See "—Yield Considerations" herein.

*The Notional Classes.* The E, G and H Classes will be Notional Classes. A Notional Class will have no principal balance and will bear interest at the per annum interest rate set forth on the cover or described herein during each Interest Accrual Period on the related notional principal balance. The notional principal balance of each Notional Class will be equal to the indicated percentage of the outstanding principal balance of the following Classes immediately prior to the related Distribution Date:

<u>Class</u>	<u>Percentage of Principal Balance of Specified Class</u>
E .....	100% of A Class
G .....	100% of B Class
H .....	100% of C Class

The notional principal balance of a Notional Class is used for purposes of the determination of interest distributions thereon and does not represent an interest in the principal distributions of the A, B and C Certificates or the underlying Mortgage Loans. Although a Notional Class will not have a principal balance, a REMIC Trust Factor (as described herein) will be published with respect to any such Class that will be applicable to the notional principal balance thereof, and references herein to the principal balances of the Certificates generally shall be deemed to refer also to the notional principal balance of any Notional Class.

## Distributions of Principal

### *Categories of Classes*

For the purpose of payments of principal, the Classes will be categorized as follows:

<u>Principal Type*</u>	<u>Classes</u>
Sequential Pay	A, B, C and D
Notional	E, G and H
No Payment Residual	R

\* See "Description of the Certificates—Class Definitions and Abbreviations" in the Multifamily REMIC Prospectus.

### *Principal Distribution Amount*

On each Distribution Date, principal will be distributed (i) with respect to the Group 1 Mortgage Loans, to the A, B, C and D Classes, sequentially, in that order, until the respective principal balances thereof are reduced to zero, in an amount which is equal to the principal amount payable to the Underlying PL Class A, B, C and D Certificates, respectively, and (ii) with respect to the Group 2 Mortgage Loans to the D Class until the principal balance thereof is reduced to zero. The amount of principal distributable to each of the A, B, C and D Classes on any Distribution Date (the "Principal Distribution Amount"), will generally equal the sum of (i) the related Loan Group Aggregate Principal Distribution Amount for the applicable Distribution Date, net of that portion of any related Loan Group Senior Principal Shortfall from the preceding Distribution Date included therein and previously covered by Fannie Mae, and (ii) an amount equal to the Underlying Realized Losses allocated to the applicable Underlying PL Senior P&I Certificates on such Distribution Date. The principal amounts distributable to the A, B, C and D Classes are generally equal to the principal distributions payable to the Underlying PL Senior P&I Certificates.

For each Loan Group and with respect to any Distribution Date, the "Loan Group Aggregate Principal Distribution Amount" will generally constitute an amount equal to the sum, without duplication, for all Mortgage Loans or REO Loans in such Loan Group of the following:

(1) the principal component of all Scheduled Payments (other than Balloon Payments) which become due, and all Assumed Payments deemed to be due, on the related Mortgage Loans or REO Loans in such Loan Group on the first day of the month in which such Distribution Date occurs;

(2) the aggregate of all payments, revenues and proceeds received on or in respect of the Mortgage Loans or REO Loans in such Loan Group during the related Due Period which payments, revenues and proceeds were applied by the Underlying Master Servicer as recoveries of principal of such Mortgage Loans or REO Loans in accordance with the Underlying Pooling and Servicing Agreement (including, without limitation, voluntary prepayments, mandatory prepayments, involuntary prepayments and Balloon Payments), in each case net of any portion of such amounts that represents a recovery of the principal portion of any Scheduled Payment (other than a Balloon Payment) due or of the principal portion of any Assumed Payment deemed due prior to the related Due Period; and

(3) if such Distribution Date is subsequent to the initial Distribution Date, the applicable Loan Group Senior Principal Shortfall, if any, for the immediately preceding Distribution Date.

See “Description of the Underlying REMIC Trust—Description of the Underlying PL Senior P&I Certificates, the Underlying PL Senior Notional Certificates, the Related PL IO Certificates and the Related PL Subordinated Certificates—*Distributions of Principal and Interest—Allocation of Underlying Realized Losses*” and the “Glossary” herein.

### **Allocation of Prepayment Premiums and Yield Maintenance Charges**

In the event a Mortgagor is required to pay any Yield Maintenance Charge or any Prepayment Premium, the amount of such payments actually collected will be distributed in respect of the Underlying PL Senior P&I Certificates and the Underlying PL Senior Notional Certificates for so long as they are outstanding and thereafter, to the Related PL Subordinated Certificates. For a description of Prepayment Premiums and Yield Maintenance Charges, see “Description of the Mortgage Pool—Certain Terms and Conditions of the Mortgage Loans—*Prepayment Provisions*” herein.

For any Group 1 Mortgage Loan and any Distribution Date, with respect to any Prepayment Premiums actually received during the related Due Period with respect to such Group 1 Mortgage Loan, the A Class, the B Class, the C Class and the D Class Holders are, in the case of each such Class, entitled to distributions in an amount equal to the product of (a) the related Class Prepayment Percentage for such Distribution Date, multiplied by (b) 50% of the total amount of each such Prepayment Premium received in the case of the A, B and C Classes and by 100% in the case of the D Class. Any remaining portion of such Prepayment Premiums received with respect to such Group 1 Mortgage Loan will be distributed to the E, G and H Class Holders in an amount equal to the product of (a) the related Class Prepayment Percentage for the corresponding A, B and C Classes for such Distribution Date, multiplied by (b) the remaining amount of each such Prepayment Premium received. For any Group 2 Mortgage Loan and any Distribution Date, with respect to any Prepayment Premiums actually received during the related Due Period with respect to such Group 2 Mortgage Loan, the D Class Holders are entitled to all distributions of each such Prepayment Premium received for so long as the Class D Certificates are outstanding. For any Distribution Date, the respective “Class Prepayment Percentages” for the A Class, the B Class, the C Class and the D Class are obtained in each case by dividing the total amount of principal, if any, to be distributed from the Group 1 Mortgage Loans to the respective A Class, B Class, C Class and D Class Holders on such date, by the total amount of principal to be distributed from the Group 1 Mortgage Loans on such date.

For any Distribution Date, with respect to any particular Yield Maintenance Charge actually received in respect of a Mortgage Loan during the related Due Period, the A Class, the B Class and the C Class Holders, in the case of each such Class, are entitled to distributions in the amount of the product of (a) a fraction (not greater than one), the numerator of which is the A, B or C Certificate Rate, as applicable, less the discount rate used in calculating such Yield Maintenance Charge (see “Description of the Mortgage Pool—Certain Terms and Conditions of the Mortgage Loans—*Prepayment Provisions*” herein), and the denominator of which is the Mortgage Rate of the applicable Mortgage Loan, less such discount rate, multiplied by (b) the appropriate Class Prepayment Percentage, multiplied by (c) the amount of such Yield Maintenance Charge received. On each Distribution Date, the corresponding E, G and H Class Holders are entitled to receive any remaining portion of such Yield Maintenance Charge received until the notional principal balances thereof have been reduced to zero and thereafter, the D Class Holders are entitled to receive any remaining portion of such Yield Maintenance Charge received. In the event that the relevant discount rate is greater than the A, B or C Certificate Rate, as applicable, the A Class, B Class or C

Class Holders will not be entitled to receive distributions of any portion of any such Yield Maintenance Charge, and the applicable portion of the Yield Maintenance Charge will be distributed to the corresponding E, G and H Class Holders then eligible for distributions.

Fannie Mae does not guarantee that any Prepayment Premiums or Yield Maintenance Charges due under any Mortgage Loan will in fact be collected. In certain circumstances, the Underlying Special Servicer may have the right to waive collection of any Prepayment Premiums or Yield Maintenance Charges. See “Description of the Underlying REMIC Trust—Description of the Underlying Pooling and Servicing Agreement—*Servicing of the Mortgage Loans—Modifications, Waivers and Amendments*” herein. In addition, certain state laws limit the amounts that a lender may collect from a borrower as an additional charge in connection with the prepayment of a mortgage loan. Furthermore, the enforceability, under the laws of a number of states, of provisions providing for Prepayment Premiums or Yield Maintenance Charges upon an involuntary prepayment is unclear. No assurance can be given that, at the time a Prepayment Premium or a Yield Maintenance Charge is required to be made on a Mortgage Loan in connection with an involuntary prepayment, the obligation to pay such Prepayment Premium or Yield Maintenance Charge will be enforceable under applicable state law. See “Maturity and Prepayment Considerations and Risks—Early Repayment of Mortgage Loans” in the Multifamily REMIC Prospectus, and “Description of the Mortgage Pool—Certain Terms and Conditions of the Mortgage Loans—*Prepayment Provisions*” herein. It should be noted that a Mortgage Loan Seller’s repurchase of a Mortgage Loan pursuant to the related Mortgage Loan Purchase Agreement will not be accompanied by payment of any Prepayment Premium or Yield Maintenance Charge. See “Description of the Underlying REMIC Trust—Description of the Underlying Pooling and Servicing Agreement—*Representations and Warranties; Repurchases*” herein.

## Structuring Assumptions

*Pricing Assumptions.* The information in the tables under “—Yield Considerations” and “—Decrement Tables” has been prepared on the basis of the actual characteristics of the Mortgage Loans (as described in “Description of the Mortgage Pool” and Exhibit A hereto) and the following assumptions (such characteristics and assumptions, collectively, the “Pricing Assumptions”):

- (i) scheduled interest and principal payments on the Mortgage Loans are received in a timely manner;
- (ii) 30 Mortgage Loans representing 43.2% of the Initial Mortgage Pool Balance are subject to a Lock-Out Period as specified on Exhibit A hereto during which time no voluntary prepayments will be made with respect to each such Mortgage Loan; following any applicable Lock-Out Period with respect to any such Mortgage Loan, and at any time with respect to any Mortgage Loan which does not provide for a Lock-Out Period, prepayments will be made on each Mortgage Loan at the indicated percentages of CPR. The information in the tables under “—Yield Considerations” and “—Decrement Tables” has been prepared assuming the Lock-Out Periods run from the first Monthly Payment date (on which principal and interest is payable) to the expiration thereof although with respect to a majority of the Mortgage Loans, such Lock-Out Periods may expire at or prior to the end of the calendar month preceding the end of such assumed Lock-Out Period.
- (iii) there are no repurchases of Mortgage Loans and none of the Underlying Depositors, the Majority Underlying PL Senior Voteholder or the Underlying Master Servicer exercises its right of optional termination of the Underlying REMIC Trust described herein, and Fannie Mae does not exercise its right of optional termination of the Trust as described herein;
- (iv) no modifications, extensions, waivers or amendments regarding the payment by the Mortgagors of principal and interest on the Mortgage Loans occur;



- (v) each Distribution Date occurs on the 25th day of each month, and the first Distribution Date occurs in July, 1995;
- (vi) there are no defaults, losses or delinquencies on the Mortgage Loans;
- (vii) the closing date for the sale of the Certificates is the Settlement Date;
- (viii) the Due Date for each Mortgage Loan is the first day of each month;
- (ix) all Mortgage Loans bear interest on the basis of a 360-day year consisting of twelve 30-day months;
- (x) no Prepayment Premiums or Yield Maintenance Charges are received; and
- (xi) the Mortgage Rate on each ARM Loan will adjust in accordance with the terms of the related Mortgage Note (including any periodic caps relating thereto) on each required reset date until the Mortgage Rate for such ARM Loan is equal to 6% plus the related Gross Margin for such ARM Loan and, thereafter, such Mortgage Rate will remain constant at such rate.

*CPR Assumptions.* Prepayments of mortgage loans commonly are measured relative to a prepayment standard or model. The model used herein is the “Constant Prepayment Rate” or “CPR” model. The CPR model represents an assumed constant rate of prepayment each month, expressed as an annual rate relative to the then outstanding principal balance of the pool of mortgage loans. *CPR does not purport to be either a historical description of the prepayment experience of any pool of mortgage loans or a prediction of the anticipated rate of prepayment of any pool of mortgage loans, including the Mortgage Loans relating to the Underlying REMIC Trust. See “—Yield Considerations” and “—Decrement Tables” herein and “Yield Considerations” and “Maturity and Prepayment Considerations and Risks” in the Multifamily REMIC Prospectus.*

## **Yield Considerations**

*General.* The yield to maturity for each Certificate will depend upon the purchase price thereof, the rate of principal payments (including prepayments resulting from liquidations of Mortgage Loans due to defaults, casualties or condemnations affecting the Mortgaged Properties, or purchases out of the Underlying REMIC Trust), and the actual characteristics of the Mortgage Loans. There can be no assurance that the pre-tax yields shown herein will be realized or that the aggregate purchase prices of the Certificates will be as assumed. An investor should purchase Certificates only after performing an analysis of such Certificates based upon the investor’s own assumptions as to future rates of prepayment.

There can be no assurance that prepayments due to a default under a Mortgage Loan or a casualty or condemnation with respect to a Mortgaged Property will not occur during a Lock-Out Period. There can be no assurance that, following any applicable Lock-Out Periods, the Mortgage Loans will prepay at any of the rates assumed herein, or at any other particular rate. The rate and timing of principal payments on the A Class, the B Class and the C Class initially will be primarily based on the rate and timing of principal payments (including principal prepayments) on the Fixed Rate Mortgage Loans, and the rate and timing of principal payments on the D Class initially will be primarily based on the rate and timing of principal payments (including principal prepayments) on the ARM Loans and, in each case, the extent to which such payments are in turn distributed on the Underlying PL Senior P&I Certificates. See “Description of the Underlying REMIC Trust—Description of the Underlying PL Senior P&I Certificates, the Underlying PL Senior Notional Certificates, the Related PL IO Certificates and the Related PL Subordinated Certificates—*Distributions of Principal and Interest*” herein. The yield to investors of the D Class may be affected in the event that the Class Balance of the Underlying PL Class D Certificates exceeds the Reported Principal Balance of the Group 2 Mortgage Loans, in which case the D Class may receive a portion of its interest payments at a Certificate Rate based, in whole or in part, upon the Fixed Rate

Mortgage Loans as opposed to the ARM Loans and a portion of its principal payments at a date later than such investors would have received their principal if all such principal were payable from the ARM Loans.

In addition, the default of a Cross-Collateralized Mortgage Loan could have the effect of causing the other Mortgage Loan or Loans which are cross-collateralized with such defaulted Cross-Collateralized Mortgage Loan to be declared in default, accelerated and liquidated or foreclosed and further, the prepayment of a Cross-Collateralized Mortgage Loan could accelerate the payment of principal of the other Mortgage Loan or Loans which are cross-collateralized with such prepaid Cross-Collateralized Mortgage Loan. In such event, Certificateholders could receive a payment of principal which is equal to the total amount of all such Cross-Collateralized Mortgage Loans.

The timing of changes in the rate of principal prepayments (including prepayments resulting from liquidations of Mortgage Loans due to defaults, casualties or condemnations affecting the Mortgaged Properties, or purchases of Mortgage Loans out of the Underlying REMIC Trust), may significantly affect the yield to an investor, even if the average rate of principal prepayments is consistent with such investor's expectations. In general, the earlier the payment of principal, the greater the effect on an investor's yield to maturity. As a result, the effect on an investor's yield of principal prepayments occurring at a rate higher (or lower) than the rate anticipated by the investor during the period immediately following the Settlement Date may not be offset by any subsequent equivalent reduction (or increase) in the rate of principal prepayments.

The effective yield on the Delay Classes will be reduced below the yield otherwise produced because principal and interest payable on a Distribution Date will not be distributed until the 25th day following the end of the related Interest Accrual Period and will not bear interest during such delay. As a result of the foregoing, the market value of the Delay Classes will be lower than would have been the case if there were no such delay. Investors must make their own decisions as to the appropriate assumptions, including prepayment assumptions, to be used in deciding whether to purchase the Certificates.

The rate of prepayment on the Mortgage Loans will depend on a variety of factors, including the characteristics of such Mortgage Loans, the level of prevailing interest rates, the application of Lock-Out Periods or the assessment of Prepayment Premiums or Yield Maintenance Charges and other economic, geographic and social factors. All of the Mortgage Loans provide for Balloon Payments; 30 of the Mortgage Loans representing 43.2% of the Initial Mortgage Pool Balance provide for Lock-Out Periods; and all, except for two, of the Mortgage Loans provide for the payment during specified periods of either a Prepayment Premium or Yield Maintenance Charge in connection with voluntary principal prepayments. See "Description of the Mortgage Pool—Certain Terms and Conditions of the Mortgage Loans" herein. The required payment of Prepayment Premiums or Yield Maintenance Charges may not be a sufficient disincentive to prevent the voluntary prepayment of the Mortgage Loans and, even if collected, allocation thereof to any Class may be insufficient to offset fully the adverse effects on the anticipated yield thereon arising out of the corresponding principal payment.

#### *The Interest Only Classes*

The table below indicates the sensitivity of the pre-tax corporate bond equivalent yields to maturity of the applicable Class to various constant percentages of CPR. The yields set forth in the table were calculated by determining the monthly discount rates that, when applied to the assumed streams of cash flows to be paid on the applicable Class, would cause the discounted present value of such assumed streams of cash flows to equal the assumed aggregate purchase price of such Class and converting such monthly rates to corporate bond equivalent rates. Such calculations do not

take into account variations that may occur in the interest rates at which investors may be able to reinvest funds received by them as distributions on the Certificates and consequently do not purport to reflect the return on any investment in the Certificates when such reinvestment rates are considered.

As indicated in the table below, the yield to investors in the Notional Classes will be sensitive to the rate of principal payments (including prepayments) of the Mortgage Loans. 30 of the Mortgage Loans representing 43.2% of the Initial Mortgage Pool Balance provide for Lock-Out Periods during which voluntary prepayments of such Mortgage Loans are prohibited, and Mortgage Loans not in their Lock-Out Periods permit prepayment subject to the payment during specified periods of Prepayment Premiums or Yield Maintenance Charges. There can be no assurance that such Prepayment Premiums or Yield Maintenance Charges will reduce the actual rate of prepayments of the Mortgage Loans following the applicable Lock-Out Periods. There can be no assurance that prepayments due to a default under a Mortgage Loan or a casualty or condemnation with respect to a Mortgaged Property will not occur during a Lock-Out Period. Any Prepayment Premiums and Yield Maintenance Charges actually received will be allocated to the A Class, the B Class, the C Class, the D Class and the Notional Classes in the manner described above. See "Allocation of Prepayment Premiums and Yield Maintenance Charges" herein. Such allocation may be insufficient to offset fully the adverse effects on the anticipated yield arising out of the corresponding principal prepayment. In addition, any early termination of the Trust and the Underlying REMIC Trust as described herein may adversely affect the yield to the Certificateholders of the Notional Classes.

On the basis of the assumptions described below (including the assumption that no Prepayment Premiums or Yield Maintenance Charges are received), the yield to maturity on the E, G and H Classes would be 0% if prepayments were to occur at a constant rate of approximately 3.1% CPR, 9.3% CPR and 17.0% CPR, respectively. If the actual prepayment rate of the Mortgage Loans were to exceed any of the foregoing levels for as little as one month while equaling such level for the remaining months, the investors in the Notional Classes, as applicable, would not fully recoup their initial investments. There can be no assurance that the Mortgage Loans will prepay at any of the rates assumed herein or at any other particular rate, that the pre-tax yields on the Notional Classes will correspond to any of the pre-tax yields shown herein or that the aggregate purchase prices of the Notional Classes will be as assumed below.

The information set forth in the following sensitivity table was prepared on the basis of the Pricing Assumptions and the assumption that the aggregate purchase prices of the Notional Classes (expressed as a percentage of original notional principal balance) are as follows:

<u>Class</u>	<u>Price*</u>
E .....	10.140625%
G .....	12.015625%
H .....	14.093750%

\* The prices do not include accrued interest. Accrued interest has been added to such prices in calculating the yields set forth in the table below.

**Sensitivity of the Notional Classes to Prepayments  
(Pre-Tax Yields to Maturity\*)**

Class	CPR Prepayment Assumption				
	0%	3%	6%	9%	12%
E .....	10.8%	0.3%	(13.7)%	(30.8)%	(47.7)%
G .....	10.4%	7.3%	5.3%	0.6%	(7.0)%
H .....	9.1%	8.1%	6.8%	5.3%	3.6%

\* Calculated assuming no Prepayment Premiums or Yield Maintenance Charges are received.

See generally “Yield Considerations” in the Multifamily REMIC Prospectus.

**Weighted Average Lives of the Certificates**

The weighted average life of a Certificate is determined by (a) multiplying the amount of the reduction, if any, of the principal balance of such Certificate from one Distribution Date to the next Distribution Date by the number of years from the Settlement Date to the second such Distribution Date, (b) summing the results and (c) dividing the sum by the aggregate amount of the reductions in principal balance of such Certificate referred to in clause (a). For a description of the factors which may influence the weighted average life of a Certificate, see “Maturity and Prepayment Considerations and Risks—Weighted Average Life and Final Distribution Dates” in the Multifamily REMIC Prospectus.

In general, the weighted average lives of the Certificates will be shortened if the level of prepayments of principal of the Mortgage Loans increases. However, the weighted average lives will depend upon a variety of other factors, including the timing of changes in such rate of principal payments and the priority sequence of distributions of principal of the Classes. The Underlying Pooling and Servicing Agreement permits Modifications (as hereinafter defined), including extensions, of the Mortgage Loans under certain circumstances. Any extension of a Mortgage Loan is likely to cause an extension of the weighted average life of a Certificate. In addition, failure of a Mortgagor to timely make a Balloon Payment is also likely to cause an extension of the expected weighted average lives of the Certificates. Moreover, the default of a Cross-Collateralized Mortgage Loan could have the effect of causing the other Mortgage Loan or Loans which are cross-collateralized with such defaulted Cross-Collateralized Mortgage Loan to be declared in default, accelerated and liquidated or foreclosed. The liquidation or foreclosure of more than one Cross-Collateralized Mortgage Loan at or near the same time may have the effect of shortening significantly the weighted average lives of the Certificates. Furthermore, the weighted average life of the D Class may be affected if losses or defaults are sustained on the Group 2 Mortgage Loans and principal payments in reduction of the D Class Balance are thereafter made from the Group 1 Mortgage Loans.

The interaction of the foregoing factors may have different effects on various Classes and the effects on any Class may vary at different times during the life of such Class. Accordingly, no assurance can be given as to the weighted average life of any Class. Further, to the extent the prices of the Certificates represent discounts from or premiums to their respective original principal balances, variability in the weighted average lives of such Classes of Certificates could result in variability in the related yields to maturity. For an example of how the weighted average lives of the Classes may be affected at various *constant* prepayment rates, see the Decrement Tables below.

## Decrement Tables

The following tables indicate the percentages of original principal balance of the specified Classes that would be outstanding after each of the dates shown at various *constant* CPR levels and the corresponding weighted average lives of such Classes. It is unlikely, however, that prepayments of the Mortgage Loans will conform to any level of CPR, and no representation is made that the Mortgage Loans will prepay at the CPRs shown or at any other *constant* prepayment rate. There can be no assurance that prepayments due to a default under a Mortgage Loan or a casualty or condemnation with respect to a Mortgaged Property will not occur during a Lock-Out Period. The table has been prepared on the basis of the Pricing Assumptions and therefore does not illustrate the fact that the default of one Cross-Collateralized Mortgage Loan may cause the default of the other Mortgage Loan or Loans which are cross-collateralized with such defaulted Cross-Collateralized Mortgage Loan. For a discussion of the Cross-Collateralized Mortgage Loans, see “Description of the Mortgage Pool—Certain Terms and Conditions of the Mortgage Loans—Cross-Default and Cross-Collateralization of Certain Mortgage Loans” herein.

### Percent of Original Principal Balances Outstanding

Date	A and E† Classes					B and G† Classes					C and H† Classes					D Class				
	CPR Prepayment Assumption					CPR Prepayment Assumption					CPR Prepayment Assumption					CPR Prepayment Assumption				
	0%	3%	6%	9%	12%	0%	3%	6%	9%	12%	0%	3%	6%	9%	12%	0%	3%	6%	9%	12%
Initial Percent .....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
June 1996 .....	97	91	84	78	72	100	100	100	100	100	100	100	100	100	100	99	97	95	92	90
June 1997 .....	94	81	68	55	43	100	100	100	100	100	100	100	100	100	100	98	93	88	83	79
June 1998 .....	91	71	52	34	17	100	100	100	100	100	100	100	100	100	100	97	90	82	75	69
June 1999 .....	83	56	32	10	0	100	100	100	100	74	100	100	100	100	100	96	86	76	68	60
June 2000 .....	77	44	14	0	0	100	100	100	69	11	100	100	100	100	100	95	83	71	61	52
June 2001 .....	58	19	0	0	0	100	100	64	0	0	100	100	100	98	82	94	79	66	55	45
June 2002 .....	0	0	0	0	0	46	0	0	0	0	100	91	73	58	45	93	76	61	49	39
June 2003 .....	0	0	0	0	0	36	0	0	0	0	100	85	66	49	36	91	72	57	44	34
June 2004 .....	0	0	0	0	0	0	0	0	0	0	96	72	52	37	24	73	56	43	32	24
June 2005 .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)** .....	5.5	4.1	3.0	2.3	1.8	7.5	6.5	6.1	5.3	4.4	9.5	9.1	8.5	7.9	7.4	8.9	7.8	6.9	6.1	5.4

† In the case of the Notional Classes, the Decrement Table indicates the percentages of the original notional principal balance outstanding.

\*\* Determined as described under “—Weighted Average Lives of the Certificates” above.

### **Characteristics of the R Class**

The R Class will not have a principal balance and will not bear interest. The Holders of the R Class will be entitled to receive the proceeds of the remaining assets of the Trust, if any, after the principal balances of all Classes have been reduced to zero and all interest due thereon has been paid in full. It is not anticipated that there will be any material assets remaining in the Trust after payment of the foregoing items.

The R Class will be subject to certain transfer restrictions. No transfer of record or beneficial ownership of an R Certificate will be allowed to a “disqualified organization.” In addition, no transfer of record or beneficial ownership of an R Certificate will be allowed to any person that is not a “U.S. Person” without the written consent of Fannie Mae. Under regulations issued by the Treasury Department on December 23, 1992 (the “Regulations”), a transfer of a “noneconomic residual interest” to a U.S. Person will be disregarded for all federal tax purposes unless no significant purpose of the transfer is to impede the assessment or collection of tax. The R Class will constitute a noneconomic residual interest under the Regulations. Any transferee of an R Certificate must execute and deliver an affidavit and an Internal Revenue Service Form W-9 on which the transferee provides its taxpayer identification number. See “Description of the Certificates—Additional Characteristics of Residual Certificates” and “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates” in the Multifamily REMIC Prospectus. A transferor of an R Certificate should consult with its own tax advisors for further information regarding such transfers.

The Holders of the R Class will be considered to be the holders of the “residual interest” in the REMIC constituted by the Trust. See “Certain Federal Income Tax Consequences” in the Multifamily REMIC Prospectus. Pursuant to the Trust Agreement, Fannie Mae will be obligated to provide to such Holders (i) such information as is necessary to enable it to prepare its federal income tax returns and (ii) any reports regarding the R Class that may be required under the Code.

## **THE TRUST AGREEMENT**

### **Transfer of the Underlying PL Senior P&I Certificates, the Underlying PL Senior Notional Certificates and the Related PL IO Certificates to the Trust**

On or prior to the Settlement Date, Fannie Mae, acting in its corporate capacity, will assign to Fannie Mae, acting in its capacity as Trustee for the Trust, and for the benefit of Certificateholders, all of Fannie Mae’s right, title and interest in and to the Underlying PL Senior P&I Certificates, the Underlying PL Senior Notional Certificates and the Related PL IO Certificates, including any payments of principal and interest thereon, provided that Fannie Mae, in its corporate capacity, has expressly reserved exclusively for itself certain voting and consent rights granted to the registered holders of Underlying PL Senior P&I Certificates under the Underlying Pooling and Servicing Agreement, as described under “—Voting by Fannie Mae Under the Underlying Pooling and Servicing Agreement.” Payments on the Related PL IO Certificates will be applied to pay the administrative expenses of the Trust, including compensation of Fannie Mae for its guaranty of the Certificates.

### **Voting by Fannie Mae Under the Underlying Pooling and Servicing Agreement**

The Underlying Certificateholders have been granted and allocated certain voting rights under the Underlying Pooling and Servicing Agreement (the “Underlying Voting Rights”).

One hundred percent of the Underlying Voting Rights have been allocated to the Underlying Certificateholders, other than the Underlying PL Senior Notional, the Related PL Class IO and R Certificateholders, in accordance with their respective Class Balances. Fannie Mae, in its corporate capacity and in partial consideration for its guaranty obligations under the Trust Agreement, will

have the right to exercise or refrain from exercising all of the Underlying Voting Rights allocated to the Underlying PL Senior P&I Certificates (including, without limitation, with respect to amendments to the Underlying Pooling and Servicing Agreement), provided that it is not in default of its guaranty obligations under the Trust Agreement. The Underlying Voting Rights initially allocated to the Underlying PL Senior P&I Certificates constitute approximately 89.8% of the Underlying Voting Rights and, for so long as the aggregate Class Balance of the Underlying PL Senior P&I Certificates is equal to or greater than the Class Balances of the Related PL Subordinated Certificates, will constitute at least a majority of the Underlying Voting Rights. Accordingly, during this period Fannie Mae will control all decisions under the Underlying Pooling and Servicing Agreement that require the consent or approval of Underlying Certificateholders, or permit direction of the Underlying Master Servicer, the Underlying Special Servicer or the Underlying Trustee, by Underlying Certificateholders, that possess a majority of the Underlying Voting Rights. These decisions include, among others, whether (i) to seek from the Internal Revenue Service an extension of the permitted two-year holding period for REO Property, (ii) to waive certain events of default under the Underlying Pooling and Servicing Agreement and, thereby, prevent a termination of the Underlying Master Servicer or the Underlying Special Servicer or (iii) to remove the Underlying Trustee.

In addition, during any Underlying PL Senior Control Period for a Mortgage Loan, Fannie Mae, as the “Majority Underlying PL Senior Voteholder” under the Underlying Pooling and Servicing Agreement will have certain additional voting rights with respect to such Mortgage Loan, including, but not limited to, the right, but not the obligation, (i) in the case of a defaulted Mortgage Loan, to direct the course of action to be followed by the Underlying Special Servicer with respect to the relevant default, (ii) in the case of a Mortgage Loan with a due-on-sale clause, to approve any transferee of the related Mortgaged Property, (iii) to consent to allowance of any subordinate financing, (iv) to release a Mortgaged Property from the lien of the related Mortgage in the event of the existence of certain environmental conditions with respect to such Mortgaged Property, (v) to evaluate and determine the advisability of certain extensions to such Mortgage Loan and (vi) to consent to Modifications to such Mortgage Loan. See the “Glossary.”

## **Termination**

Pursuant to the Trust Agreement, Fannie Mae, in its corporate capacity, is entitled to purchase all of the Underlying PL Senior P&I Certificates, the Underlying PL Senior Notional Certificates and the Related PL IO Certificates and effect an early termination of the Trust at any time that the Class Balance of the Underlying PL Senior Certificates is less than five percent of the original Class Balance of the Underlying PL Senior Certificates, for a purchase price equal to the aggregate outstanding principal balance of the A Class, the B Class, the C Class and the D Class plus all accrued interest remaining unpaid on the A Class, the B Class, the C Class, the D Class and the Notional Classes. There also may be an early termination of the Trust in the event the Underlying Master Servicer, the Majority Underlying PL Senior Voteholder or either of the Underlying Depositors purchases the Mortgage Loans and any REO Loans in the Underlying REMIC Trust. See “Description of the Underlying REMIC Trust—Description of the Underlying Pooling and Servicing Agreement—*Termination*” herein.

## **DESCRIPTION OF THE UNDERLYING REMIC TRUST**

### **Description of the Underlying PL Senior P&I Certificates, the Underlying PL Senior Notional Certificates, the Related PL IO Certificates and the Related PL Subordinated Certificates**

#### *General*

The Underlying PL Senior P&I Certificates, the Underlying PL Senior Notional Certificates, the Related PL IO Certificates and the Related PL Subordinated Certificates (including the Related

PL Class R Certificates) will represent in the aggregate the entire beneficial ownership in the Underlying REMIC Trust. The assets of the Underlying REMIC Trust consist of “regular interests” in the Lower Tier Underlying REMIC Trust. The principal assets of the Lower Tier Underlying REMIC Trust are interests in the Mortgage Loans in the Mortgage Pool. See “Description of the Certificates—Structure of the Underlying REMIC Trust” herein.

#### *Distributions of Principal and Interest*

*Amount.* The aggregate distribution to be made on the Underlying PL Senior P&I Certificates, the Underlying PL Senior Notional Certificates, the Related PL IO Certificates and the Related PL Subordinated Certificates on any Distribution Date will equal the Available Distribution Amount for such date plus any Prepayment Premiums and Yield Maintenance Charges received during the related Due Period. See the “Glossary.”

*Allocation of Underlying Realized Losses.* On each Distribution Date, a determination will be made of the aggregate amount of losses on the Mortgage Loans (hereinafter referred to as “Underlying Realized Losses”) that were incurred at any time following the Cut-off Date through the end of the related Due Period, and in any event that were not previously allocated on any prior Distribution Date. See the “Glossary” for more detailed definitions of Underlying Realized Losses. On each Distribution Date, following the distributions to be made to Underlying Certificateholders, the aggregate amount of such previously unallocated Underlying Realized Losses will be allocated to the Underlying REMIC Regular Certificates, but only to the extent that (i) the aggregate of the Class Balances of the Underlying REMIC Regular Certificates as of such Distribution Date (after taking into account all of the distributions made on such Distribution Date, but prior to taking into account any allocations to be made on such Distribution Date as described in this paragraph), exceeds (ii) the aggregate of the Reported Principal Balances of the Mortgage Loans and any REO Loans that will be outstanding immediately following such Distribution Date. The allocation of the Underlying Realized Losses will be made to the Related PL Subordinated Certificates until their respective Class Balances have been reduced to zero after which the Underlying Realized Losses incurred with respect to a Group 1 Mortgage Loan shall be allocated to the C, B and A Class Balances, in that order, until each remaining Class Balance has been reduced to zero and any Underlying Realized Losses incurred with respect to a Group 2 Mortgage Loan shall be allocated to the D Class, until the remaining Class Balance thereof has been reduced to zero. Any allocation of Underlying Realized Losses to a Class of Underlying REMIC Regular Certificates will be made by reducing the Class Balance thereof by the amount so allocated. The foregoing manner of allocating Underlying Realized Losses is intended to reduce the likelihood that such losses and expenses will be allocated to the Underlying PL Senior P&I Certificates. See “—Subordination.”

*Priority.* On each Distribution Date, the Underlying Trustee is required to apply amounts on deposit in the Underlying Distribution Account, to the extent of the Available Distribution Amount for such Distribution Date, in the following order of priority, in each case subject to remaining available funds:

(i) to distributions of interest to the Underlying PL Senior P&I Certificateholders, the Underlying PL Senior Notional Certificateholders and the Related PL IO Certificateholders in an amount equal to all Accrued Certificate Interest in respect of such Classes for such Distribution Date and, to the extent not previously paid, for all prior Distribution Dates;

(ii) to distributions of principal to, in the case of Group 1 Mortgage Loans, the Underlying PL Class A, B, C and D Certificateholders, sequentially and in that order, in an amount (not to exceed the aggregate Class Balances of the Underlying PL Senior P&I Certificates) equal to the Loan Group Aggregate Principal Distribution Amount for the Group 1 Mortgage Loans for such Distribution Date and, in the case of the Group 2 Mortgage Loans, the Underlying PL Class D Certificateholders in an amount (not to exceed the Class Balance of the Underlying



PL Class D Certificates) equal to the Loan Group Aggregate Principal Distribution Amount for the Group 2 Mortgage Loans for such Distribution Date;

(iii) to distributions to the Underlying PL Senior P&I Certificateholders until all Underlying Realized Losses previously allocated to the Underlying PL Senior P&I Certificates, but not previously reimbursed, have been reimbursed in full (such reimbursements, together with payments of past due principal and interest on the Underlying PL Senior P&I Certificates, being generally payable as reimbursements to Fannie Mae of amounts paid in respect of its guaranty);

(iv) to payments to the Underlying Master Servicer, until all outstanding unreimbursed P&I Advances and Servicing Advances (each, an "Advance") that it has previously made in respect of defaulted Mortgage Loans and/or REO Properties as to which a Final Recovery Determination was made during or prior to the related Due Period, have been reimbursed in full; and

(v) to payments to the Underlying Master Servicer, until all unpaid interest that may have accrued on unreimbursed P&I Advances and/or on unreimbursed Servicing Advances described in the foregoing clause (iv), has been paid in full.

The remainder of the Available Distribution Amount for such Distribution Date will be distributed on the Related PL Subordinated Certificates in respect of payments of principal and interest as well as reimbursement of Underlying Realized Losses previously allocated to such Related PL Subordinated Certificates and, in the event of any excess remaining thereafter, in respect of payments of principal on the Underlying PL Senior P&I Certificates and the Related PL Subordinated Certificates, in that order, until the Class Balances, if any, thereof are reduced to zero and thereafter to the Related PL Class R Certificateholders.

On each Distribution Date, the Underlying Trustee shall apply that portion of amounts on deposit in the Underlying Distribution Account that represent Prepayment Premiums or Yield Maintenance Charges as described under "Description of the Certificates—Allocation of Prepayment Premiums and Yield Maintenance Charges" herein.

*Subordination.* The rights of the Related PL Subordinated Certificateholders to receive distributions with respect to the Mortgage Loans and REO Properties will be subordinate to the rights of the Underlying PL Senior P&I Certificateholders, the Underlying PL Senior Notional Certificateholders and the Related PL IO Certificateholders, to the extent described herein. This subordination (other than the subordination of the Related PL Class R Certificates, which are not expected to receive any significant distributions from the Underlying Distribution Account) is intended to enhance the likelihood of regular receipt by the Underlying PL Senior P&I Certificateholders, the Underlying PL Senior Notional Certificateholders and the Related PL IO Certificateholders, of the full amount of monthly distributions due them and to protect the Underlying PL Senior P&I Certificateholders, the Underlying PL Senior Notional Certificateholders and the Related PL IO Certificateholders against losses.

*P&I Advances.* On the business day immediately prior to each Distribution Date (the "P&I Advance Date"), the Underlying Master Servicer will generally be obligated to make advances (each, a "P&I Advance") if the Available Distribution Amount does not provide sufficient funds to pay, with respect to the Underlying PL Senior Certificates, the Accrued Certificate Interest payable in respect of such Certificates, the Senior Principal Distribution Amount, if any, and any interest shortfall amounts with respect to such Certificates. The Underlying Master Servicer will make a P&I Advance generally equal to the amount by which the sum of Accrued Certificate Interest payable in respect of such Certificates, the Senior Principal Distribution Amount, if any, and any interest shortfall amounts with respect to such Certificates exceeds the Available Distribution Amount.

Notwithstanding the foregoing, the Underlying Master Servicer will not be obligated to make any P&I Advance that it determines in its reasonable good faith judgment would, if made, constitute a Nonrecoverable P&I Advance. See the “Glossary.”

The Underlying Master Servicer may make withdrawals from the Underlying Certificate Account to reimburse itself for certain unreimbursed Advances and, at such time as it reimburses itself for any unreimbursed Advances, the Underlying Master Servicer may make withdrawals from the Underlying Certificate Account to pay itself unpaid interest accrued and payable on such Advances. Such reimbursements and payments would effectively take priority over subsequent distributions to the Underlying PL Senior P&I Certificateholders, the Underlying PL Senior Notional Certificateholders, the Related PL IO Certificateholders and the Related PL Subordinated Certificateholders from the Underlying Distribution Account because available amounts on deposit in the Underlying Certificate Account are used to fund the Underlying Distribution Account for purposes of making distributions to the Underlying Certificateholders. In addition, on each Distribution Date, the Underlying Master Servicer is entitled to receive reimbursement for certain Advances (and payment of interest thereon) from amounts otherwise distributable on the Related PL Subordinated Certificates. See “Description of the Underlying REMIC Trust—Description of the Underlying PL Senior P&I Certificates, the Underlying PL Senior Notional Certificates, the Related PL IO Certificates and the Related PL Subordinated Certificates—*Distributions of Principal and Interest—Priority*” herein.

*Payment of Certain Interest Shortfalls.* The Underlying Master Servicer is responsible for the payment from its own funds, without any right of reimbursement, of any Prepayment Interest Shortfall and any Balloon Payment Interest Shortfall on each P&I Advance Date. See the “Glossary.”

*Treatment of REO Properties.* Notwithstanding that a Mortgaged Property securing any Mortgage Loan may be acquired on behalf of the Underlying REMIC Trust as REO Property, such Mortgage Loan (after the date of such acquisition, an “REO Loan”) will, for purposes of determining amounts payable (including the Senior Principal Distribution Amount) on, and losses allocable to, the Underlying PL Senior P&I Certificates, the Underlying PL Senior Notional Certificates, the Related PL IO Certificates and the Related PL Subordinated Certificates, be treated as having remained outstanding until such REO Property is liquidated, and each such REO Loan will be deemed to have the same terms and conditions as its predecessor Mortgage Loan. An unpaid principal balance, as well as a Reported Principal Balance, will continue to be calculated for each REO Loan. See the “Glossary.” The Underlying Master Servicer will be obligated to continue to make P&I Advances on REO Loans, unless any such advances would be Nonrecoverable P&I Advances.

## **Description of the Underlying Pooling and Servicing Agreement**

### *General*

The Underlying PL Senior P&I Certificates, the Underlying PL Senior Notional Certificates, the Related PL IO Certificates, the Related PL Subordinated Certificates and the Related PL Class R Certificates will be issued pursuant to the Underlying Pooling and Servicing Agreement. The following summary descriptions of certain provisions of the Underlying Pooling and Servicing Agreement do not purport to be complete and are subject to, and qualified in their entirety by reference to, the provisions of the Underlying Pooling and Servicing Agreement. When particular sections of or terms used in the Underlying Pooling and Servicing Agreement are referred to, those sections and terms are incorporated by reference as part of such summaries.

### *The Parties*

*The Underlying Depositors.* CS First Boston Mortgage Securities Corp. and First Union Mortgage Securities, Inc. will act as Underlying Depositors pursuant to the Underlying Pooling and Servicing Agreement.

*The Underlying Master Servicer.* The Mortgage Loans will be serviced by Bankers Trust Company.

*The Underlying Special Servicer.* The special servicer of the Mortgage Loans will initially be Bankers Trust Company.

*The Underlying Trustee.* State Street Bank and Trust Company, a Massachusetts banking corporation, will act as the Underlying Trustee pursuant to the Underlying Pooling and Servicing Agreement.

### *Appointment of the Underlying Special Servicer*

Unless an Underlying PL Senior Control Period exists, the First Loss Holder is entitled to terminate the rights and obligations of the Underlying Special Servicer under the Underlying Pooling and Servicing Agreement, with or without cause, and to appoint itself or a third-party as a successor Underlying Special Servicer provided that such successor Underlying Special Servicer meets the requirements set forth in the Underlying Pooling and Servicing Agreement. (Section 3.24(b).)

### *Servicing of the Mortgage Loans*

The Underlying Pooling and Servicing Agreement requires the Underlying Master Servicer and the Underlying Special Servicer to service and administer diligently the Mortgage Loans on behalf of the Underlying Trustee and in the best interests of and for the benefit of the Underlying Certificateholders.

*Due-on-Sale Clauses; Due-on-Encumbrance Clauses; Assumption Agreements; Subordinate Financing.* Substantially all of the Mortgage Loans have “due-on-sale” clauses generally providing (with limited exception) that such Mortgage Loan will (or may at the mortgagee’s option) become due and payable upon the sale or other transfer of the related Mortgagor’s interest in the related Mortgaged Property. In general, with respect to Mortgage Loans, the Underlying Pooling and Servicing Agreement prohibits enforcement of any such due-on-sale clause upon transfer of a Mortgaged Property if certain conditions are satisfied. (Section 3.8(a).)

Substantially all of the Mortgage Loans also have “due-on-encumbrance” clauses generally providing that such Mortgage Loan may at the mortgagee’s option become due and payable upon the creation of any additional lien or other encumbrance on the Mortgaged Property that is not permitted by the related Mortgage, subject, in most cases, to the right of the Mortgagor to grant subordinate mortgages on the Mortgaged Property if certain conditions are satisfied. Pursuant to the Underlying Pooling and Servicing Agreement, the Underlying Master Servicer is not permitted to consent to any subordinate financing unless required by the Mortgage Loan. If the Mortgage Loan requires the consent of the mortgagee to any subordinate financing and, pursuant to applicable law or the provisions of the Mortgage Loan, such consent must be reasonably exercised, then the Underlying Master Servicer may consider requests by a Mortgagor to permit subordinate financing provided that certain conditions are satisfied and, during any Underlying PL Senior Control Period for such Mortgage Loan, the Underlying Master Servicer has obtained the consent of Fannie Mae, as the Majority Underlying PL Senior Voteholder. (Section 3.8(b).)

*Modifications, Waivers and Amendments.* The Underlying Special Servicer may agree to any modification, waiver or amendment (each, a “Modification”) of any term of any Mortgage Loan without the consent of the Underlying Depositor, the Underlying Trustee or any Underlying Certificateholder, subject to compliance with the REMIC Provisions and the other limitations set forth in the Underlying Pooling and Servicing Agreement, certain of which are described below. (Section 3.20(a) and Section 3.20(i).)

Subject to certain conditions, the Underlying Special Servicer may agree to the forbearance and forgiveness of interest either prior to a Maturity Date or in connection with an extension on such Mortgage Loan. The extension of the maturity of a Mortgage Loan is subject to the following limitations, among others: (i) any such extension may not result in a final scheduled payment date that is more than 12 months beyond the date on which it was previously due or that is more than a total of 36 months beyond its original stated maturity date; and (ii) in the event that the Underlying Special Servicer does not agree to forbear interest in connection with an extension, the contract interest rate (coupon rate) for each month during the extension period shall not be less than the contract interest rate (coupon rate) due on such Mortgage Loan in the month prior to the month in which the final payment was originally scheduled to be due thereon, not taking into account any prior forbearance of interest. (Section 3.20(a).)

The Underlying Special Servicer may not waive or modify payment of any applicable Prepayment Premium or Yield Maintenance Charge due to be paid under the terms of any Mortgage Loan, unless (A) it determines that the Mortgage Loan is in default due to bona fide cash flow deficiencies and not an effort to avoid payment of a Prepayment Premium or Yield Maintenance Charge, or (B) there is a substantial risk that the Prepayment Premium or Yield Maintenance Charge provisions would be found unenforceable by a court with jurisdiction of the action, or (C) the prepayment of the Mortgage Loan is made due to a casualty loss or a condemnation. (Section 3.20(a).)

During any Underlying PL Senior Control Period for a Mortgage Loan, the Underlying Special Servicer may not agree to certain Modifications of such Mortgage Loan, even though such Modifications would be permitted pursuant to the preceding paragraphs, unless it obtains the written consent of Fannie Mae, as the Majority Underlying PL Senior Voteholder. (Section 3.20(a).)

If the Mortgagor reasonably requests a partial release of a Mortgaged Property, then the Underlying Special Servicer may grant such partial release provided that it is consistent with the Servicing Standard, that during any Underlying PL Senior Control Period for the related Mortgage Loan(s), Fannie Mae, as the Majority Underlying PL Senior Voteholder gives its consent to any such partial release and that (i) the Mortgagor pays, for application to the unpaid principal balance of the related Mortgage Loan(s), an amount equal to the appraised value of the released portion of the Mortgaged Property, (ii) the lien of the related Mortgage(s) on the remaining property is not adversely affected and the remaining property can, practically and economically continue to be used for its intended purposes and (iii) the income of the Mortgaged Property is not adversely affected by such release. (Section 3.20(d).)

*Realization Upon Defaulted Mortgage Loans.* The Underlying Pooling and Servicing Agreement requires the Underlying Special Servicer to exercise reasonable and diligent efforts, consistent with the Servicing Standard, to sell a defaulted Mortgage Loan or to foreclose upon or otherwise comparably convert the ownership of the related Mortgaged Property or Properties, if no satisfactory arrangements can be made for collection of delinquent payments, subject to the limitations described below. (Section 3.9(d).) However, during any Underlying PL Senior Control Period for a Mortgage Loan, Fannie Mae, as the Majority Underlying PL Senior Voteholder, has the right but not the obligation to direct the course of action to be followed by the Underlying

Special Servicer upon the occurrence of a payment default or a material performance default with respect to a Mortgage Loan. (Section 3.9(b).)

Promptly after any Mortgage Loan is two payments delinquent, the Underlying Special Servicer is required, subject to the foregoing, to begin the foreclosure process as set forth in the Fannie Mae Policies and Procedures for “Multifamily REO” concurrent with pursuing any Mortgagor request for a Modification, as described herein under “—*Servicing of the Mortgage Loans—Modifications, Waivers and Amendments*” (the “dual track approach”). Promptly upon commencement of a foreclosure action the Underlying Special Servicer is required to seek the appointment of a receiver to collect the rents and other revenues of each related Mortgaged Property and manage the property for the benefit of Underlying Certificateholders. (Section 3.9(c).)

The Underlying Special Servicer may not, and Fannie Mae, as Majority Underlying PL Senior Voteholder may not direct the Underlying Special Servicer to, initiate foreclosure proceedings, obtain title to a Mortgaged Property in lieu of foreclosure or otherwise, or take any other action with respect to any Mortgaged Property, if, as a result of any such action, the Underlying Trustee, on behalf of Underlying Certificateholders, would be considered to hold title to, to be a “mortgagee-in-possession” of, or to be an “owner” or “operator” of such Mortgaged Property within the meaning of CERCLA or any comparable law, unless the Underlying Special Servicer has previously determined in accordance with the Servicing Standard, based on a current or currently updated environmental assessment meeting the standards prescribed by the Underlying Pooling and Servicing Agreement (an “Environmental Assessment”) of such Mortgaged Property, that each of the following conditions (“Environmental Conditions Precedent to Foreclosure”) is satisfied:

- (i) the Mortgaged Property is in compliance with applicable environmental laws and regulations or, if not, taking such actions as are necessary to bring the Mortgaged Property in compliance therewith is reasonably likely to produce a greater recovery on a present value basis than not taking such actions; and
- (ii) there are no circumstances or conditions present at the Mortgaged Property relating to the use, management or disposal of any hazardous, toxic or dangerous waste, substance or material for which investigation, testing, monitoring, containment, clean-up or remediation could be required under any applicable environmental laws and regulations or, if such circumstances or conditions are present for which any such action could be required, taking such actions with respect to such Mortgaged Property is reasonably likely to produce a greater recovery on a present value basis than not taking such actions. (Section 3.9(f).)

If the environmental testing described above establishes that either of the Environmental Conditions Precedent to Foreclosure has not been satisfied, the Underlying Special Servicer is required to take such action as it deems to be in the best economic interest of the Underlying REMIC Trust (other than proceeding to acquire title to the Mortgaged Property) and, provided that it has obtained the consent of Fannie Mae, as Majority Underlying PL Senior Voteholder, during any Underlying PL Senior Control Period for the affected Mortgage Loan(s), the Underlying Special Servicer is authorized to direct the Trustee to release such Mortgaged Property from the lien of the related Mortgage(s) and cancel the debt. (Section 3.9(g).) The cost of any remedial, corrective or other further action related to an Environmental Condition Precedent to Foreclosure will be an expense of the Underlying REMIC Trust. (Section 3.9(f).)

If the Underlying Special Servicer acquires any REO Property relating to the Underlying REMIC Trust, it is required to diligently attempt to maximize the value of such REO Property by, among other things, stabilizing the tenancy of the REO Property and repairing and restoring the REO Property to marketable condition. The Underlying Special Servicer is required to sell such REO Property within two years after the Underlying REMIC Trust acquires ownership of such REO Property, unless the Underlying Special Servicer (a) either (i) is granted an extension of time

(an “REO Extension”) by the Internal Revenue Service to sell such REO Property or (ii) obtains for the Underlying Trustee an opinion of counsel to the effect that the holding of such REO Property subsequent to the second anniversary of such acquisition will not result in the imposition of taxes on “prohibited transactions” of the Lower Tier Underlying REMIC Trust as defined in Section 860F of the Code or cause the Lower Tier Underlying REMIC Trust to fail to qualify as a REMIC at any time that any Underlying PL Senior Certificates or Related PL Subordinated Certificates are outstanding and (b) in taking the action in clause (a)(i) or clause (a)(ii), it has received the consent of or direction from the Underlying Certificateholders entitled to a majority of the Underlying Voting Rights. (Section 3.16(a).)

#### *Representations and Warranties; Repurchases*

In each Mortgage Loan Purchase Agreement, each related Mortgage Loan Seller will make certain customary representations and warranties for the benefit of the related Underlying Depositor with respect to the Mortgage Loans being sold by such Mortgage Loan Seller. In the Underlying Pooling and Servicing Agreement, the Underlying Depositor will assign or cause to be assigned to the Underlying Trustee and the Underlying Certificateholders all such representations and warranties given to each such Underlying Depositor and shall also give the Underlying Trustee the right to directly enforce the remedies set forth in each Mortgage Loan Purchase Agreement with respect to a breach of any such representations, warranties and covenants. (Section 2.1). The representations and warranties in each Mortgage Loan Purchase Agreement will continue in effect throughout the term of the Underlying Pooling and Servicing Agreement. Within 90 days following the discovery of a breach of any of such representations and warranties, which breach materially and adversely affects the value of any Mortgage Loan or the interest of Underlying PL Senior P&I Certificateholders, the Underlying PL Senior Notional Certificateholders, the Related PL IO Certificateholders or the Related PL Subordinated Certificateholders therein the related Mortgage Loan Seller will be required, at its option, (i) to cure in all material respects such breach or (ii) to purchase the affected Mortgage Loan from the Underlying Trustee at the applicable Purchase Price. (Section 2.4.) See the “Glossary” herein.

#### *Amendment*

The Underlying Pooling and Servicing Agreement may be amended from time to time for certain limited purposes by the mutual agreement of the Underlying Depositors, the Underlying Master Servicer, the Underlying Special Servicer, and the Underlying Trustee, without the consent of any of the Underlying Certificateholders; provided, however, that the Underlying Pooling and Servicing Agreement may not be amended without the consent of the Underlying Certificateholders if such amendment would result in the modification of the rights of the Underlying Certificateholders which modification would adversely affect, in any material respect, the interests of any Underlying Certificateholders. (Section 11.1(a) and (b).)

#### *Termination*

The obligations and responsibilities created by the Underlying Pooling and Servicing Agreement will terminate upon payment (or provision for payment) to the Underlying Certificateholders of all amounts held by or on behalf of the Underlying Trustee and required under the Underlying Pooling and Servicing Agreement to be so paid on the Distribution Date following the earlier to occur of (i) the purchase by the Underlying Master Servicer, the Majority Underlying PL Senior Voteholder, or either Underlying Depositor of all of the Mortgage Loans and REO Properties remaining in the Lower Tier Underlying REMIC Trust in the event the aggregate Reported Principal Balance of the Mortgage Loans and any REO Loans remaining in the Lower Tier Underlying REMIC Trust as of the date of such election is less than five percent of the Initial Mortgage Pool Balance and (ii) the final payment (or any advance with respect thereto) on or other

liquidation of the last Mortgage Loan or REO Property remaining in the Lower Tier Underlying REMIC Trust. The purchase price payable by the Underlying Master Servicer, the Majority Underlying PL Senior Voteholder, or either Underlying Depositor pursuant to clause (i) of the preceding sentence will be equal to the greater of (A) the aggregate Purchase Price of all of the Mortgage Loans included in the Lower Tier Underlying REMIC Trust, plus the appraised value of each REO Property, if any, included in the Lower Tier Underlying REMIC Trust, minus, in the event the purchaser is the Underlying Master Servicer, the aggregate amount of any unreimbursed Advances (together with any unpaid interest accrued and payable to the Underlying Master Servicer on such Advances) and unpaid Servicing Fees remaining outstanding (which items will be deemed to have been paid or reimbursed to the Underlying Master Servicer in connection with such purchase), and (B) the aggregate fair market value of all of the assets of the Lower Tier Underlying REMIC Trust. (Section 9.1.) See the “Glossary.”

On the final Distribution Date, the Underlying Trustee will distribute to each Underlying Certificateholder that presents and surrenders its Underlying PL Senior P&I Certificates, Underlying PL Senior Notional Certificates, Related PL IO Certificates or Related PL Subordinated Certificates such Underlying Certificateholder’s portion of the amounts then on deposit in the Underlying Distribution Account that are allocable to payments on the applicable Class of Underlying PL Senior P&I Certificates, the Underlying PL Senior Notional Certificates, Related PL IO Certificates or Related PL Subordinated Certificates. Amounts on deposit in the Underlying Distribution Account as of the final Distribution Date, to the extent of the Available Distribution Amount for the final Distribution Date, will be allocated in the following order, in each case subject to remaining available funds: (i) to distributions of interest to the Underlying PL Senior P&I Certificateholders, the Underlying PL Senior Notional Certificateholders and the Related PL IO Certificateholders, in an amount equal to all Accrued Certificate Interest in respect of the Underlying PL Senior P&I Certificates, the Underlying PL Senior Notional Certificates and the Related PL IO Certificates for such Distribution Date and, to the extent not previously paid, for all prior Distribution Dates; (ii) to distributions of principal to the Underlying PL Senior P&I Certificateholders, in an amount equal to the aggregate Class Balances of Underlying PL Senior P&I Certificates outstanding immediately prior to such Distribution Date; (iii) to distributions to the Underlying PL Senior P&I Certificateholders, until all Underlying Realized Losses previously allocated to the Underlying PL Senior P&I Certificates, but not previously reimbursed, have been reimbursed in full; and (iv) to similar distributions to the Related PL Subordinated Certificateholders (other than the Related PL Class R Certificateholders), with any remaining excess to distributions to the Related PL Class R Certificateholders. In addition, amounts on deposit in the Underlying Distribution Account as of the final Distribution Date that constitute Prepayment Premiums and/or Yield Maintenance Charges will be allocated to the Underlying PL Senior P&I Certificates and/or Underlying PL Senior Notional Certificates as described under “Description of the Certificates—Allocation of Prepayment Premiums and Yield Maintenance Charges” herein, unless they have been retired prior to such Distribution Date. (Section 9.1.)

## **DESCRIPTION OF THE MORTGAGE POOL**

### **General**

The Lower Tier Underlying REMIC Trust will consist primarily of 76 Mortgage Loans with an aggregate Cut-off Date Balance of \$251,067,714 (the “Initial Mortgage Pool Balance”), subject to a permitted variance of plus or minus 5%. The “Cut-off Date Balance” of each Mortgage Loan is the unpaid principal balance thereof as of the Cut-off Date, after application of all payments of principal due on or before such date, whether or not received.

Each Mortgage Loan is evidenced by a Mortgage Note. Each Mortgage Loan is generally secured by a single mortgage, deed of trust or other similar security instrument (each, a “Mortgage”) that creates a first mortgage lien on a multifamily project (a “Mortgaged Property”) consisting of five or more rental units. Certain sub-groups of the Mortgage Loans are cross-

collateralized (each such Mortgage Loan, a “Cross-Collateralized Mortgage Loan”). Each Cross-Collateralized Mortgage Loan is also secured by a mortgage, deed of trust or other similar security instrument (each, an “Additional Mortgage” and each First Mortgage and Additional Mortgage, a “Mortgage”) that creates a lien on one or more Mortgaged Properties securing the other Mortgage Loan or Loans with which it is cross-collateralized. The purpose of the Additional Mortgages is to effect cross-collateralization of the related Cross-Collateralized Mortgage Loan or Loans and such Mortgages do not reflect additional debt beyond the applicable Cross-Collateralized Mortgage Loans. See “—Certain Terms and Conditions of the Mortgage Loans—*Cross-Default and Cross-Collateralization of Certain Mortgage Loans*” below. Each Mortgage covers a Mortgagor’s entire interest in the Mortgaged Property. None of the Mortgage Loans is insured or guaranteed by the United States, any governmental agency or any private mortgage insurer.

The Mortgage Loans generally were originated in 1994 and 1995 by various originators and will be acquired by the related Underlying Depositor from the related Mortgage Loan Seller on or before the closing date pursuant to a Mortgage Loan Purchase Agreement (each a “Mortgage Loan Purchase Agreement”, and together, the “Mortgage Loan Purchase Agreements”).

The information with respect to the Mortgage Loans set forth on Exhibit A hereto has been collected and summarized by each of the Mortgage Loan Sellers and the Underlying Depositors and provided to Fannie Mae.

#### **Certain Terms and Conditions of the Mortgage Loans**

**Due Dates.** Monthly Payments under the Mortgage Loans will be due on the first day of each month. See Exhibit A hereto and “Description of the Underlying REMIC Trust—*Distributions of Principal and Interest—Payment of Certain Interest Shortfalls*” herein. As of the Settlement Date, no Monthly Payment on any Mortgage Loan will be more than thirty (30) days past due.

**Mortgage Rates.** Seventy (70) of the Mortgage Loans (the “Fixed Rate Mortgage Loans”), which represent 86.2% of the Initial Mortgage Pool Balance, bear interest at Mortgage Rates which are in each case, as of the Cut-Off Date, fixed for the particular Mortgage Loan’s remaining term to stated maturity. Six (6) of the Mortgage Loans (the “ARM Loans”), which represent the remaining 13.8% of the Initial Mortgage Pool Balance, bear interest at Mortgage Rates which are in each case subject to periodic adjustments following the Cut-Off Date by adding a specified number of basis points (a “Gross Margin”) to the applicable value of a base index (an “Index”). The Index for the ARM Loans is 6-Month LIBOR.

The following table sets forth the minimum and maximum Mortgage Rates for the ARM Loans, the Gross Margins and the net margins (i.e., the applicable Gross Margin less the Servicing Fee Rate, the Trustee Fee Rate and the rate at which the interest accrues on the Related PL IO Certificates) for such ARM Loans, and the first calendar month following the Cut-off Date during which such Mortgage Rates are subject to adjustment.

<b>Cut-off Date Balance of Mortgage Loans</b>	<b>Minimum Mortgage Rate</b>	<b>Maximum Mortgage Rate</b>	<b>Gross Margin</b>	<b>Net Margin</b>	<b>Next Adjustment Date</b>
\$10,158,367	6.00%	12.50%	2.75%	2.0875%	November 1995
9,656,031	8.13	12.00	3.00	2.3375	September 1995
3,674,226	8.00	12.25	2.75	2.0875	December 1995
2,801,845	8.00	12.25	2.75	2.0875	December 1995
4,708,609	8.09	12.34	2.34	1.6725	December 1995
3,698,147	7.95	12.20	2.39	1.7225	November 1995

The Mortgage Loans have original terms to maturity ranging from 5 to 10 years. See the table titled “Original Terms to Stated Maturity” under “—Additional Mortgage Loan Information” below.



*Monthly Payments.* All of the Mortgage Loans provide for monthly payments of interest and monthly payments of principal based on amortization schedules ranging from 20 to 30 years, which are significantly longer than the remaining terms of such Mortgage Loans, thereby leaving substantial principal amounts due and payable (each such payment, a “Balloon Payment”) on their respective stated maturity dates, unless prepaid prior thereto.

*Prepayment Provisions.* Thirty Mortgage Loans representing 43.2% of the Initial Mortgage Pool Balance have a period during which voluntary principal prepayments are prohibited (a “Lock-Out Period”). See Exhibit A hereto.

After any applicable Lock-Out Period, certain of the Mortgage Loans provide that any principal prepayment must be accompanied by a Yield Maintenance Charge or Prepayment Premium (unless the prepayment resulted from a condemnation of, or casualty on, the related Mortgaged Property). See the “Glossary.” Generally, there is a period, ranging from 3 to 96 months before the Maturity Date of any such Mortgage Loan, during which a principal prepayment of such a Mortgage Loan need not be accompanied by a Yield Maintenance Charge or Prepayment Premium. See Exhibit A hereto. The “Maturity Date” of a Mortgage Loan is the stated maturity date thereof. The “Yield Maintenance Charge” will be computed on the basis of a formula specified in the related Mortgage Note. See the “Glossary.” The “Prepayment Premium” for a Mortgage Loan is initially equal to a percentage of the principal amount prepaid and generally declines by one percent of the principal amount prepaid for each full year that has elapsed during the applicable prepayment premium period.

Some Mortgage Loans permit voluntary partial prepayments.

Further information regarding the Lock-Out Periods, prepayment premium periods and yield maintenance periods applicable to the Mortgage Loans is set forth on Exhibit A hereto.

Unless the Mortgage Loan to be prepaid is relatively near its Maturity Date or unless the sale price or the amount of the refinancing of the related Mortgaged Property is considerably higher than the current outstanding principal balance of such Mortgage Loan (due to an increase in the value of the Mortgaged Property or otherwise), the Yield Maintenance Charge or Prepayment Premium may, in a lower interest rate environment, offset entirely or render insignificant any economic benefit to be received by the Mortgagor upon a refinancing or sale of the Mortgaged Property. The Yield Maintenance Charge or Prepayment Premium provision of a Mortgage Loan creates an economic disincentive for the Mortgagor to prepay such Mortgage Loan voluntarily and, accordingly, the Mortgagor may not elect to prepay such Mortgage Loan. However, there can be no assurance that the imposition of a Yield Maintenance Charge or Prepayment Premium will provide a sufficient disincentive to prevent a voluntary principal prepayment.

The Underlying Special Servicer will not be permitted to waive or modify any term of a Mortgage Loan that requires the payment of a Prepayment Premium or a Yield Maintenance Charge in connection with any principal prepayment thereon except in certain circumstances. See “Description of the Underlying REMIC Trust—Description of the Underlying Pooling and Servicing Agreement—*Servicing of the Mortgage Loans—Modifications, Waivers and Amendments*” herein. If and to the extent received, Prepayment Premiums and Yield Maintenance Charges are distributable to the A, B, C, D or Notional Classes as described herein under “Description of the Certificates—Allocation of Prepayment Premiums and Yield Maintenance Charges”. Certain state laws limit the amounts that a lender may collect from a borrower as an additional charge in connection with the prepayment of a mortgage loan. Furthermore, the enforceability, under the laws of a number of states, of provisions providing for Prepayment Premiums or Yield Maintenance Charges upon an involuntary prepayment is unclear. No assurance can be given that, at the time a Prepayment Premium or a Yield Maintenance Charge is required to be made on a Mortgage Loan in connection with an involuntary prepayment, the obligation to pay such Prepayment Premium or Yield Maintenance Charge will be enforceable under applicable state law. See “Maturity and Prepayment Considerations and Risks—Early Repayment of Mortgage Loans” in the Multifamily REMIC Prospectus.

The following table sets forth an analysis of the percentage of the declining balance of the Mortgage Pool that, immediately following June 1 of each of the years indicated, will be (i) within a Lock-Out Period, (ii) within a period in which principal prepayments must be accompanied by a Yield Maintenance Charge, and (iii) within a period in which principal prepayments must be accompanied by the indicated Prepayment Premium. The table was prepared on the assumption that the Mortgage Loans will amortize according to their respective amortization schedules, if any, that Balloon Payments will be made when due, but that no Mortgage Loan will be prepaid, voluntarily or involuntarily, and, in the case of the Group 2 Mortgage Loans, the Mortgage Rates with respect to such Mortgage Loans in effect on the Cut-off Date will not change. There can be no assurance that the Mortgage Loans will not be prepaid and, in fact, it is unlikely that there will be no such prepayments. The sum in any column of the following tables may not equal the indicated total due to rounding.

### Prepayment Lockout/Premium and Yield Maintenance Analysis

Prepayment Premium or Restriction	Percentage of Mortgage Pool By Prepayment Restriction Assuming No Prepayments					
	Current June-95	12 (mo.) June-96	24 (mo.) June-97	36 (mo.) June-98	48 (mo.) June-99	60 (mo.) June-00
Lockout .....	43.24%	26.42%	23.73%	20.80%	15.61%	3.11%
Yield Maintenance .....	11.96	11.98	11.99	12.00	14.84	11.38
Greater of 1% or Yield Maintenance ..	34.32	49.64	49.65	49.65	51.37	61.18
5% .....	4.05	0.00	0.00	0.00	0.00	0.57
4% .....	0.00	4.05	0.00	0.00	0.00	0.00
3% .....	6.43	0.00	4.05	2.90	0.00	0.00
2% .....	0.00	7.91	1.88	4.06	2.94	4.33
1.5% .....	0.00	0.00	0.79	0.79	0.80	0.80
1% .....	0.00	0.00	5.33	7.22	9.93	7.84
0% .....	0.00	0.00	2.58	2.59	4.52	10.78
Total .....	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Mortgage Pool Balance (000's) .....	\$251,068	\$249,028	\$246,780	\$244,306	\$238,755	\$234,907
% of Initial Mortgage Pool Balance* ..	100.00%	99.19%	98.29%	97.31%	95.10%	93.56%

Prepayment Premium or Restriction	Percentage of Mortgage Pool By Prepayment Restriction Assuming No Prepayments				
	72 (mo.) June-01	84 (mo.) June-02	96 (mo.) June-03	108 (mo.) June-04	120 (mo.) June-05
Lockout .....	1.77%	0.00%	0.00%	0.00%	0.00%
Yield Maintenance .....	9.09	2.43	2.43	2.69	0.00
Greater of 1% or Yield Maintenance .....	48.73	55.33	50.70	31.61	0.00
5% .....	0.00	0.00	0.00	0.00	0.00
4% .....	0.59	0.00	0.00	0.00	0.00
3% .....	2.24	13.87	0.00	0.00	0.00
2% .....	0.00	2.85	13.89	0.00	0.00
1.5% .....	0.84	1.08	1.08	1.20	0.00
1% .....	20.31	5.30	12.75	39.23	0.00
0% .....	16.43	19.13	19.15	25.27	100.00
Total .....	100.00%	100.00%	100.00%	100.00%	100.00%
Mortgage Pool Balance (000's) .....	\$221,998	\$170,592	\$167,700	\$148,196	\$1,620
% of Initial Mortgage Pool Balance* .....	88.42%	67.95%	66.79%	59.03%	0.65%

\* Represents the percentage of the Initial Mortgage Pool Balance that will remain outstanding at the indicated date based upon the assumptions used in the preparation of the table.

*“Due-on-Sale” and “Due-on-Encumbrance” Provisions.* Substantially all of the Mortgages contain “due-on-sale” and “due-on-encumbrance” clauses that in each case permit the holder of the Mortgage to accelerate the maturity of the related Mortgage Loan if the Mortgagor sells or otherwise transfers or encumbers its interest in the related Mortgaged Property; however, the Mortgagor may be permitted to do so, with the consent of the holder of the Mortgage or, in the case of most due-on-sale and most due-on-encumbrance provisions, upon satisfaction of certain conditions specified in the related Mortgage. See “Description of the Underlying REMIC Trust—Description of the Underlying Pooling and Servicing Agreement—*Servicing of the Mortgage Loans—Due-on-Sale Clauses; Due-on-Encumbrance Clauses; Assumption Agreements; Subordinate Financing*” herein.

*Cross-Default and Cross-Collateralization of Certain Mortgage Loans.* In order to effect cross-collateralization of certain sub-groups of Mortgage Loans, 7 of the Mortgage Loans representing 9.77% of the Initial Mortgage Pool Balance (each, a “Cross-Collateralized Mortgage Loan”) are secured by Mortgages on specified Mortgaged Properties. There are three separate and unrelated sub-groups of Cross-Collateralized Mortgage Loans and corresponding Mortgaged Properties (each a “Sub-Group”). The Underlying Special Servicer or, in certain cases, Fannie Mae will determine whether to enforce the cross-default and cross-collateralization rights upon a mortgage loan default in a Sub-Group; the Certificateholders will not have any right to participate in or control any such determination. See “Description of the Underlying REMIC Trust—Description of the Underlying Pooling and Servicing Agreement—*Realization Upon Defaulted Mortgage Loans*” herein. There is no cross-collateralization or cross-default between Sub-Groups. For additional detail relating to the Cross-Collateralized Mortgage Loans, see Exhibit A hereto.

A Mortgagor will be entitled to the release of a Mortgaged Property from the related Additional Mortgage in a Sub-Group upon the satisfaction of certain conditions.

*Low Income Housing Tax Credits.* Three of the Mortgaged Properties, relating to Mortgage Loans representing 4.46% of the Initial Mortgage Pool Balance, have been allocated and are eligible to receive low-income housing tax credits (“Tax Credits”) pursuant to Section 42 of the Code. Section 42 provides a Tax Credit for owners of residential rental property meeting the definition of low-income housing who have received a tax allocation from the state or local allocating agency.

At the time the project is “placed in service” (when the first unit is available for occupancy), the property owner must make an irrevocable election of one of two set-aside rules, either (i) at least 20% of the units must be rented to tenants with incomes of 50% or less of median income, as adjusted for family size, or (ii) at least 40% of the units must be rented to tenants with incomes of 60% or less of median income, as adjusted for family size. The aggregate amount of Tax Credits the owner is entitled to is based upon the percentage of total units made available to qualified tenants. Median income is determined by the U.S. Department of Housing and Urban Development (“HUD”) for each metropolitan area or county in the United States and is adjusted annually.

The Tax Credit provisions require that gross rent for each low-income unit not exceed 30% of the annual HUD median income, adjusted for the household size expected to occupy the particular unit. The gross rent charged for a unit must take into account an allowance for utilities. If utilities are paid by the tenant, then the maximum allowable Tax Credit rent is reduced according to utility allowances, as provided in regulations of the Internal Revenue Service.

Under the Tax Credit provisions, a property owner must comply with the tenant income restrictions and rental restrictions over a minimum 15-year compliance period. In addition, agreements governing the property will normally require an “extended use period” which has the effect of extending the income and rental restrictions for an additional 15 years.

In the event a Tax Credit project does not maintain compliance with the Tax Credit restrictions on tenant income or rental rates, the owners of the Tax Credit project may lose the Tax Credits related to the period of the noncompliance and face the partial recapture of previously taken Tax Credits. The loss of Tax Credits, and the possibility of recapture of Tax Credits already taken, may provide significant incentive for project owners to keep the Tax Credit project in compliance.

*Other Considerations.* The Mortgaged Property relating to one Group 2 Mortgage Loan, representing 10.66% of the Cut-off Date Balance of the Group 2 Mortgage Loans, has been partially condemned. Although the condemnation involves a small taking, there will be a temporary taking of other portions of such Mortgaged Property during construction of a roadway and retaining walls. Such construction could adversely affect the operations and thus, the cash flow of the related Mortgaged Property. Any award granted in connection with such condemnation may be applied to reduce the then outstanding principal balance of such Mortgage Loan. After completion of construction, in certain circumstances, the applicable Mortgage Loan Seller may be obligated to repurchase such Mortgage Loan at the Purchase Price, in which event the proceeds of such repurchase will be applied in accordance with the provisions of the Underlying Pooling and Servicing Agreement.

#### **Additional Mortgage Loan Information**

The Mortgage Loans and Mortgaged Properties are expected to have the following additional characteristics as of the Cut-off Date. The figures in the columns titled "Aggregate Cut-off Date Balance" in the tables below are based on the Cut-off Date Balances of the related Mortgage Loans without regard to whether a Mortgage Loan is a Cross-Collateralized Mortgage Loan (that is, treating each Cross-Collateralized Mortgage Loan as if it were secured solely by the related First Mortgage on the applicable Mortgaged Property encumbered thereby). The sum in any column of the following tables, or in the table set forth on Exhibit A hereto, may not equal the indicated total due to rounding.

The following table sets forth the range of Mortgage Rates on the Group 1 Mortgage Loans as of the Cut-off Date.

#### **Mortgage Rates for the Group 1 Mortgage Loans as of the Cut-off Date**

<b>Range of Mortgage Rates (%)</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Cut-off Date Balance</b>	<b>Percent of Cut-off Date Balance of Group 1 Mortgage Loans</b>
8.250% to 8.499% .....	1	\$ 4,748,419	2.19%
8.500% to 8.749% .....	4	8,874,852	4.10
8.750% to 8.999% .....	2	6,368,034	2.94
9.000% to 9.249% .....	6	21,350,113	9.87
9.250% to 9.499% .....	3	5,511,632	2.55
9.500% to 9.749% .....	8	19,084,562	8.82
9.750% to 9.999% .....	10	39,668,774	18.33
10.000% to 10.249% .....	21	71,988,610	33.27
10.250% to 10.499% .....	12	34,531,919	15.96
10.500% to 10.749% .....	2	3,098,492	1.43
11.250% to 11.499% .....	1	1,145,082	.53
Total .....	<u>70</u>	<u>\$216,370,489</u>	<u>100.00%</u>

Weighted Average Mortgage Rate: 9.817% per annum

The following table sets forth the range of Mortgage Rates on the Group 2 Mortgage Loans as of the Cut-Off Date.

**Mortgage Rates for the Group 2 Mortgage Loans as of the Cut-off Date**

<u>Range of Mortgage Rates (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Cut-off Date Balance</u>	<u>Percent of Cut-off Date Balance of Group 2 Mortgage Loans</u>
8.250% to 8.499% .....	1	\$ 4,708,609	13.57%
8.500% to 8.749% .....	1	3,698,147	10.66
9.000% to 9.249% .....	3	16,634,438	47.94
9.500% to 9.749% .....	1	9,656,031	27.83
Total .....	6	<u>\$34,697,226</u>	<u>100.00%</u>

Weighted Average Mortgage Rate: 9.045% per annum

The following table sets forth the range of Net Mortgage Rates on the Group 1 Mortgage Loans as of the Cut-off Date.

**Net Mortgage Rates for the Group 1 Mortgage Loans as of the Cut-off Date**

<u>Range of Net Mortgage Rates (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Cut-off Date Balance</u>	<u>Percent of Cut-off Date Balance of Group 1 Mortgage Loans</u>
7.500% to 7.749% .....	1	\$ 4,748,419	2.19%
7.750% to 7.999% .....	3	6,810,334	3.15
8.000% to 8.249% .....	1	2,064,518	.95
8.250% to 8.499% .....	4	10,798,429	4.99
8.500% to 8.749% .....	5	19,653,349	9.08
8.750% to 8.999% .....	7	13,711,072	6.34
9.000% to 9.249% .....	7	18,205,978	8.41
9.250% to 9.499% .....	24	95,580,335	44.17
9.500% to 9.749% .....	15	39,189,348	18.11
9.750% to 9.999% .....	2	4,463,624	2.06
10.750% to 10.999% .....	1	1,145,082	.53
Total .....	70	<u>\$216,370,489</u>	<u>100.00%</u>

Weighted Average Net Mortgage Rate: 9.175% per annum

The following table sets forth the range of Net Mortgage Rates on the Group 2 Mortgage Loans as of the Cut-Off Date.

**Net Mortgage Rates for the Group 2 Mortgage Loans as of the Cut-off Date**

<u>Range of Net Mortgage Rates (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Cut-off Date Balance</u>	<u>Percent of Cut-off Date Balance of Group 2 Mortgage Loans</u>
7.500% to 7.749% .....	1	\$ 4,708,609	13.57%
8.000% to 8.249% .....	1	3,698,147	10.66
8.250% to 8.499% .....	3	16,634,438	47.94
8.750% to 8.999% .....	1	9,656,031	27.83
Total .....	6	<u>\$34,697,226</u>	<u>100.00%</u>

Weighted Average Net Mortgage Rate: 8.382% per annum

The following table sets forth the range of Cut-off Date Balances of the Group 1 Mortgage Loans.

#### Cut-off Date Balances for the Group 1 Mortgage Loans

Range of Cut-off Date Balances (\$)	Number of Mortgage Loans	Aggregate Cut-off Date Balance	Percent of Cut-off Date Balance of Group 1 Mortgage Loans
\$ 200,001 to \$ 400,000 .....	1	\$ 276,603	.13%
600,001 to 800,000 .....	2	1,230,632	.57
800,001 to 1,000,000 .....	1	985,000	.46
1,000,001 to 2,000,000 .....	20	30,818,383	14.24
2,000,001 to 3,000,000 .....	15	35,879,579	16.58
3,000,001 to 4,000,000 .....	14	47,292,047	21.86
4,000,001 to 5,000,000 .....	5	22,178,134	10.25
5,000,001 to 10,000,000 .....	11	66,778,681	30.86
10,000,001 to 20,000,000 .....	1	10,931,430	5.05
Total .....	<u>70</u>	<u>\$216,370,489</u>	<u>100.00%</u>

Average Cut-off Date Balance: \$3,091,007

The following table sets forth the range of Cut-off Date Balances of the Group 2 Mortgage Loans.

#### Cut-off Date Balances for the Group 2 Mortgage Loans

Range of Cut-off Date Balances (\$)	Number of Mortgage Loans	Aggregate Cut-off Date Balance	Percent of Cut-off Date Balance of Group 2 Mortgage Loans
\$ 2,000,001 to \$ 3,000,000 .....	1	\$ 2,801,845	8.08%
3,000,001 to 4,000,000 .....	2	7,372,373	21.25
4,000,001 to 5,000,000 .....	1	4,708,609	13.57
5,000,001 to 10,000,000 .....	1	9,656,031	27.83
10,000,001 to 20,000,000 .....	1	10,158,367	29.28
Total .....	<u>6</u>	<u>\$34,697,226</u>	<u>100.00%</u>

Average Cut-off Date Balance: \$5,782,871

The following table sets forth the weighted average net maximum Mortgage Rate and the weighted average net minimum Mortgage Rate for the Group 2 Mortgage Loans.

Number of Mortgage Loans	Aggregate Cut-off Date Balance	Weighted Average Net Maximum Mortgage Rate	Weighted Average Net Minimum Mortgage Rate
6	\$34,697,226	11.597%	6.793%

The following table sets forth the Gross Margins for the Group 2 Mortgage Loans.

#### Gross Margins for the Group 2 Mortgage Loans

<u>Gross Margins (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Cut-off Date Balance</u>	<u>Percent of Cut-off Date Balance of Group 2 Loans</u>
2.3400 .....	1	4,708,609	13.57
2.3900 .....	1	3,698,147	10.66
2.7500 .....	3	16,634,438	47.94
3.0000 .....	<u>1</u>	<u>9,656,031</u>	<u>27.83</u>
Total .....	<u>6</u>	<u>\$34,697,226</u>	<u>100.00%</u>

The Weighted Average Gross Margin of the Group 2 Mortgage Loans is 2.73.

The following tables set forth the range of original and remaining terms to stated maturity (in months) of the Mortgage Loans.

#### Original Terms to Stated Maturity (In Months) for the Group 1 Mortgage Loans

<u>Original Terms (in Months)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Cut-off Date Balance</u>	<u>Percent of Cut-off Date Balance of Group 1 Mortgage Loans</u>
60 .....	2	\$ 4,137,687	1.91%
84 .....	22	62,290,976	28.79
119 .....	4	8,549,508	3.95
120 .....	<u>42</u>	<u>141,392,318</u>	<u>65.35</u>
Total .....	<u>70</u>	<u>\$216,370,489</u>	<u>100.00%</u>

Weighted Average Original Term to Stated Maturity: 108 months

#### Original Terms to Stated Maturity (In Months) for the Group 2 Mortgage Loans

<u>Original Terms (in Months)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Cut-off Date Balance</u>	<u>Percent of Cut-off Date Balance of Group 2 Mortgage Loans</u>
120 .....	6	\$34,697,226	100.00%
Total .....	<u>6</u>	<u>\$34,697,226</u>	<u>100.00%</u>

Weighted Average Original Term to Stated Maturity: 120 months

**Remaining Terms to Stated Maturity (in Months) for the Group 1  
Mortgage Loans as of the Cut-off Date**

<u>Range of Remaining Terms (in Months)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Cut-off Date Balance</u>	<u>Percent of Cut-off Date Balance of Group 1 Mortgage Loans</u>
60 or less .....	2	\$ 4,137,687	1.91%
65+ to 72 .....	4	10,533,613	4.87
72+ to 78 .....	9	22,571,904	10.43
78+ to 84 .....	9	29,185,459	13.49
101+ to 108 .....	5	12,014,637	5.55
108+ to 114 .....	10	39,654,683	18.33
114+ to 120 .....	30	96,368,506	44.54
121 .....	1	1,904,000	.88
Total .....	<u>70</u>	<u>\$216,370,489</u>	<u>100.00%</u>

Weighted Average Remaining Term to Stated Maturity: 103 months

**Remaining Terms to Stated Maturity (in Months) for the Group 2  
Mortgage Loans as of the Cut-off Date**

<u>Range of Remaining Terms (in Months)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Cut-off Date Balance</u>	<u>Percent of Cut-off Date Balance of Group 2 Mortgage Loans</u>
101+ to 108 .....	2	\$ 6,476,071	18.66%
108+ to 114 .....	4	28,221,155	81.34
Total .....	<u>6</u>	<u>\$34,697,226</u>	<u>100.00%</u>

Weighted Average Remaining Term to Stated Maturity: 112 months

The following tables sets forth the respective years in which the Mortgage Loans are scheduled to mature.

**Years of Scheduled Maturity for the Group 1 Mortgage Loans**

<u>Years</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Cut-off Date Balance</u>	<u>Percent of Cut-off Date Balance of Group 1 Mortgage Loans</u>
1999 .....	2	\$ 4,137,687	1.91%
2001 .....	13	33,105,517	15.30
2002 .....	9	29,185,459	13.49
2004 .....	15	51,669,319	23.88
2005 .....	31	98,272,506	45.42
Total .....	<u>70</u>	<u>\$216,370,489</u>	<u>100.00%</u>



### Years of Scheduled Maturity for the Group 2 Mortgage Loans

<u>Years</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Cut-off Date Balance</u>	<u>Percent of Cut-off Date Balance of Group 2 Mortgage Loans</u>
2004 .....	<u>6</u>	<u>\$34,697,225</u>	<u>100.00%</u>
Total .....	<u>6</u>	<u>\$34,697,225</u>	<u>100.00%</u>

The following table sets forth the range of Cut-off Date LTV Ratios of the Mortgage Loans, without regard to whether a Mortgage Loan is a Cross-Collateralized Mortgage Loan. A "Cut-off Date LTV Ratio" is a fraction, expressed as a percentage, the numerator of which is the Cut-off Date Balance of a Mortgage Loan, and the denominator of which is the appraised value of the related Mortgaged Property as determined by the appraisal made in connection with the origination of such Mortgage Loan. Such appraised value was calculated with regard to the rental restrictions associated with Section 42 of the Code but without regard to the investment value of Tax Credits. See "Description of the Mortgage Pool—Certain Terms and Conditions of the Mortgage Loans—*Low Income Housing Tax Credits*." A Cut-off Date LTV Ratio, because it is based on the appraised value of a Mortgaged Property determined as of loan origination, is not necessarily a reliable measure of the Mortgagor's current equity, if any, in that Mortgaged Property. In evaluating the Mortgage Loans, Fannie Mae used a different methodology for calculating loan to value ratios than that described herein. Application of such different methodology with regard to certain Mortgage Loans produced results which differ from those set forth in the following table and on Exhibit A.

### Cut-off Date LTV Ratios for the Group 1 Mortgage Loans

<u>Range of Cut-off Date LTV Ratios(%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Cut-off Date Balance</u>	<u>Percent of Cut-off Date Balance of Group 1 Mortgage Loans</u>
50.00% or less .....	<u>1</u>	<u>\$ 1,145,082</u>	<u>.53%</u>
50.01% to 55.00 .....	<u>3</u>	<u>5,444,736</u>	<u>2.52</u>
55.01% to 60.00 .....	<u>6</u>	<u>17,738,306</u>	<u>8.20</u>
60.01% to 65.00 .....	<u>11</u>	<u>29,605,382</u>	<u>13.68</u>
65.01% to 70.00 .....	<u>21</u>	<u>60,681,606</u>	<u>28.05</u>
70.01% to 75.00 .....	<u>27</u>	<u>97,455,376</u>	<u>45.04</u>
75.01% to 80.00 .....	<u>1</u>	<u>4,300,000</u>	<u>1.99</u>
Total .....	<u>70</u>	<u>\$216,370,489</u>	<u>100.00%</u>

Weighted Average Cut-off Date LTV Ratio: 68.10%

### Cut-off Date LTV Ratios for the Group 2 Mortgage Loans

Range of Cut-off Date LTV Ratios(%)	Number of Mortgage Loans	Aggregate Cut-off Date Balance	Percent of Cut-off Date Balance of Group 2 Mortgage Loans
50.01% to 55.00 .....	1	\$ 2,801,845	8.08%
55.01% to 60.00 .....	1	10,158,367	29.28
60.01% to 65.00 .....	1	3,674,226	10.59
65.01% to 70.00 .....	1	9,656,031	27.83
70.01% to 75.00 .....	2	8,406,757	24.23
Total .....	6	<u>\$34,697,226</u>	<u>100.00%</u>

Weighted Average Cut-off Date LTV Ratio: 65.19%

The following table sets forth the range of Debt Service Coverage Ratios as of the Cut-off Date for the Mortgage Loans, without regard to whether a Mortgage Loan is a Cross-Collateralized Mortgage Loan. The "Debt Service Coverage Ratio" for any Mortgage Loan is the ratio of (a) the net operating income expected to be generated by the related Mortgaged Property over a 12-month period ending, in the case of each Mortgage Loan, no earlier than six months prior to the Cut-off Date or no later than thirteen months after the Cut-off Date (the "Underwriting Net Operating Income") to (b) the product of the amount of the Monthly Payment in effect as of the Cut-off Date, multiplied by 12. Such Underwriting Net Operating Income is the revenue expected to be derived from the use and operation of a Mortgaged Property (consisting primarily of rental income, fees derived from the use of parking areas and laundry facilities and deposit forfeitures, if any) less the estimated operating expenses (such as utilities, general administrative expenses, management fees, advertising, repairs and maintenance) and less the estimated fixed expenses (such as insurance and real estate taxes) and net of replacement reserves. Underwriting Net Operating Income generally was calculated by employing the following methodology: (i) to determine revenue, the most current monthly rent roll available at the date of determination was totalled and multiplied by 12, and a vacancy factor applied, which vacancy factor was generally determined based upon the then current vacancy rate, historic vacancy rates and, in certain cases, the market vacancy rate identified by the appraiser in the appraisal prepared in connection with the origination of the Mortgage Loan, but in no event was such factor less than 5%, and any ancillary income (such as laundry, vending and similar items) was added to this figure; (ii) to determine expenses, prior years' historical operating expenses of the Mortgaged Property and the expenses estimated by the appraiser were reviewed, taking into account: (A) any expected changes in the costs of obtaining services and materials and (B) any anticipated changes in the day-to-day operation of the Mortgaged Property (such as changes in the number of employees, frequency of maintenance tasks and other comparable matters); and (iii) to derive the Underwriting Net Operating Income, estimated expenses were deducted from estimated revenues. A Debt Service Coverage Ratio, because it is based on the expected Underwriting Net Operating Income as described above, is not necessarily a reliable measure of what such ratio would be as of the Cut-off Date of the related Mortgage Loan. In evaluating the Mortgage Loans, Fannie Mae used a different methodology for calculating net operating income and debt service coverage ratios than that described herein. Application of such different methodology with regard to certain Mortgage Loans produced results which differ from those set forth in the following tables and on Exhibit A.

### Cut-off Date Debt Service Coverage Ratios of the Group 1 Mortgage Loans

<u>Range of Debt Service Coverage Ratios(x)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Cut-off Date Balance</u>	<u>Percent of Cut-off Date Balance of Group 1 Mortgage Loans</u>
1.10 to 1.19 .....	1	\$ 5,379,483	2.49%
1.20 to 1.24 .....	4	12,505,267	5.78
1.25 to 1.29 .....	35	129,908,783	60.04
1.30 to 1.39 .....	18	40,720,030	18.82
1.40 to 1.49 .....	4	10,543,703	4.87
1.50 to 1.59 .....	6	12,965,506	5.99
1.60 to 1.69 .....	1	2,068,034	.96
2.00 and over .....	1	2,279,684	1.05
Total .....	<u>70</u>	<u>\$216,370,489</u>	<u>100.00%</u>

Weighted Average Debt Service Coverage Ratio: 1.31

### Cut-off Date Debt Service Coverage Ratios of the Group 2 Mortgage Loans

<u>Range of Debt Service Coverage Ratios(x)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Cut-off Date Balance</u>	<u>Percent of Cut-off Date Balance of Group 2 Mortgage Loans</u>
1.30 to 1.39 .....	2	\$ 6,476,071	18.66%
1.40 to 1.49 .....	1	9,656,031	27.83
1.50 to 1.59 .....	2	8,406,757	24.23
1.80 to 1.89 .....	1	10,158,367	29.28
Total .....	<u>6</u>	<u>\$34,697,226</u>	<u>100.00%</u>

Weighted Average Debt Service Coverage Ratio: 1.57

### Occupancy Levels at the Group 1 Mortgaged Properties

<u>Occupancy (%)</u>	<u>Number of Mortgaged Properties</u>	<u>Aggregate Cut-off Date Balance</u>	<u>Percent of Cut-off Date Balance of Group 1 Mortgage Loans</u>
88 .....	2	\$ 6,027,980	2.79%
89 .....	1	2,339,205	1.08
90 .....	2	4,427,647	2.05
91 .....	6	18,254,993	8.44
92 .....	6	18,358,049	8.48
93 .....	8	25,583,246	11.82
94 .....	7	25,430,273	11.75
95 .....	4	9,562,448	4.42
96 .....	12	39,506,261	18.26
97 .....	6	14,175,183	6.55
98 .....	6	9,108,613	4.21
99 .....	6	26,655,139	12.32
100 .....	4	16,941,452	7.83
Total .....	<u>70</u>	<u>\$216,370,489</u>	<u>100.00%</u>

### Occupancy Levels at the Group 2 Mortgaged Properties

<u>Occupancy (%)</u>	<u>Number of Mortgaged Properties</u>	<u>Aggregate Cut-off Date Balance</u>	<u>Percent of Cut-off Date Balance of Group 2 Mortgage Loans</u>
88 .....	1	\$ 4,708,609	13.57%
92 .....	1	3,674,226	10.59
93 .....	1	9,656,031	27.83
94 .....	1	2,801,845	8.08
95 .....	1	10,158,367	29.28
98 .....	1	3,698,147	10.66
Total .....	6	<u>\$34,697,226</u>	<u>100.00%</u>

The Mortgage Loans are secured by Mortgaged Properties located in 25 different states. Twenty-two of the Mortgaged Properties are located in Texas. The following table sets forth the states in which the Mortgaged Properties are located.

### Geographic Distribution of the Group 1 Mortgaged Properties (by State)

<u>State</u>	<u>Number of Mortgaged Properties</u>	<u>Aggregate Cut-off Date Balance</u>	<u>Percent of Cut-off Date Balance of Group 1 Mortgage Loans</u>
Alabama .....	1	\$ 2,212,000	1.02%
Arizona .....	3	5,987,511	2.77
Colorado .....	2	6,051,337	2.80
Florida .....	3	6,645,430	3.07
Georgia .....	4	11,096,263	5.13
Illinois .....	4	21,572,875	9.97
Indiana .....	2	10,895,707	5.04
Louisiana .....	1	1,300,185	.60
Michigan .....	2	3,402,991	1.57
Mississippi .....	2	11,938,722	5.52
Nebraska .....	1	5,892,592	2.72
Nevada .....	2	9,599,086	4.44
New York .....	2	10,973,720	5.07
North Carolina .....	4	12,740,661	5.89
Ohio .....	5	14,743,562	6.81
Oklahoma .....	2	10,326,573	4.77
Pennsylvania .....	1	3,446,869	1.59
South Dakota .....	1	1,701,027	.79
Tennessee .....	1	7,487,010	3.46
Texas .....	21	49,976,673	23.10
Utah .....	1	1,145,082	.53
Virginia .....	3	4,141,611	1.91
Washington .....	1	1,300,000	.60
West Virginia .....	1	1,793,000	.83
Total .....	70	<u>\$216,370,489</u>	<u>100.00%</u>

### Geographic Distribution of the Group 2 Mortgaged Properties (by State)

<u>State</u>	<u>Number of Mortgaged Properties</u>	<u>Aggregate Cut-off Date Balance</u>	<u>Percent of Cut-off Date Balance of Group 2 Mortgage Loans</u>
Georgia .....	2	\$ 8,406,757	24.23%
Louisiana .....	1	3,674,226	10.59
New Hampshire .....	1	9,656,031	27.83
Tennessee .....	1	10,158,367	29.28
Texas .....	1	2,801,845	8.08
Total .....	6	<u>\$34,697,226</u>	<u>100.00%</u>

The following table sets forth the respective years in which the Mortgaged Properties were built.

### Years in Which the Group 1 Mortgaged Properties were Built

<u>Year of Construction</u>	<u>Number of Mortgaged Properties</u>	<u>Aggregate Cut-off Date Balance</u>	<u>Percent of Cut-off Date Balance of Group 1 Mortgage Loans</u>
1946 .....	1	\$ 2,339,205	1.08%
1951 .....	3	14,282,342	6.60
1952 .....	1	6,743,510	3.12
1953 .....	1	4,230,211	1.96
1962 .....	1	1,097,019	.51
1963 .....	1	2,064,518	.95
1964 .....	1	3,046,630	1.41
1965 .....	1	1,197,961	.55
1966 .....	2	4,836,280	2.24
1967 .....	2	4,285,553	1.98
1968 .....	3	6,559,079	3.03
1970 .....	1	3,130,395	1.45
1971 .....	2	8,494,302	3.93
1972 .....	2	4,219,423	1.95
1973 .....	10	32,444,932	15.00
1974 .....	6	19,517,729	9.02
1975 .....	5	19,971,860	9.23
1976 .....	1	1,701,027	.79
1978 .....	2	10,326,573	4.77
1979 .....	2	3,947,668	1.82
1980 .....	3	6,488,656	3.00
1981 .....	2	3,635,663	1.68
1982 .....	2	4,959,038	2.29
1983 .....	2	4,903,563	2.27
1984 .....	4	9,098,404	4.21
1985 .....	3	8,474,067	3.92
1986 .....	5	18,995,398	8.78
1990 .....	1	5,379,483	2.49
Total .....	70	<u>\$216,370,489</u>	<u>100.00%</u>

### Years in Which the Group 2 Mortgaged Properties were Built

Year of Construction	Number of Mortgaged Properties	Aggregate Cut-off Date Balance	Percent of Cut-off Date Balance of Group 2 Mortgage Loans
1970 .....	1	\$ 3,698,147	10.66%
1972 .....	1	4,708,609	13.57
1974 .....	2	19,814,398	57.11
1983 .....	1	2,801,845	8.08
1984 .....	1	3,674,226	10.59
Total .....	<u>6</u>	<u>\$34,697,226</u>	<u>100.00%</u>

### Changes in Mortgage Pool Characteristics

The description herein of the Mortgage Pool and the Mortgaged Properties is based upon the Mortgage Pool as expected to be constituted at the time the Underlying PL Senior P&I Certificates, the Underlying PL Senior Notional Certificates, the Related PL IO Certificates and the Related PL Subordinated Certificates are issued, as adjusted for the scheduled principal payments due on or before the Cut-off Date. Prior to the issuance of the Certificates, a Mortgage Loan may be removed from the Mortgage Pool if the related Underlying Depositor deems such removal necessary or appropriate or if it is prepaid. A limited number of other mortgage loans may be included in the Mortgage Pool prior to the issuance of the Certificates, unless the inclusion of such mortgage loans would materially alter the characteristics of the Mortgage Pool as described herein. The Underlying Depositors believe that the information set forth herein will be representative of the characteristics of the Mortgage Pool as it will be constituted at the time the Certificates are issued, although the range of Mortgage Rates and maturities, as well as the other characteristics of the Mortgage Loans described herein, may vary. The Initial Mortgage Pool Balance will be subject to a permitted variance of plus or minus 5%.

### CERTAIN ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES

The following tax discussion, when read in conjunction with the discussion of “Certain Federal Income Tax Consequences” in the Multifamily REMIC Prospectus, describes the current federal income tax treatment of investors in the Certificates. These two tax discussions do not purport to deal with all federal tax consequences applicable to all categories of investors, some of which may be subject to special rules. Investors should consult their own tax advisors in determining the federal, state, local and any other tax consequences to them of the purchase, ownership and disposition of the Certificates.

### REMIC Election and Special Tax Attributes

An Election will be made to treat the Trust as a REMIC for federal income tax purposes. The Certificates, other than the R Class, will be designated as the “regular interests,” and the R Class will be designated as the “residual interest,” in the REMIC constituted by the Trust.

As a consequence of the qualification of the Trust as a REMIC, the Certificates generally will be treated as “qualifying real property loans” for mutual savings banks and domestic building and loan associations, “regular or residual interests in a REMIC” for domestic building and loan associations, “real estate assets” for real estate investment trusts, and, except for the R Class, as “qualified mortgages” for other REMICs. See “Certain Federal Income Tax Consequences—Special Tax Attributes” in the Multifamily REMIC Prospectus.

### **Taxation of Beneficial Owners of Regular Certificates**

The Notional Classes will be, and the A, B, C and D Classes may be, issued with original issue discount for federal income tax purposes, which generally will result in recognition of some taxable income in advance of the receipt of the cash attributable to such income. The Prepayment Assumption that will be used in determining the rate of accrual of original issue discount will be 0% CPR, in the case of the Group 1 Mortgage Loans, and 3% CPR, in the case of the Group 2 Mortgage Loans. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Original Issue Discount*” in the Multifamily REMIC Prospectus. No representation is made as to whether the Mortgage Loans underlying the Underlying REMIC Trust will prepay at either of those rates or any other rate. See “Description of the Certificates—Weighted Average Lives of the Certificates” herein and “Maturity and Prepayment Considerations and Risks—Weighted Average Life and Final Distribution Dates” in the Multifamily REMIC Prospectus. In addition, the A, B, C and D Classes may be treated as having been issued at a premium for federal income tax purposes. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Certificates Purchased at a Premium*” in the Multifamily REMIC Prospectus.

### **Taxation of Beneficial Owners of Residual Certificates**

Under the Regulations, the R Class will not have significant value. As a result, an organization to which section 593 of the Code applies and which is the beneficial owner of an R Certificate may not use its allowable deductions to offset any “excess inclusions” with respect to such Certificate. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*” in the Multifamily REMIC Prospectus.

For purposes of determining the portion of the taxable income of the Trust that generally will not be treated as excess inclusions, the rate to be used is 8.53% (which is 120% of the “federal long-term rate”). See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*” and “—Foreign Investors—*Residual Certificates*” in the Multifamily REMIC Prospectus. The federal income tax consequences of any consideration paid to a transferee on the transfer of an R Certificate are unclear; any transferee receiving such consideration should consult its own tax advisors.

## **PLAN OF DISTRIBUTION**

The Dealers will receive the Certificates in exchange for the Underlying PL Senior P&I Certificates, Underlying PL Senior Notional Certificates and the Related PL IO Certificates pursuant to a Fannie Mae commitment. The Dealers propose to offer the Certificates directly to the public from time to time in negotiated transactions at varying prices to be determined at the time of sale. The Dealers may effect such transactions to or through dealers.

## **LEGAL MATTERS**

Certain legal matters will be passed upon for Fannie Mae by Mayer, Brown & Platt, Chicago, Illinois; and an opinion with respect to certain tax matters will be delivered to Fannie Mae by Dewey Ballantine, Washington, D.C. Any purchaser of Certificates will be furnished upon request an opinion by the General Counsel or Deputy General Counsel of Fannie Mae as to the validity of the Certificates and the Trust Agreement.

## GLOSSARY

**A Class:** As defined herein on the Prospectus Supplement cover page.

**A Class Balance:** The outstanding principal balance of such Class.

**Accrued Certificate Interest:** With respect to the Underlying PL Senior Certificates and the Related PL IO Certificates and each Distribution Date, Accrued Certificate Interest shall mean interest at the applicable Pass-Through Rate on such Class of Certificates which interest shall consist of one month's interest on the outstanding Class Balance or Class Notional Amount of such Class immediately prior to such Distribution Date commencing in the month of the Closing Date and shall be calculated on the basis of a 360-day year, consisting of twelve 30-day months.

With respect to the most subordinated Class of the Related PL Subordinated Certificates then remaining and each Distribution Date, Accrued Certificate Interest shall mean the excess, if any, of (A) interest at the applicable Pass-Through Rate on the most subordinated Class of Certificates which interest shall consist of one month's interest on the outstanding Class Balance of such subordinate Class immediately prior to such Distribution Date commencing in the month of the Closing Date and shall be calculated on the basis of a 360-day year, consisting of twelve 30-day months, over (B) the aggregate of all Interest Rate Reductions for all Mortgage Loans for the immediately preceding Due Period; provided, however that if (B) is greater than (A), then any remainder of (B) over (A) shall reduce the next most subordinate Class of the Related PL Subordinated Certificates' Accrued Certificate Interest, and such shall be the case thereafter for every Class of the Related PL Subordinated Certificates (in reverse alphabetical order) until the aggregate of all Interest Rate Reductions for all Mortgage Loans for the immediately preceding Due Period shall have been applied to reduce the interest payable to the Classes of the Related PL Subordinated Certificates to the greatest extent possible.

**Additional Mortgage:** As defined herein under "Description of the Certificates—Structure of the Underlying REMIC Trust—*The Mortgage Pool*" on page S-11.

**Advance:** As defined herein under "Description of the Underlying REMIC Trust—Description of the Underlying PL Senior P&I Certificates, the Underlying PL Senior Notional Certificates, the Related PL IO Certificates and the Related PL Subordinated Certificates—*Distributions of Principal and Interest—Priority*" on page S-25.

**ARM Loan:** A Mortgage Loan bearing an adjustable rate of interest.

**Assigned Asset Value:** As of any date of determination, with respect to any Mortgage Loan (other than a Seriously Delinquent Loan or a Materially Modified Loan), the Reported Principal Balance of such Mortgage Loan. With respect to any Mortgage Loan that is a Seriously Delinquent Loan or a Materially Modified Loan, the lesser of (a) the Reported Principal Balance of such Mortgage Loan as of such date of determination and (b) the appraised value of the related Mortgaged Property as of such date of determination reduced by the aggregate of (i) to the extent not previously advanced by the Underlying Master Servicer, all unpaid interest on such Mortgage Loan at a per annum rate equal to the related Mortgage Rate minus the related Servicing Fee Rate, (ii) all unpaid Servicing Fees and unreimbursed Advances in respect of such Mortgage Loan and (iii) all currently due but unpaid real estate taxes, assessments and insurance premiums in respect of the related Mortgaged Property. With respect to any REO Property, the appraised value of such REO Property as of such date of determination net of the aggregate of clauses (i), (ii) and (iii) in the immediately preceding sentence.

**Assumed Payment:** With respect to any Balloon Mortgage Loan that is delinquent and still outstanding in respect of its Balloon Payment, and including any REO Loan as to which the related



Mortgage Note provided for a Balloon Payment which would have been past due, an amount deemed to be due for such Balloon Mortgage Loan on the related Due Date, which shall be equal to the Monthly Payment that would have been due on such Mortgage Loan on such Due Date had such Balloon Payment not become due.

**Available Distribution Amount:** For each Distribution Date, an amount equal to the sum of all previously undistributed payments or other receipts on account of principal (including Principal Prepayments, Balloon Payments and insurance proceeds and liquidation proceeds in respect of principal, if any) and interest (including insurance proceeds and liquidation proceeds in respect of interest, if any) on or in respect of the Mortgage Loans received by the Underlying Master Servicer after the Cut-off Date (except for amounts due on or prior to the Cut-off Date), or received by the Underlying Master Servicer on or prior to the Cut-off Date but due after the Cut-off Date, in either case received on or prior to the business day preceding the P&I Advance Determination Date in the month in which such Distribution Date occurs, plus (i) all P&I Advances made by the Underlying Master Servicer in respect of such Mortgage Loans and (ii) all other amounts required to be placed in the Underlying Certificate Account and Underlying Distribution Account by the Underlying Master Servicer pursuant to the Underlying Pooling and Servicing Agreement and allocable to such Mortgage Loans and REO Loans, but excluding the following:

(a) amounts permitted to be used to reimburse the Underlying Master Servicer for previously unreimbursed P&I Advances, together with interest on such Advances, as described in the Underlying Pooling and Servicing Agreement;

(b) those portions of each payment of interest on a particular Mortgage Loan which represent the applicable Servicing Fee, all amounts in the nature of late fees, assumption fees and similar fees which the Underlying Master Servicer is entitled to retain as additional servicing compensation and reinvestment earnings on payments received in respect of the Mortgage Loans, in each case as adjusted in respect of Prepayment Interest Shortfalls and Balloon Payment Interest Shortfalls as described in the Underlying Pooling and Servicing Agreement;

(c) all amounts representing scheduled Monthly Payments due after the Due Date occurring in the month in which such Distribution Date occurs;

(d) that portion of liquidation proceeds or insurance proceeds with respect to a Mortgage Loan which represents any unpaid Servicing Fee to which the Underlying Master Servicer or the Underlying Special Servicer is entitled;

(e) all amounts representing certain expenses reimbursable to the Underlying Master Servicer and other amounts permitted to be retained by the Underlying Master Servicer or withdrawn by the Underlying Master Servicer from the Underlying Certificate Account; and

(f) all Prepayment Premiums and Yield Maintenance Charges.

**B Class:** As defined herein on the Prospectus Supplement cover page.

**B Class Balance:** The outstanding principal balance of such Class.

**Balloon Mortgage Loan:** As defined herein under “Description of the Certificates—Structure of the Underlying REMIC Trust—*The Mortgage Pool*” on page S-11.

**Balloon Payment:** As defined herein under “Description of the Certificates—Structure of the Underlying REMIC Trust—*The Mortgage Pool*” on page S-11.

**Balloon Payment Interest Shortfall:** With respect to any Balloon Payment not paid when due but received in whole or in part after any P&I Advance Determination Date and on or before the next Due Date, an amount equal to (i) interest at the related Mortgage Rate (net of the related

Servicing Fee Rate) on the Reported Principal Balance (calculated immediately after the Distribution Date first following the aforesaid P&I Advance Determination Date) from the date of receipt of such Balloon Payment through and including the next Due Date (which may be the date of such Balloon Payment, if such Balloon Payment is received on the Due Date), less, in the event that the Balloon Payment received is a partial prepayment, (ii) the interest portion of the Assumed Payment, if any, made by the Underlying Master Servicer on the next P&I Advance Determination Date which occurs after such Balloon Payment was received.

**C Class:** As defined herein on the Prospectus Supplement cover page.

**C Class Balance:** The outstanding principal balance of such Class.

**CERCLA:** The Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

**Certificate Rate:** The Certificate Rate of the A, B, C, D, E, G and H Classes as set forth on the Prospectus Supplement cover page.

**Certificateholder:** As defined herein under “Description of the Certificates—General—*Characteristics of Certificates*” on page S-9.

**Certificates:** As defined herein on the Prospectus Supplement cover page.

**Class:** Collectively with respect to the Certificates, all of the Certificates bearing the same alphabetical class designation and, with respect to the Underlying PL Senior P&I Certificates, the Underlying PL Senior Notional Certificates, the Related PL IO Certificates or the Related PL Subordinated Certificates, all of the Underlying PL Senior P&I Certificates, Underlying PL Senior Notional Certificates, Related PL IO Certificates or Related PL Subordinated Certificates bearing the same alphabetical class designation.

**Class Balance:** With respect to the Underlying PL Senior P&I Certificates, the Class Balance outstanding at any time represents the maximum amount that the Holders thereof are entitled to receive as distributions allocable to principal from the cash flow on assets in the Lower Tier Underlying REMIC Trust and with respect to the A, B, C and D Classes, the Class Balance outstanding at any time represents the maximum amount that the Holders thereof are entitled to receive as distributions allocable to principal from the cash flow on the “regular interests” and other assets in the Underlying REMIC Trust.

**Class Prepayment Percentages:** As defined herein under “Description of the Certificates—Allocation of Prepayment Premiums and Yield Maintenance Charges” on page S-15.

**Code:** As defined herein on page S-2.

**CPR:** As defined herein under “Description of the Certificates—Structuring Assumptions—*CPR Assumptions*” on page S-17.

**Cross-Collateralized Mortgage Loan:** As defined herein under “Description of the Mortgage Pool—General” on page S-32.

**Cut-off Date:** June 1, 1995. Information set forth herein as of the Cut-off Date reflects application of payments due on the Mortgage Loans on or before such date, whether or not received.

**Cut-off Date Balance:** As defined herein under “Description of the Mortgage Pool—General” on page S-31.

**Cut-off Date LTV Ratio:** As defined herein under “Description of the Mortgage Pool—Additional Mortgage Loan Information” on page S-41.

**D Certificate Rate:** As defined herein under “Reference Sheet—The Certificates—*Interest Rates*” on page S-4.

**D Class:** As defined herein on the Prospectus Supplement cover page.

**D Class Balance:** The outstanding principal balance of such Class.

**Dealers:** As defined herein on the Prospectus Supplement cover page.

**Debt Service Coverage Ratio:** As defined herein under “Description of the Mortgage Pool—Additional Mortgage Loan Information” on page S-42.

**Defaulted Mortgage Loan:** A Mortgage Loan that is at least 30 days delinquent in respect of any Scheduled Payment (such delinquency to be determined without regard to any grace period permitted by the related Mortgage or Mortgage Note), provided that no suitable arrangements have been made for the collection of the delinquent payments pursuant to the Underlying Pooling and Servicing Agreement and the Underlying Special Servicer has determined, in its reasonable and good faith judgment, that such Mortgage Loan will become the subject of foreclosure or similar proceedings.

**Delay Classes:** As defined herein under “Description of the Certificates—Distributions of Interest—*Interest Accrual Period*” on page S-13.

**Disclosure Documents:** As defined herein on page S-2.

**Distribution Date:** As defined herein under “Description of the Certificates—General—*Distribution Dates*” on page S-9.

**Due Date:** With respect to each Mortgage Loan, including, without limitation, a Mortgage Loan that is 30 days or more delinquent in respect of its Balloon Payment, and with respect to each REO Loan, the first day of each month.

**Due Period:** As defined herein under “Description of the Certificates—Structure of the Underlying REMIC Trust—*The Underlying PL Senior Certificates and the Mortgage Loans*” on page S-12.

**E Class:** As defined herein on the Prospectus Supplement cover page.

**Environmental Assessment:** As defined herein under “Description of the Underlying REMIC Trust—Description of the Underlying Pooling and Servicing Agreement—*Servicing of the Mortgage Loans—Realization Upon Defaulted Mortgage Loans*” on page S-29.

**Environmental Conditions Precedent to Foreclosure:** As defined herein under “Description of the Underlying REMIC Trust—Description of the Underlying Pooling and Servicing Agreement—*Servicing of the Mortgage Loans—Realization Upon Defaulted Mortgage Loans*” on page S-29.

**Exempted Securities:** As defined herein on the Prospectus Supplement cover page.

**Fannie Mae:** As defined herein under “Description of the Certificates—General—*Structure*” on page S-8.

**FDIC:** The Federal Deposit Insurance Corporation or any successor.

**Final Distribution Date:** As defined herein on the Prospectus Supplement cover page.

**Final Due Period:** With respect to any Mortgage Loan or any REO Property (and the related REO Loan), the Due Period during which a Liquidation Event has occurred in respect thereof.

**Final Recovery Determination:** A determination by the Underlying Master Servicer with respect to any defaulted Mortgage Loan or REO Property (other than a Mortgage Loan or REO Property, as the case may be, that was purchased by a Mortgage Loan Seller as described under “Description of the Underlying REMIC Trust—Description of the Underlying Pooling and Servicing Agreement—*Representations and Warranties; Repurchases*” or by either Underlying Depositor, the Majority Underlying PL Senior Voteholder, or the Underlying Master Servicer as summarized under “Description of the Underlying REMIC Trust—Description of the Underlying Pooling and Servicing Agreement—*Termination*”) that there has been a recovery of all insurance proceeds, liquidation proceeds and other payments or recoveries that the Underlying Master Servicer, in its reasonable and good faith judgment, exercised without regard to any obligation of the Underlying Master Servicer to make payments from its own funds to cover certain deductible amounts under insurance policies covering the Mortgaged Property or REO Property expects to be ultimately recoverable.

**First Loss Holder:** A Holder of 100% of the Certificates then representing the most subordinate Class of Related PL Subordinated Certificates outstanding (for the purpose of this definition “most subordinate Class of Related PL Subordinated Certificates” does not include any subordinate Class of Certificates outstanding with a then Class Balance equal to or less than a percentage (specified in the Underlying Pooling and Servicing Agreement) of the aggregate Cut-off Date Balance of all Mortgage Loans originally relating to the Trust), and with respect to which Certificates the then Class Balance is equal to or greater than a percentage (specified in the Underlying Pooling and Servicing Agreement) of the aggregate Cut-off Date Balance of all Mortgage Loans originally relating to the Trust.

**First Mortgage:** As defined herein under “Description of the Certificates—Structure of the Underlying REMIC Trust—*The Mortgage Pool*” on page S-11.

**Fixed Rate Mortgage Loan:** A Mortgage Loan whose Mortgage Rate is a fixed annual rate of interest.

**G Class:** As defined herein on the Prospectus Supplement cover page.

**Gross Margin:** As defined herein under “Description of the Mortgage Pool—Certain Terms and Conditions of the Mortgage Loans—*Mortgage Rates*” on page S-32.

**Group 1 Mortgage Loan:** Any Mortgage Loan which is a Fixed Rate Mortgage Loan (or any REO Loan which was a Fixed Rate Mortgage Loan).

**Group 2 Mortgage Loan:** Any Mortgage Loan which is an ARM Loan (or any REO Loan which was an ARM Loan).

**H Class:** As defined herein on the Prospectus Supplement cover page.

**Holder:** As defined here under “Description of the Certificates—General—*Characteristics of Certificates*” on page S-9.

**Index:** As defined herein under “Description of the Mortgage Pool—Certain Terms and Conditions of the Mortgage Loans—*Mortgage Rates*” on page S-32.

**Information Statement:** As defined herein on page S-2.

**Initial Mortgage Pool Balance:** As defined herein under “Description of the Certificates—Structure of the Underlying REMIC Trust—*The Mortgage Pool*” on page S-10.

**Interest Accrual Period:** As defined herein under “Description of the Certificates—Distributions of Interest—*Interest Accrual Period*” on page S-13.

**Interest Distribution Amount:** As defined herein under “Description of the Certificates—Distributions of Interest—*General*” on page S-13.

**Interest Rate Reduction:** With respect to any Mortgage Loan and any Due Period, the excess of (A) the Scheduled Payment due with respect to such Mortgage Loan over (B) the scheduled monthly payment of principal and/or interest due with respect to such Mortgage Loan for such Due Period after taking into account a Mortgage Rate reduction in connection with a bankruptcy or similar proceeding involving the related Mortgagor or the forbearance of interest (whether or not interest is also forgiven) as set forth in the Underlying Pooling and Servicing Agreement.

**Issue Date:** As defined herein under “Description of the Certificates—Structure of the Underlying REMIC Trust—*The Underlying PL Senior Certificates and the Mortgage Loans*” on page S-12.

**LIBOR Business Day:** Any day on which commercial banks are open for domestic and international business (including dealings in U.S. dollar deposits) in London and New York City.

**LIBOR Determination Date:** The date that is two (2) LIBOR Business Days prior to the first day of each LIBOR Reference Period.

**LIBOR Reference Period:** Each successive six (6) month calendar period, commencing on the first day of November and May of each year and ending on the day preceding the next LIBOR Reference Period during which any principal amount is outstanding under the related Mortgage Note.

**Liquidation Event:** With respect to any Mortgage Loan, any of the following events: (i) such Mortgage Loan is paid in full; (ii) a Final Recovery Determination is made with respect to such Mortgage Loan; (iii) such Mortgage Loan is repurchased by a Mortgage Loan Seller as summarized under “Description of the Underlying REMIC Trust—Description of the Underlying Pooling and Servicing Agreement—*Representations and Warranties; Repurchases*”; or (iv) such Mortgage Loan is purchased by either Underlying Depositor, the Majority Underlying PL Senior Voteholder or the Underlying Master Servicer as summarized under “Description of the Underlying REMIC Trust—Description of the Underlying Pooling and Servicing Agreement—*Termination*”. With respect to any REO Property (and the related REO Loan), any of the following events: (i) a Final Recovery Determination is made with respect to such REO Property; or (ii) such REO Property is purchased by the Underlying Master Servicer, the Majority Underlying PL Senior Voteholder or either Underlying Depositor as summarized under “Description of the Underlying REMIC Trust—Description of the Underlying Pooling and Servicing Agreement—*Termination*.”

**Loan Group:** Either of Group 1 Mortgage Loans or Group 2 Mortgage Loans.

**Loan Group Aggregate Principal Distribution Amount:** As defined herein under “Description of the Certificates—Distributions of Principal—*Principal Distribution Amount*” on page S-14.

**Loan Group Senior Principal Shortfall:** With respect to each Class of Underlying PL Senior P&I Certificates and any Distribution Date, the amount, if any, by which (i) the Senior Principal Distribution Amount with respect to such Distribution Date exceeds (ii) the aggregate distributions of principal actually made to the Holders of such Certificates on such Distribution Date.

**Loan-to-Value Ratio:** With respect to any Mortgage Loan, as of any date of determination, the fraction, expressed as a percentage, the numerator of which is the then Mortgage Loan Principal Balance of such Mortgage Loan and the denominator of which is the appraised value of the related Mortgaged Property based on the most recent appraisal available to the related Mortgage Loan Seller or, following the Cut-off Date, the Underlying Master Servicer.

**Lock-Out Period:** As defined herein under “Description of the Mortgage Pool—Certain Terms and Conditions of the Mortgage Loans—*Prepayment Provisions*” on page S-33.

**Loss Amount:** As defined herein under “Description of the Certificates—Structure of the Underlying REMIC Trust—*The Underlying PL Senior Certificates and Mortgage Loans*” on page S-11.

**Lower Tier Underlying REMIC Trust:** As defined herein on the Prospectus Supplement cover page.

**Majority Underlying PL Senior Voteholder:** As of any date of determination, any single Holder of Underlying PL Senior P&I Certificates evidencing a greater than 50% aggregate Underlying Percentage Interest in such Classes.

**Materially Modified Loan:** Any Mortgage Loan as to which, by reason of a bankruptcy or similar proceeding involving the related Mortgagor or a Modification of such Mortgage Loan granted or agreed to by the Underlying Special Servicer as summarized under “Description of the Underlying REMIC Trust—Description of the Pooling and Servicing Agreement—*Servicing of the Mortgage Loans—Modifications, Waivers and Amendments*,” the Maturity Date therefor has been extended and/or the Mortgage Rate or the Monthly Payment has been modified.

**Maturity Date:** As defined herein under “Description of the Mortgage Pool—Certain Terms and Conditions of the Mortgage Loans—*Prepayment Provisions*” on page S-33.

**Modification:** As defined herein under “Description of the Underlying REMIC Trust—Description of the Underlying Pooling and Servicing Agreement—*Servicing of the Mortgage Loans—Modifications, Waivers and Amendments*” on page S-28.

**Monthly Payment:** With respect to any Mortgage Loan, for any Due Date as of which it is outstanding, the scheduled monthly payment of principal and/or interest on such Mortgage Loan that is actually payable by the related Mortgagor from time to time under the terms of the related Mortgage Note (as such terms may be changed or modified in connection with a bankruptcy or similar proceeding involving the related Mortgagor or a Modification of such Mortgage Loan granted or agreed to by the Underlying Special Servicer as described under “Description of the Underlying REMIC Trust—Description of the Underlying Pooling and Servicing Agreement—*Servicing of the Mortgage Loans—Modifications, Waivers and Amendments*”).

**Mortgage:** As defined herein under “Description of the Certificates—Structure of the Underlying REMIC Trust—*The Mortgage Pool*” on page S-11.

**Mortgage File:** With respect to any Mortgage Loan, the related Mortgage Note, Mortgage and certain other related documents specified in the Underlying Pooling and Servicing Agreement.

**Mortgage Loan:** As defined herein on the Prospectus Supplement cover page.

**Mortgage Loan Principal Balance:** With respect to any Mortgage Loan or REO Loan, as of any date of determination, a principal amount equal to the Cut-off Date Balance of such

Mortgage Loan (or, with respect to any REO Loan, the Mortgage Loan Principal Balance of the predecessor Mortgage Loan as of the date of the related REO Acquisition), minus the aggregate of all payments or other recoveries, net insurance proceeds, net liquidation proceeds, and income, rents and profits derived from the ownership, operation or leasing of any REO Property received on or in respect of the related Mortgage Loan or REO Loan, on or before such date of determination, that were applied by the Underlying Master Servicer as recoveries of principal of such Mortgage Loan or REO Loan in accordance with the Underlying Pooling and Servicing Agreement.

**Mortgage Loan Purchase Agreement:** As defined herein under “Description of the Mortgage Pool—General” on page S-32.

**Mortgage Loan Schedule:** The list of Mortgage Loans transferred to the Underlying Trustee attached to the Underlying Pooling and Servicing Agreement as Schedules I, II and III.

**Mortgage Loan Seller:** As defined herein under “Certain Aspects of Multifamily REMIC Pass-Through Certificates—4. *Repurchases Due to Breach of Representations and Warranties*” on page S-7.

**Mortgage Note:** As defined herein under “Description of the Certificates—Structure of the Underlying REMIC Trust—*The Mortgage Pool*” on page S-11.

**Mortgage Pool:** As defined herein on the Prospectus Supplement cover page.

**Mortgage Rate:** With respect to each Mortgage Loan, the fixed or adjustable rate per annum set forth in the related Mortgage Note from time to time at which interest accrues on such Mortgage Loan, as of the Cut-off Date (in the case of a Fixed Rate Mortgage Loan) or as of the most recent interest rate adjustment pursuant to the related Mortgage Note (in the case of an ARM Loan), in each case after giving effect to any modification of a Mortgage Loan for any period in connection with a bankruptcy or similar proceeding involving the related Mortgagor or a modification, waiver or amendment of such Mortgage Loan granted or agreed to by the Underlying Special Servicer pursuant to the Underlying Pooling and Servicing Agreement.

**Mortgaged Property:** As defined herein on the Prospectus Supplement cover page.

**Mortgagor:** The obligor or obligors on a Mortgage Note, including, without limitation, any person that purchased the related Mortgaged Property subject to the Mortgage and any person that has assumed the obligations of the original obligor under the Mortgage Note.

**Multifamily REMIC Prospectus:** As defined herein on page S-2.

**Net Mortgage Rate:** For any Mortgage Loan or REO Loan, as of any date of determination, will be the rate per annum equal to (i) the applicable Mortgage Rate (without regard to any modification thereof made in connection with a bankruptcy proceeding or in connection with a default or a threatened default) minus (ii) the sum of the applicable Servicing Fee Rate, the Underlying Trustee’s Fee Rate and the fixed rate per annum applicable to the accrual of interest on the Related PL IO Certificates. For information as to the Net Mortgage Rates applicable to the Mortgage Loans, see Exhibit A.

**Nonrecoverable Advance:** A Nonrecoverable P&I Advance or a Nonrecoverable Servicing Advance.

**Nonrecoverable P&I Advance:** Any P&I Advance previously made in respect of a Mortgage Loan or REO Loan which, in the reasonable and good faith judgment of the Underlying

Master Servicer, will not be ultimately recoverable either (i) from expected late collections (from whatever source) of interest (net of Servicing Fees) on and principal of such Mortgage Loan or the REO Loan, as applicable, or (ii) out of amounts otherwise distributable on the Related PL Subordinated Certificates on any current or future Distribution Date.

**Nonrecoverable Servicing Advance:** Any Servicing Advance previously made in respect of a Mortgage Loan or REO Property which, in the reasonable and good faith judgment of the Underlying Master Servicer, will not be ultimately recoverable either (i) from payments, insurance proceeds, liquidation proceeds or other amounts expected to be collected on or in respect of such Mortgage Loan or REO Property, or (ii) out of amounts otherwise distributable on the Related PL Subordinated Certificates on any current or future Distribution Date.

**Notional Class:** A Class having no principal balance and bearing interest on the related notional principal balance.

**Pass-Through Rate:** As defined herein under “Description of the Certificates—Structure of the Underlying REMIC Trust—*The Underlying PL Senior Certificates and the Mortgage Loans*” on page S-11.

**P&I Advance:** As defined herein under “Description of the Underlying REMIC Trust—Description of the Underlying PL Senior P&I Certificates, the Underlying PL Senior Notional Certificates, the Related PL IO Certificates and the Related PL Subordinated Certificates—*Distributions of Principal and Interest—P&I Advances*” on page S-25.

**P&I Advance Date:** As defined herein under “Description of the Underlying REMIC Trust—Description of the Underlying PL Senior P&I Certificates, the Underlying PL Senior Notional Certificates, the Related PL IO Certificates and the Related PL Subordinated Certificates—*Distributions of Principal and Interest—P&I Advances*” on page S-25.

**P&I Advance Determination Date:** With respect to any Distribution Date, the 15th day of the month in which such Distribution Date occurs, or if such 15th day is not a business day, the business day immediately preceding.

**Prepayment Interest Shortfall:** With respect to any Mortgage Loan that was subject to a principal prepayment during any Due Period, which principal prepayment was applied to such Mortgage Loan prior to the Due Date in such Due Period, the amount of interest (net of the related Servicing Fee) that would have accrued under such Mortgage Loan on the amount of such principal prepayment during the period from and including the date as of which such principal prepayment was received, and to, but not including, such Due Date.

**Prepayment Premium:** Any premium, penalty or fee (other than a Yield Maintenance Charge) paid or payable, as the context requires, by a Mortgagor in connection with a principal prepayment.

**Pricing Assumptions:** As defined herein under “Description of the Certificates—Structuring Assumptions—*Pricing Assumptions*” on page S-16.

**Principal Distribution Amount:** With respect to each of (i) the A, B and C Class Certificates and (ii) the D Class Certificates, and any Distribution Date, the sum of (x) the related Loan Group Aggregate Principal Distribution Amount distributable to the related Underlying PL Class A, B and C Certificates and to the Underlying PL Class D Certificates, respectively, net of that portion of any related Loan Group Senior Principal Shortfall from the preceding Distribution Date included therein and previously covered by Fannie Mae, and (y) an amount equal to the Underlying



Realized Losses allocated to the applicable Underlying PL Senior P&I Certificates on such Distribution Date.

**principal prepayment:** As defined herein on page S-2.

**Purchase Price:** With respect to any Mortgage Loan, a price equal to the Mortgage Loan Principal Balance of such Mortgage Loan as of the date of purchase, together with (a) all accrued and unpaid interest on such Mortgage Loan at the related Mortgage Rate in effect from time to time to but not including the Due Date in the Due Period of purchase, any unpaid interest on unreimbursed P&I Advances with respect to such Mortgage Loan, and (b) all related unreimbursed Servicing Advances, plus any unpaid interest on such Servicing Advances and, except for purposes of any Mortgage Loan to be purchased by either Underlying Depositor, the Majority Underlying PL Senior Votesholder or the Underlying Master Servicer as described herein under “Description of the Underlying REMIC Trust—Description of the Underlying Pooling and Servicing Agreement—*Termination*,” without taking into account any reduction in principal or change in the Mortgage Rate permitted hereby.

**R Class:** As defined herein on the Prospectus Supplement cover page.

**Record Date:** With respect to each Distribution Date, the last day of the immediately preceding month.

**Regulations:** As defined herein under “Description of the Certificates—Characteristics of the R Class” on page S-22.

**Related PL Class R Certificateholders:** The holders of the Related PL Class R Certificates.

**Related PL Class R Certificates:** As defined herein under “Description of the Certificates—Structure of the Underlying REMIC Trust—*General*” on page S-10.

**Related PL IO Certificateholders:** The holders of the Related PL IO Certificates.

**Related PL IO Certificates:** As defined herein under “Description of the Certificates—General—*Assets*” on page S-8.

**Related PL Subordinated Certificateholders:** The holders of the Related PL Subordinated Certificates.

**Related PL Subordinated Certificates:** As defined herein under “Description of the Certificates—Structure of the Underlying REMIC Trust—*General*” on page S-10.

**REMIC Provisions:** Provisions of the federal income tax law relating to real estate mortgage investment conduits, which appear at Sections 860A through 860G of Subchapter M of Chapter 1 of the Code, and related provisions, and proposed, temporary and final Treasury regulations and any rulings promulgated thereunder, as the foregoing may be in effect from time to time.

**REMICs:** As defined herein on page S-2.

**REO Acquisition:** The acquisition of an REO Property in accordance with the procedures summarized under “Description of the Underlying REMIC Trust—Description of the Underlying Pooling and Servicing Agreement—*Servicing of the Mortgage Loans—Realization Upon Defaulted Mortgage Loans*” on page S-29.

**REO Extension:** As defined herein under “Description of the Underlying REMIC Trust—Description of the Underlying Pooling and Servicing Agreement—*Servicing of the Mortgage Loans—Realization Upon Defaulted Mortgage Loans*” on page S-30.

**REO Loan:** As defined herein under “Description of the Underlying REMIC Trust—Description of the Underlying PL Senior P&I Certificates, the Underlying PL Senior Notional Certificates, the Related PL IO Certificates and the Related PL Subordinated Certificates—*Distributions of Principal and Interest—Treatment of REO Properties*” on page S-26.

**REO Property:** As defined herein under “Description of the Certificates—Structure of the Underlying REMIC Trust—*General*” on page S-10.

**REO Revenues:** All income, rents and profits derived from the ownership, operation or leasing of any REO Property.

**Reported Principal Balance:** With respect to any Mortgage Loan, a principal amount that is initially equal to the Cut-off Date Balance of such Mortgage Loan and that is reduced on each Distribution Date (to not less than zero) by, without duplication:

- (a) the aggregate of all payments, insurance proceeds and liquidation proceeds received on or in respect of such Mortgage Loan during the related Due Period that were applied by the Underlying Master Servicer as recoveries of principal of such Mortgage Loan in accordance with the Underlying Pooling and Servicing Agreement, in each case net of any portion of the particular payment or other collection for which a P&I Advance was previously made for a prior Distribution Date;
- (b) the principal portion of any delinquent payment made by the related Mortgagor which was due on the most recent Due Date but was received on or prior to the related P&I Advance Determination Date and is applied by the Underlying Master Servicer as the applicable Scheduled Payment for such Due Date;
- (c) the principal portion of any P&I Advance made by the Underlying Master Servicer in respect of such Mortgage Loan for such Distribution Date;
- (d) in the event of a Final Recovery Determination, after the allocation, as described in clause (a), of the portion of the final amounts received with respect to insurance proceeds, liquidation proceeds and other payments or recoveries that constitute a recovery of principal, the remaining principal balance of the Mortgage Loan; and
- (e) the principal portion due under such Mortgage Loan which was forgiven in connection with a bankruptcy or similar proceeding involving the related Mortgagor.

With respect to any REO Loan, a principal amount that is initially equal to the Reported Principal Balance of the predecessor Mortgage Loan as of the date of the related REO Acquisition and that is reduced on each subsequent Distribution Date (to not less than zero) by, without duplication:

- (x) the principal portion of any P&I Advance made by the Underlying Master Servicer in respect of such REO Loan (or, if applicable, the predecessor Mortgage Loan) for such Distribution Date;
- (y) if such Distribution Date occurs in a Due Period subsequent to the Due Period in which the related REO Acquisition occurred, the aggregate of all REO Revenues, insurance proceeds and liquidation proceeds, if any, received in respect of the related REO Property during the Due Period for such Distribution Date that were applied by the Underlying Master Servicer as recoveries of principal of such REO Loan in accordance with the Underlying Pooling and Servicing Agreement, in each case net of any portion of the particular collection that

represents a late collection of principal for which a P&I Advance was previously made for a prior Distribution Date; and

(z) in the event of a Final Recovery Determination, after the allocation, as described in clause (y), of the portion of the final amounts received with respect to income, rents and profits derived from the ownership, operation or leasing of any REO Property, insurance proceeds and liquidation proceeds and other payments or recoveries that constitute a recovery of principal, the remaining principal balance in respect of the REO Loan.

**Scheduled Payment:** With respect to any Mortgage Loan and for any Due Date, the scheduled monthly payment of principal and/or interest on such Mortgage Loan that is payable by the related Mortgagor on such Due Date under the terms of the related Mortgage Note as in effect on the Cut-off Date, without taking into account any default interest which may be payable thereunder.

**Senior Principal Distribution Amount:** With respect to the Underlying PL Senior P&I Certificates and any Distribution Date, the sum of (A) the related Loan Group Aggregate Principal Distribution Amount for each Loan Group and (B) for any Distribution Date after the first Distribution Date, the related Loan Group Senior Principal Shortfall with respect to the immediately preceding Distribution Date.

**Seriously Delinquent Loan:** Any Mortgage Loan that is at least 90 days delinquent in respect of its Balloon Payment or 90 days delinquent in respect of any other Scheduled Payment (such delinquency to be determined without regard to any grace period permitted by the related Mortgage(s) or Mortgage Note), provided that no suitable arrangements have been made for the collection of the delinquent payments as summarized under “Description of the Underlying REMIC Trust—Description of the Underlying Pooling and Servicing Agreement—*Servicing of the Mortgage Loans—Modifications, Waivers and Amendments*” on page S-28.

**Servicing Advances:** All customary, reasonable and necessary “out-of-pocket” costs and expenses (including attorneys’ fees and expenses and fees of real estate brokers) incurred by the Underlying Master Servicer in connection with the servicing and administering of (a) a Mortgage Loan in respect of which a default, delinquency or other unanticipated event has occurred (without regard to any grace or cure period available to the applicable Mortgagor) or as to which a default is imminent or (b) an REO Property including, but not limited to, the cost of (i) compliance with the Underlying Master Servicer’s obligations set forth in the Underlying Pooling and Servicing Agreement, (ii) the preservation, restoration and protection of a Mortgaged Property, (iii) obtaining any liquidation proceeds or any insurance proceeds, (iv) any enforcement or judicial proceedings with respect to a Mortgaged Property, including foreclosures, and (v) the operation, management, maintenance and liquidation of any REO Property; however “Servicing Advance” will not include any cost or expense that the Underlying Master Servicer is expressly required by the Underlying Pooling and Servicing Agreement to bear out of its own funds or without right of reimbursement or that the Underlying Pooling and Servicing Agreement expressly states is not to be borne by the Trust or the Certificateholders.

**Servicing Fee:** With respect to each Mortgage Loan and REO Loan, the fee payable to the entity which is solely performing the obligations of the Underlying Master Servicer or also performing the obligations of the Underlying Special Servicer pursuant to the Underlying Pooling and Servicing Agreement.

**Servicing Fee Rate:** The rate per annum specified in the Underlying Pooling and Servicing Agreement at which the Servicing Fee accrues.

**Servicing Standard:** The diligent servicing and administration of the Mortgage Loans and REO Loans that the Underlying Master Servicer is obligated to service and the diligent servicing and administration of the certain Mortgage Loans and REO Loans with respect to which default is imminent or which are in default, including REO Properties related thereto and the monitoring, reporting and other functions as provided in the Underlying Pooling and Servicing Agreement by the Underlying Special Servicer on behalf of the Underlying Trustee and in the best interests of and for the benefit of the Underlying Certificateholders (as such servicing and administration is determined by the Underlying Master Servicer or the Underlying Special Servicer in its good faith and reasonable judgment and without regard to any differing payment priorities among the respective Classes of Underlying Certificates) in full cooperation with each other, in accordance with applicable law, the terms of the Underlying Pooling and Servicing Agreement and the terms of the respective Mortgage Loans and, to the extent consistent with the foregoing, in the same manner as would prudent institutional mortgage lenders (for both loans owned by such institutional mortgage lenders and loans owned by others which are serviced by such institutional mortgage lenders), prudent loan servicers and prudent asset managers servicing mortgage loans comparable to the Mortgage Loans in the jurisdictions where the Mortgaged Properties are located and with a view to the maximization of timely and complete recovery of principal and interest on the Mortgage Notes, but without regard to: (i) any relationship that each of the Underlying Master Servicer or the Underlying Special Servicer or any of their affiliates may have with the related Mortgagor; (ii) the ownership of any Underlying Certificate by the Underlying Master Servicer or the Underlying Special Servicer or any of their affiliates; (iii) the Underlying Master Servicer's obligation to make P&I Advances and Servicing Advances; or (iv) each of the Underlying Master Servicer's or the Underlying Special Servicer's right to receive compensation for its services under the Underlying Pooling and Servicing Agreement or with respect to any particular transaction.

**Settlement Date:** As defined herein on the Prospectus Supplement cover page.

**6-Month LIBOR:** The London interbank offered rate for six-month United States dollar deposits established in accordance with the related Mortgage Note on each LIBOR Determination Date.

**State Street:** As defined herein under "Description of the Certificates—General—*Characteristics of Certificates*" on page S-9.

**Sub-Group:** As defined herein under "Description of the Mortgage Pool—Certain Terms and Conditions of the Mortgage Loans—*Cross-Default and Cross-Collateralization of Certain Mortgage Loans*" on page S-35.

**Subordinated Principal Distribution Amount:** With respect to any Distribution Date, the sum of (A) the excess, if any, of the Loan Group Aggregate Principal Distribution Amount over the Senior Principal Distribution Amount and (B) the Subordinated Principal Shortfall with respect to the immediately preceding Distribution Date.

**Subordinated Principal Shortfall:** With respect to any Distribution Date, an amount equal to the excess, if any, of (a) the Subordinated Principal Distribution Amount with respect to such Distribution Date, over (b) the aggregate distributions of principal actually made to the Holders of the Related PL Subordinated Certificates on such Distribution Date.

**Tax Credits:** As defined herein under "Description of the Mortgage Pool—Certain Terms and Conditions of the Mortgage Loans—*Low Income Housing Tax Credits*" on page S-35.

**Trust:** As defined herein on the Prospectus Supplement cover page.

**Trust Account:** The one or more trust accounts created pursuant to the Trust Agreement into which will be deposited all distributions on the Underlying PL Senior P&I Certificates, the Underlying PL Senior Notional Certificates and the Related PL IO Certificates and all investments of, and investment income from, such moneys.

**Trust Agreement:** As defined herein under “Description of the Certificates—General—*Structure*” on page S-8.

**Trustee:** As defined herein under “Description of the Certificates—General—*Structure*” on page S-8.

**Underlying Certificate Account:** The segregated account or accounts created and maintained by the Underlying Master Servicer.

**Underlying Certificate Balance:** With respect to any Underlying PL Senior P&I Certificate or Related PL Subordinated Certificate, as of any date of determination, the then outstanding principal amount of such Underlying PL Senior P&I Certificate or Related PL Subordinated Certificate equal to the product of (a) the Underlying Percentage Interest evidenced by such Underlying PL Senior P&I Certificate or Related PL Subordinated Certificate, multiplied by (b) the then Class Balance of the Class of Underlying PL Senior P&I Certificates or Related PL Subordinated Certificates to which such Underlying PL Senior P&I Certificate or Related PL Subordinated Certificate belongs.

**Underlying Certificateholders:** The Underlying PL Senior P&I Certificateholders, the Underlying PL Senior Notional Certificateholders, the Related PL IO Certificateholders and the Related PL Subordinated Certificateholders.

**Underlying Certificates:** The Underlying PL Senior P&I Certificates, the Underlying PL Senior Notional Certificates, the Related PL IO Certificates and the Related PL Subordinated Certificates.

**Underlying Depositors:** As defined herein on the Prospectus Supplement cover page.

**Underlying Distribution Account:** The segregated account or accounts created and maintained by the Underlying Trustee in trust for Underlying Certificateholders.

**Underlying Master Servicer:** As defined under “Description of the Certificates—*Structure* of the Underlying REMIC Trust—*General*” on page S-10.

**Underlying Pass-Through Rate:** The rate at which interest accrues on any Class of the Underlying PL Senior P&I Certificates, the Underlying PL Senior Notional Certificates, Related PL IO Certificates or Related PL Subordinated Certificates.

**Underlying Percentage Interest:** With respect to any Underlying REMIC Regular Certificate, the portion of the relevant Class evidenced by such Underlying Certificate, expressed as a percentage, the numerator of which is the Underlying Certificate Balance of such Underlying REMIC Regular Certificate as of the Settlement Date, as specified on the face thereof, and the denominator of which is the original Class Balance of the relevant Class. With respect to a Related PL Class R Certificate, the percentage interest in distributions to be made with respect to such Class, as stated on the face of such Related PL Class R Certificate.

**Underlying PL Class A Balance:** The Class Balance of the Underlying PL Class A Certificates.

**Underlying PL Class B Balance:** The Class Balance of the Underlying PL Class B Certificates.

**Underlying PL Class C Balance:** The Class Balance of the Underlying PL Class C Certificates.

**Underlying PL Class D Balance:** The Class Balance of the Underlying PL Class D Certificates.

**Underlying PL Class A Certificates:** The Class A Certificates of the Underlying REMIC Trust.

**Underlying PL Class B Certificates:** The Class B Certificates of the Underlying REMIC Trust.

**Underlying PL Class C Certificates:** The Class C Certificates of the Underlying REMIC Trust.

**Underlying PL Class D Certificates:** The Class D Certificates of the Underlying REMIC Trust.

**Underlying PL Class E Certificates:** The Class E Certificates of the Underlying REMIC Trust.

**Underlying PL Class G Certificates:** The Class G Certificates of the Underlying REMIC Trust.

**Underlying PL Class H Certificates:** The Class H Certificates of the Underlying REMIC Trust.

**Underlying PL Class A Pass-Through Rate:** As defined herein under “Description of the Certificates—Structure of the Underlying REMIC Trust—*The Underlying PL Senior Certificates and the Mortgage Loans*” on page S-12.

**Underlying PL Class B Pass-Through Rate:** As defined herein under “Description of the Certificates—Structure of the Underlying REMIC Trust—*The Underlying PL Senior Certificates and the Mortgage Loans*” on page S-12.

**Underlying PL Class C Pass-Through Rate:** As defined herein under “Description of the Certificates—Structure of the Underlying REMIC Trust—*The Underlying PL Senior Certificates and the Mortgage Loans*” on page S-12.

**Underlying PL Class D Pass-Through Rate:** As defined herein under “Description of the Certificates—Structure of the Underlying REMIC Trust—*The Underlying PL Senior Certificates and the Mortgage Loans*” on page S-12.

**Underlying PL Class E Pass-Through Rate:** As defined herein under “Description of the Certificates—Structure of the Underlying REMIC Trust—*The Underlying PL Senior Certificates and the Mortgage Loans*” on page S-12.

**Underlying PL Class G Pass-Through Rate:** As defined herein under “Description of the Certificates—Structure of the Underlying REMIC Trust—*The Underlying PL Senior Certificates and the Mortgage Loans*” on page S-12.

**Underlying PL Class H Pass-Through Rate:** As defined herein under “Description of the Certificates—Structure of the Underlying REMIC Trust—*The Underlying PL Senior Certificates and the Mortgage Loans*” on page S-12.

**Underlying PL Senior Certificateholder:** The holders of the Underlying PL Senior Certificates.

**Underlying PL Senior Certificates:** As defined herein under “Description of the Certificates—General—*Assets*” on page S-8.

**Underlying PL Senior Control Period:** With respect to any Mortgage Loan or REO Property, as of any date of determination, any period during which there is a Majority Underlying PL Senior Voteholder and (i) the Class Balances of the Underlying PL Senior P&I Certificates are greater than zero and the Class Balances of the Related PL Subordinated Certificates are equal to or less than one percent (1%) of the Cut-off Date Balance of all Mortgage Loans originally relating to the Trust, or (ii) the Class Balances of the Underlying PL Senior P&I Certificates exceed the aggregate Assigned Asset Value of all of the Mortgage Loans and REO Properties; provided, however, that for purposes of this determination: (x) the Class Balances of the Underlying PL Senior P&I Certificates shall reflect all distributions of principal made on such Certificates on the Distribution Date immediately preceding such date of determination; and (y) the Reported Principal Balance of the Mortgage Loans shall reflect all reductions to be made thereto on the Distribution Date immediately preceding such date of determination.

**Underlying PL Senior Notional Certificateholder:** The holders of Underlying PL Senior Notional Certificates.

**Underlying PL Senior Notional Certificates:** As defined herein under “Description of the Certificates—General—*Assets*” on page S-8.

**Underlying PL Senior P&I Certificateholder:** The Holders of the Underlying PL Senior P&I Certificates.

**Underlying PL Senior P&I Certificates:** As defined herein under “Description of the Certificates—General—*Assets*” on page S-8.

**Underlying Pooling and Servicing Agreement:** As defined herein under “Description of the Certificates—Structure of the Underlying REMIC Trust—*General*” on page S-10.

**Underlying Realized Loss:** With respect to any Distribution Date, the amount, if any, by which (a) the sum of the aggregate Underlying Certificate Balance of the Underlying PL Senior P&I Certificates and the Related PL Subordinated Certificates, after giving effect to distributions made on such Distribution Date, exceeds (b) an amount equal to (i) the aggregate Reported Principal Balance of the Mortgage Loans, after giving effect to distributions made on such Distribution Date, minus (ii) the excess, if any, of the aggregate of all amounts payable to the Underlying Master Servicer as described in “Description of the Underlying REMIC Trust—Description of the Underlying PL Senior P&I Certificates, the Underlying PL Senior Notional Certificates, the Related PL IO Certificates and the Related PL Subordinated Certificates—Distributions of Principal and Interest—*Priority*” herein on such Distribution Date over the increase in the amount of Subordinated Principal Shortfall for such Distribution Date from the amount of Subordinated Principal Shortfall for the immediately preceding Distribution Date.

**Underlying REMIC Regular Certificate:** Any Underlying PL Senior P&I Certificate, Underlying PL Senior Notional Certificate, Related PL IO Certificate or Related PL Subordinated Certificate (other than a Related PL Class R Certificate.)

**Underlying REMIC Regular Interests:** As defined herein under “Description of the Certificates—Structure of the Underlying REMIC Trust—*General*” on page S-10.

**Underlying REMIC Residual Interests:** As defined herein under “Description of the Certificates—Structure of the Underlying REMIC Trust—*General*” on page S-10.

**Underlying REMIC Trust:** As defined herein on the Prospectus Supplement cover page.

**Underlying REO Account:** The segregated custodial account or accounts maintained by the Underlying Master Servicer into which are deposited the revenues, insurance proceeds and liquidation proceeds received in respect of an REO Property.

**Underlying Special Servicer:** As defined under “Description of the Certificates—Structure of the Underlying REMIC Trust—*General*” on page S-10.

**Underlying Trustee:** As defined herein under “Description of the Certificates—Structure of the Underlying REMIC Trust—*General*” on page S-10.

**Underlying Trustee’s Fee:** With respect to any Distribution Date, 30 days’ interest at the Underlying Trustee’s Fee Rate accrued on the aggregate Reported Principal Balance of the Mortgage Loans and any REO Loans immediately following the preceding Distribution Date (or, in the case of the initial Distribution Date, on the aggregate Cut-off Date Balance of the Mortgage Loans).

**Underlying Trustee’s Fee Rate:** The rate per annum specified in the Underlying Pooling and Servicing Agreement at which the Underlying Trustee’s Fee accrues.

**Underlying Voting Rights:** As defined herein under “The Trust Agreement—Voting by Fannie Mae Under the Underlying Pooling and Servicing Agreement” on page S-22.

**Underwriting Net Operating Income:** As defined herein under “Description of the Mortgage Pool—Additional Mortgage Loan Information” on page S-42.

**U.S. Person:** A citizen or resident of the United States, a corporation, partnership or other entity created or organized in, or under the laws of, the United States or any political subdivision thereof, or an estate or trust whose income is subject to United States federal income tax purposes regardless of its source.

**Weighted Average Net Mortgage Rate:** With respect to each Interest Accrual Period, a rate per annum equal to the average (expressed as a percentage and rounded to eight decimal places) of the Net Mortgage Rates of all related Mortgage Loans and REO Loans as of the Due Date in such Interest Accrual Period, weighted on the basis of the Reported Principal Balances of such Mortgage Loans and REO Loans as of the close of business on the Distribution Date occurring in such Interest Accrual Period.

**Yield Maintenance Charge:** Payments paid or payable, as the context requires, on a Mortgage Loan as the result of a Principal Prepayment thereon, not otherwise due thereon in respect of principal or interest, which have been calculated (based on Scheduled Payments on such Mortgage Loan) to compensate the maker for reinvestment losses based on the value of an interest rate index at or near the time of prepayment. Prepayment premiums, penalties and fees not so calculated will not be considered Yield Maintenance Charges.



## Exhibit A

Property Name	City	State	Original Balance	Cut-Off Date Balance	Mortgage Rate	Net Mortgage Rate	Maturity Date	First Monthly Payment Date	Original Amortization Term (months)	Original Term (months)	Mortgage Loan Age (months)	Current Pre-Payment Status(1)	Prepayment Code	Remaining Prepayment Lock-out/ Yield Maintenance (months)	Number of Units	Current Physical Occupancy(2)	Cut-Off Date LTV Ratio	Original Appraised Value	DSCR(3)
<b>Group 1</b>																			
Area H, Thorn Creek Townhomes*	Park Forest (Chicago)	IL	\$ 5,392,500	\$ 5,382,838	10.000%	9.338%	02/01/2005	03/01/95	360	120	4	> 1% /YM	> 1% or YM 108 months;1% 9 months;Open 3 months	104	222	92.79%	74.87%	7,190,000	1.25
Parkleigh North Apartments	Columbus	OH	4,800,000	4,748,419	8.250	7.588	02/01/2004	03/01/94	360	120	16	> 1% /YM	> 1% or YM 108 months;1% 9 months;Open 3 months	192	257	100.00	74.19	6,400,000	1.45
Area F, Thorn Creek Townhomes*	Park Forest (Chicago)	IL	4,580,759	4,572,551	10.000	9.338	02/01/2005	03/01/95	360	120	4	> 1% /YM	> 1% or YM 108 months;1% 9 months;Open 3 months	104	220	93.98	68.61	6,665,000	1.25
Area G, Thorn Creek Townhomes*	Park Forest (Chicago)	IL	4,334,720	4,336,953	10.000	9.338	02/01/2005	03/01/95	360	120	4	> 1% /YM	> 1% or YM 108 months;1% 9 months;Open 3 months	104	190	87.89	72.24	5,990,000	1.25
Lakeway Woods Apartments	Mentor-on-the-Lake (Clev.)	OH	3,479,000	3,472,766	10.000	9.338	02/01/2005	03/01/95	360	120	4	> 1% /YM	> 1% or YM 108 months;1% 9 months;Open 3 months	104	144	97.20	73.89	4,700,000	1.23
Towne Centre Apartments	Thornton (Denver)	CO	3,165,000	3,157,882	10.000	9.338	01/01/2005	02/01/95	360	120	5	> 1% /YM	> 1% or YM 108 months;1% 9 months;Open 3 months	103	153	95.21	71.77	4,400,000	1.26
Rivertree Landing Apartments	Tampa	FL	3,150,000	3,142,915	10.000	9.338	01/01/2002	02/01/95	360	84	5	> 1% /YM	> 1% or YM 72 months;1% 9 months;Open 3 months	67	228	91.44	64.14	4,900,000	1.28
The Timbers Apartments	Huntsville	TX	3,101,900	3,083,260	9.625	8.963	06/01/2001	07/01/94	360	84	12	> 1% /YM	> 1% or YM 72 months;1% 9 months;Open 3 months	60	180	99.44	68.52	4,500,000	1.25
The Timbers Apartments	San Marcos	TX	3,028,000	3,021,712	9.375	7.713	01/01/2002	02/01/95	360	84	5	> 1% /YM	> 1% or YM 72 months;1% 9 months;Open 3 months	67	155	94.20	68.68	4,400,000	1.29
Casa Tierra Apartments	Phoenix	AZ	2,986,000	2,978,119	10.125	9.463	12/01/2001	01/01/95	360	84	6	> 1% /YM	> 1% or YM 72 months;1% 9 months;Open 3 months	66	200	90.91	68.18	4,500,000	1.22
Shalamar Apartments	San Marcos	TX	2,500,000	2,492,860	10.500	9.838	11/01/2001	12/01/94	360	84	7	> 1% /YM	> 1% or YM 72 months;1% 9 months;Open 3 months	65	162	94.44	65.60	3,800,000	1.35
Gardenhome Estates	Euclid (Cleveland)	OH	2,355,000	2,339,205	9.500	8.838	05/01/2001	06/01/94	360	84	13	> 1% /YM	> 1% or YM 72 months;1% 9 months;Open 3 months	59	166	88.96	70.35	3,325,000	1.28
Westchester Woods Apartments	Kalamazoo	MI	2,210,000	2,205,030	10.000	9.338	01/01/2002	02/01/95	360	84	5	> 1% /YM	> 1% or YM 72 months;1% 9 months;Open 3 months	67	120	98.33	65.82	3,350,000	1.20
Colerain Tower Apartments	Cincinnati	OH	2,109,000	2,102,648	10.250	9.588	11/01/2001	12/01/94	360	84	7	> 1% /YM	> 1% or YM 72 months;1% 9 months;Open 3 months	65	257	92.83	60.08	3,500,000	1.25
Westcreek Court Townhomes***	Port Worth	TX	1,900,000	1,881,852	8.500	7.838	03/01/2004	04/01/94	360	120	15	> 1% /YM	> 1% or YM 108 months;1% 9 months;Open 3 months	53	50	89.80	73.80	2,550,000	1.32
Heritage Oaks Apartments***	Austin	TX	1,900,000	1,881,852	8.500	7.838	03/01/2004	04/01/94	360	120	15	> 1% /YM	> 1% or YM 108 months;1% 9 months;Open 3 months	93	103	96.08	71.55	2,830,000	1.32
River Ridge Apartments	Sioux Falls	SD	1,704,000	1,701,027	10.125	9.463	02/01/2002	03/01/95	360	84	4	> 1% /YM	> 1% or YM 72 months;1% 9 months;Open 3 months	68	96	88.42	68.04	2,500,000	1.30
Country Village Apartments	Peoria (Phoenix)	AZ	1,500,000	1,497,383	10.125	9.463	02/01/2005	03/01/95	360	120	4	> 1% /YM	> 1% or YM 108 months;1% 9 months;Open 3 months	104	118	96.52	74.87	2,000,000	1.29
Brighton Manor Apartments	Shreveport	LA	1,306,000	1,300,185	9.625	8.963	09/01/2004	10/01/94	360	120	9	> 1% /YM	> 1% or YM 108 months;1% 9 months;Open 3 months	99	123	98.33	65.01	2,000,000	1.25
The Crossings of Michigan	Ann Arbor	MI	1,200,000	1,197,961	10.250	9.588	02/01/2002	03/01/95	360	84	4	> 1% /YM	> 1% or YM 72 months;1% 9 months;Open 3 months	68	64	91.94	68.45	1,750,000	1.39
Tara Hall Apartments	Houston	TX	1,100,000	1,097,019	10.000	9.338	12/01/2001	01/01/95	360	84	6	> 1% /YM	> 1% or YM 72 months;1% 9 months;Open 3 months	67	168	97.56	53.51	2,050,000	1.25
Marina Apartments	Tulsa	OK	5,300,000	5,290,986	10.245	9.498	02/01/2005	03/01/95	360	120	4	YM	YM 84 months; 3% 2%; 1% 6 months; Open 6 months	80	464	90.52	71.50	7,400,000	1.23
Coppermill Apartments	Tulsa	OK	5,046,000	5,035,587	10.405	9.743	01/01/2002	02/01/95	360	84	5	YM	YM 60 months; 2%; 1% 6 months; Open 6 months	55	544	91.87	58.90	8,550,000	1.26
Colony Apartments	Burlington	NC	3,728,000	3,716,792	10.090	9.403	02/01/2005	03/01/95	300	120	4	> 1% /YM	> 1% or YM 84 months;3%;2%;1% 6 months; Open 6 months	80	140	96.43	74.34	5,000,000	1.28
Bowling Arms Apartments	Cary (Raleigh)	NC	3,627,000	3,613,790	10.300	9.413	01/01/2002	02/01/95	300	84	5	YM	YM 60 months; 2%; 1% 6 months; Open 6 months	55	154	96.10	64.88	5,570,000	1.25
Ridge Carlton Apartments	Philadelphia	PA	3,450,000	3,446,869	9.900	9.153	04/01/2005	05/01/95	360	120	2	YM	YM 84 months; 3%;2%;1% 6 months; Open 6 months	62	164	96.30	73.73	4,675,000	1.27
Broadway Place Apartments	Sari, Antonio	TX	3,443,792	3,443,792	10.980	9.293	02/01/2005	03/01/95	360	120	15	> 1% /YM	> 1% or YM 84 months;3%;2%;1% 6 months;Open 6 months	80	333	93.33	70.28	4,900,000	1.32
Richland Oaks Apartments	Dallas	TX	3,140,000	3,134,866	10.430	9.648	02/01/2005	03/01/95	360	120	4	YM	YM 84 months; 3%;2%;1% 6 months;Open 6 months	80	314	93.81	58.05	4,400,000	1.25
Pines of Wilmington	Wilmington	NC	3,200,000	3,130,395	9.100	8.438	04/01/1999	05/01/94	240	60	14	> 1% /YM	12 months 1/0; > 1% or YM 45 months; Open 3 months	43	233	95.24	65.22	4,800,000	1.37
Belmont Crossing	Smymna (Atlanta)	GA	3,100,000	3,046,630	8.625	7.963	01/01/2001	02/01/94	299	84	17	> 1% /YM	12 months 1/0; > 1% or YM 72 months	67	192	99.47	69.24	4,400,000	1.48
Raintree Village Apartments	Pueblo (Colorado Springs)	CO	2,900,000	2,893,455	10.060	9.123	03/01/2005	04/01/95	300	120	3	YM	YM 84 months; 3%;2%;1% 6 months;Open 6 months	81	228	98.21	60.91	4,750,000	1.36
Creekwood Apartments	DeSoto (D-FW)	TX	2,772,500	2,760,423	9.730	8.993	09/01/2001	10/01/94	360	84	9	> 1% /YM	> 1% or YM 78 months; Open 6 months	69	180	95.56	67.49	4,090,000	1.25
Park Towne Apartments	Rosemeade	CA	2,735,000	2,733,632	9.420	8.733	05/01/2005	06/01/95	360	84	1	> 1% /YM	> 1% or YM 114 months; Open 6 months	126	216	97.06	71.94	3,800,000	1.29
Pinetree Apartments	Charlotte	NC	2,300,000	2,279,684	9.870	9.208	07/01/2001	08/01/94	300	84	11	L/O	12 months 1/0; > 1% or YM 69 months; Open 3 months	70	220	94.47	51.81	4,400,000	1.20
Chapparral	Montgomery	AL	2,212,000	2,212,000	9.200	8.513	06/01/2005	07/01/95	300	120	0	> 1% /YM	> 1% or YM 114 months; Open 6 months	114	152	97.37	74.98	2,950,000	1.30
Carriage Hills Apartments(8)	Canfield (Youngstown)	OH	2,088,000	2,080,524	10.400	9.613	01/01/2005	02/01/95	300	120	5	YM	YM 84 months; 3%;2%;1% 6 months;Open 6 months	79	144	95.80	63.05	3,300,000	1.28
Villages of Palma Ceia	Tampa	FL	2,100,000	2,068,034	8.950	8.288	01/01/2004	03/01/94	300	119	16	> 1% /YM	12 months 1/0; > 1% or YM 107 months	103	186	97.26	74.42	3,800,000	1.60
Southern Trace	Atlanta	GA	2,100,000	2,064,518	8.700	8.038	01/01/2001	02/01/94	300	84	17	> 1% /YM	12 months 1/0; > 1% or YM 72 months	67	120	99.16	72.44	2,850,000	1.53
Silver Springs Apartments	Atlanta	GA	1,981,370	1,976,904	9.990	9.313	08/01/2001	09/01/94	300	84	10	L/O	> 1% or YM 60 months; 3%;1% 6 months; Open 6 months	71	49	97.92	67.29	900,000	1.25
Brunswick Apartments	Morgantown	WV	1,793,000	1,793,000	9.470	8.808	06/01/2005	07/01/95	360	120	0	YM	YM 114 months; Open 6 months	114	101	96.04	67.23	2,667,000	1.28
Candlelight Park Apartments	Duncanville (D-FW)	TX	1,450,000	1,450,000	9.530	8.868	06/01/2005	07/01/95	360	120	0	YM	YM 114 months; Open 6 months	114	128	95.31	63.04	2,300,000	1.28
Terrace Palms Apartments	Temple Terrace (Tampa)	FL	1,450,000	1,434,481	9.770	9.108	05/01/2004	06/01/94	300	120	13	> 1% /YM	12 months 1/0; > 1% or YM 105 months; Open 3 months	104	96	92.71	62.37	2,300,000	1.31
Village Lane Apartments	Port Orchard	WA	1,300,000	1,300,000	9.140	8.478	06/01/2005	07/01/95	300	120	0	YM	YM 114 months; Open 6 months	114	76	91.89	61.90	2,100,000	1.35
Signature Lake	Pass Christian (Biloxi)	MS	1,015,000	1,007,292	10.180	9.518	06/01/1999	09/01/94	300	60	10	L/O	12 months 1/0; > 1% or YM 45 months; Open 3 months	47	116	98.28	71.95	1,400,000	1.55
Beverly Forest	Mableton (Atlanta)	GA	610,000	605,632	10.530	9.313	08/01/2001	09/01/94	300	84	10	L/O	12 months 1/0; > 1% or YM 69 months; Open 3 months	71	49	97.92	67.29	900,000	1.25
Van Mark Apartments	Ridgeland (Jackson)	MS	10,970,000	10,931,430	10.020	9.445	12/01/2004	01/01/95	330	120	6	L/O	12 months 1/0; > 1% or YM 102 months; Open 6 months	108	316	99.68	72.88	15,000,000	1.29
Nob Hill Villa Apartments	Nashville	TN	7,500,000	7,487,010	9.200	8.625	04/01/2005	05/01/95	300	120	2	L/O	60 months 1/0; > 1% or YM 54 months; Open 6 months	112	472	98.94	60.38	12,400,000	1.53
Village Green	Bloomington	IL	7,300,000	7,290,533	9.960	9.385	04/01/2002	05/01/95	318	84	2	L/O	36 months 1/0; 3%; 2%, 1% 18 mos; Open 6 months	34	449	95.68	67.50	10,800,000	1.28
Crystal Apartments	Hollis (Queens)	NY	6,800,000	6,743,510	9.640	9.065	08/01/2001	09/01/94	300	84	10	L/O	48 months 1/0, YM 30 months;Open 6 months	68	326	99.39	67.44	10,000,000	1.29
Pickwick Place Apartments	Indianapolis	IN	6,600,000	6,595,707	9.100	8.525	05/01/2005	06/01/95	336	120	1	L/O	60 months 1/0; > 1% or YM 54 months; Open 6 months	113	336	92.84	74.64	8,836,120	1.42
Springcrest Apts	Arlington (D-FW)	TX	6,900,000	5,967,215	9.940	9.365	11/01/2004	12/01/94	300	120	7	L/O	12 months 1/0; > 1% or YM 102 months; Open 6 months	107	396	91.64	58.50	10,200,000	1.31
Country Estates Townhomes	Omaha	NE	5,909,000	5,892,592	10.280	9.705	11/01/2005	02/01/95	330	120	5	L/O	60 months 1/0; > 1% or YM 24 months; Open 36 months	79	230	95.65	72.75	8,100,000	1.28
Canyon Club Apts	Las Vegas	NV	5,734,000	5,731,220	9.860	9.285	12/01/2004	01/01/95	330	120	6	L/O	60 months 1/0; > 1% or YM for 54 months; Open 6 months	108	300	94.00	65.67	8,700,000	1.29
Hidden Hollow Apts	Atlanta	GA	5,400,000	5,379,483	10.050	9.475	01/01/2005	02/01/95	300	120	5	L/O	48 mos 1/0; > 1% or YM 24 mos; 3%; 2%, 1% 18 mos; Open 6 months	67	216				

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**\$225,458,807**  
(Approximate)

## Federal National Mortgage Association



## Guaranteed ACES<sup>SM</sup> REMIC Pass-Through Certificates

## Fannie Mae Multifamily REMIC Trust 1995-M1

## *PROSPECTUS SUPPLEMENT*

CS First Boston

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May 25, 1995