SMBS Prospectus

Guaranteed Stripped Mortgage-Backed Securities (SMBS Certificates)

The SMBS Certificates

We, the Federal National Mortgage Association or Fannie Mae, will issue the guaranteed Stripped Mortgage-Backed Securities, or SMBS certificates. Each series of SMBS certificates will have its own identification number and will represent the beneficial ownership interests in the assets of a trust.

The assets of each trust (the "trust assets") will include either Fannie Mae mortgage-backed securities (the "underlying securities") or certain excess servicing amounts payable on residential mortgage loans that back MBS ("excess yield amounts"), but not both underlying securities and excess yield amounts.

The underlying securities may include one or more of the following:

- Fannie Mae Guaranteed Mortgage Pass-Through certificates ("MBS") that represent beneficial ownership interests in distinct pools of mortgage loans secured by single-family properties or multifamily properties;
- Fannie Mae Guaranteed Mega certificates ("Mega certificates") that represent indirect beneficial ownership interests in distinct pools of mortgage loans secured by single-family properties or multifamily properties;
- Fannie Mae Guaranteed REMIC Pass-Through certificates ("REMIC certificates") that represent beneficial ownership interests in underlying securities issued by Fannie Mae that represent the direct or indirect ownership of residential mortgage loans secured by single-family properties; and
- Fannie Mae Guaranteed SMBS certificates ("Previously Issued SMBS certificates") that represent beneficial ownership interests in MBS, REMIC certificates or Mega certificates.

Fannie Mae Guaranty

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

Consider carefully the risk factors beginning on page 9. Unless you understand and are able to tolerate these risks, you should not invest in the SMBS certificates.

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

The date of this Prospectus is January 1, 2009

TABLE OF CONTENTS

DISCLOSURE DOCUMENTS FOR ISSUANCES OF SMBS CERTIFICATES

This Prospectus and the Prospectus Supplements

We will provide information that supplements this prospectus in connection with each series of SMBS certificates. We will post this prospectus and the related prospectus supplement for each series of SMBS certificates on our Web site shown below. In addition, we will deliver these documents either electronically to parties who request them in accordance with our procedures or in paper form to parties who so request. The disclosure documents for any particular series of SMBS certificates are this prospectus and the related prospectus supplement, together with any information incorporated into these documents by reference as discussed under the heading **"INCORPORATION BY REFERENCE."** We also provide updated information regarding each series of SMBS certificates and the trust assets backing such series of SMBS certificates through our "PoolTalk"® web-based application or at other locations on our Web site. You should note that the SMBS certificates are not traded on any exchange and the market price of a particular series or class of SMBS certificates or a benchmark price may not be readily available. **In determining whether to purchase SMBS certificates of any series in any initial offering, you should rely ONLY on the information in this prospectus, the related prospectus supplement and any information that we have otherwise incorporated into these documents by reference. You should not rely on any unauthorized information or representation.**

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

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

You may obtain copies of this prospectus and the related prospectus supplement by writing to Fannie Mae, Attention: Fixed Income Securities, 3900 Wisconsin Avenue, NW, Area 2H-3S, Washington, DC 20016 or by calling the Fannie Mae Helpline at 1-800-237-8627 or (202) 752-7115. Typically, the prospectus supplement is available no later than two business days prior to the settlement date of the related series of SMBS certificates. These documents will also be available on our Web site at www.fanniemae.com. We are providing our Internet address solely for your information. Unless otherwise stated, information appearing on our Web site is not incorporated into this prospectus or into any prospectus supplement.

Prospectuses for the Trust Assets

With respect to a particular series of SMBS certificates, you also should review:

- for SMBS certificates directly or indirectly backed by single-family MBS, the Prospectus for Fannie Mae Guaranteed Mortgage Pass-Through Certificates (Single-Family Residential Mortgage Loans), dated January 1, 2009, or such earlier or later version of that prospectus as may be applicable (the "Single-Family MBS Prospectus"), and the related prospectus supplements;
- for SMBS certificates directly or indirectly backed by multifamily MBS, the Prospectus for Fannie Mae Guaranteed Mortgage Pass-Through Certificates (Multifamily Residential Mortgage Loans), dated September 1, 2007, or such earlier or later version of that prospectus as

may be applicable (the "Multifamily MBS Prospectus"), and the related prospectus supplements;

- for SMBS certificates backed directly or indirectly by Mega certificates, the Prospectus for Fannie Mae Guaranteed MBS Pass-Through Securities (Mega Certificates), dated January 1, 2009, or such earlier or later version of that prospectus as may be applicable (the "Mega Prospectus"), and the related prospectus supplements, if any;
- for SMBS certificates backed directly or indirectly by single-family REMIC certificates, the Prospectus for Fannie Mae Guaranteed Single-Family REMIC Pass-Through Certificates, dated August 1, 2007, or such earlier or later version of that prospectus as may be applicable (the "Single-Family REMIC Prospectus"), and the related prospectus supplements;
- for SMBS certificates backed by Previously Issued SMBS certificates, this prospectus or such earlier or later version of this prospectus as may be applicable, and the related prospectus supplements or preliminary data statements, as applicable; and
- for SMBS certificates backed by excess yield amounts, the Single-Family MBS Prospectus, this prospectus or such earlier or later version of this prospectus as may be applicable, and the related prospectus supplements.

For more information about the trust assets, see **"TRUST ASSETS"** in this prospectus. Also, information regarding certain trust assets issued prior to the date of this prospectus, including Previously Issued SMBS certificates, is available in the form of preliminary data statements and final data statements.

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

INCORPORATION BY REFERENCE

We are incorporating by reference in this prospectus the documents specified under "**DISCLOSURE DOCUMENTS FOR ISSUANCES OF SMBS CERTIFICATES — Prospectuses for the Trust Assets**." We are also incorporating by reference the documents listed below. This means that we are disclosing information to you by referring you to these documents. These documents are considered part of this prospectus, so you should read this prospectus and the related prospectus supplement together with these documents.

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

We incorporate by reference the following documents we have filed, or may file, with the Securities and Exchange Commission ("SEC"):

- our annual report on Form 10-K for the fiscal year ended December 31, 2007 ("Form 10-K");
- all other reports we have filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 since the end of the fiscal year covered by the Form 10-K until the date of this prospectus, including any quarterly reports on Form 10-Q and current reports on Form 8-K, but excluding any information "furnished" to the SEC on Form 8-K; and
- all proxy statements that we file with the SEC and all documents that we file with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, subsequent to the date of this prospectus and prior to the completion of the offering of the related series of SMBS certificates, excluding any information we "furnish" to the SEC on Form 8-K.

We make available free of charge through our Web site our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all other SEC reports and amendments to those reports as soon as reasonably practicable after we electronically file the material with, or furnish it to, the SEC. Our Web site address is www.fanniemae.com. Materials that we file with the SEC are also available from the SEC's Web site, www.sec.gov. In addition, these materials may be inspected, without charge, and copies may be obtained at prescribed rates, at the SEC's Public Reference Room at 100 F Street, NE, Room 1580, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

You may also request copies of any filing from us, at no cost, by calling the Fannie Mae Helpline at 1-800-237-8627 or (202) 752-7115 or by mail at 3900 Wisconsin Avenue, NW, Area 2H-3S, Washington, DC 20016.

FINAL DATA STATEMENTS

Once the trust for a particular series of SMBS certificates has been formed and the related SMBS certificates have been issued, we prepare a final data statement containing certain final information about the trust assets including: CUSIP number, trust number, issue date, and balances on the settlement date. For SMBS certificates backed by excess yield amounts, the final data statement will include certain additional information, on an aggregate basis, with respect to the mortgage loans included in the mortgage loan group associated with each class of SMBS certificates. Mortgage loan groups are referred to as "pseudo pools" in the final data statement.

A final data statement prepared for a series of SMBS certificates will be posted on our Web site on or about the settlement date of the related series of SMBS certificates.

In addition, we also generally update certain information about each trust on an ongoing monthly basis on our Web site.

SMBS certificateholders should note that, unless otherwise stated in this prospectus, information on our Web site is ***not*** incorporated by reference in this prospectus.

SUMMARY

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

Title of Security	Guaranteed Stripped Mortgage-Backed Securities (SMBS certificates).
Issuer and Guarantor	Fannie Mae, a federally chartered and stockholder-owned corporation. On September 6, 2008, the Director of the Federal Housing Finance Agency ("FHFA") placed us into conservatorship pursuant to authority granted by the Federal Housing Finance Regulatory Reform Act of 2008 (the "Regulatory Reform Act"). As the conservator, FHFA succeeded to all rights, titles, powers and privileges of Fannie Mae, and of any stockholder, officer, or director of Fannie Mae with respect to Fannie Mae and the assets of Fannie Mae. For additional information regarding conservatorship, see "**RISK FACTORS — *FANNIE MAE GOVERNANCE FACTORS***" below. **We alone are responsible for making payments under our guaranty. The SMBS certificates and payments of principal or interest, as applicable, on the SMBS certificates are not guaranteed by the United States, and do not constitute a debt or obligation of the United States or any of its agencies or instrumentalities other than Fannie Mae.**
Description of SMBS Certificates	Each SMBS certificate will represent a fractional undivided beneficial ownership interest in the related trust assets. We will issue the SMBS certificates in book-entry form on either the book-entry system of the U.S. Federal Reserve Banks or the book-entry system of The Depository Trust Company, unless we specify a different system in the related prospectus supplement. The book-entry certificates will not be convertible into physical certificates. The prospectus supplement for each series of SMBS certificates will contain additional information about the assets of the related trust.
Minimum Denomination	Unless otherwise provided in the prospectus supplement, we will issue the SMBS certificates only in a minimum denomination of $100,000 with additional increments of $1.
Classes of SMBS Certificates	Each series of SMBS certificates will include one or more classes. The holder of an SMBS certificate of a particular class will be entitled to the distributions of principal and/or interest as described in the prospectus supplement for that series. Classes may be principal only or interest only

classes. In addition, some classes may entitle their holders to receive specified portions of the principal, interest or principal and interest paid on the related trust assets during a specified period of time (*e.g.*, for the first 60 distribution dates).

Issue Date	The first day of the month in which the SMBS certificates of a particular series are issued.
Settlement Date	No later than the last business day of the month in which the issue date occurs.
Distribution Date	Unless otherwise specified in the related prospectus supplement, the 25th day of each month is the date designated for payments to SMBS certificateholders. If that day is not a business day, payment will be made on the next business day. The first distribution date for a series of SMBS certificates will occur in the month following the month in which the SMBS certificates are issued. For example, if an issue date is March 1st, the first distribution date will be April 25th or, if April 25th is not a business day, the first business day following the 25th.
Interest.	Each interest-bearing class of SMBS certificates will accrue interest at the annual rate specified or described in the related prospectus supplement. In general, we will pay interest on all interest-bearing classes on each distribution date. The monthly interest payment on an SMBS certificate will equal the interest accrued during the related interest accrual period.
Principal.	On each distribution date, if a class of SMBS certificates has a principal balance, we will pay to the holder of each SMBS certificate of a particular class the portion of the principal payment on the underlying securities allocable to that class multiplied by the ownership percentage in the class represented by that SMBS certificate. The related prospectus supplement will provide more information about the principal payment, if any, allocable to each class of SMBS certificates.
Class Factor	Unless we specify otherwise in the related prospectus supplement, we will publish the class factor for each class of SMBS certificates on or about the 11th calendar day of each month. If you multiply the applicable class factor by the original principal balance (or notional principal balance) of that class of SMBS certificates, you will obtain the current principal balance (or notional principal balance) of that class after giving effect to any principal payment (or notional principal balance reduction) to be made in that month.
Business Day	Any day other than a Saturday or Sunday, a day when the fiscal agent or paying agent is closed, a day when the Federal Reserve Bank of New York is closed, or a day when the Federal Reserve Bank is closed in a district

where a certificate account is located if the related withdrawal is being made from that certificate account.

Final Distribution Date	As to any class (other than an SMBS series evidencing beneficial interests in excess yield amounts), the distribution date immediately following the latest maturity date of a mortgage loan directly or indirectly backing the related trust assets as specified in the related final data statement.
Guaranty	We guarantee to each trust that we will supplement amounts received by the trust as required to permit payment of principal and interest, as applicable, on the related SMBS certificates on each distribution date to the extent described in the related prospectus supplement. In addition, we guarantee to each trust that we will supplement amounts received by the trust as required to make the full and final payment of any unpaid principal balance of each class of SMBS certificates of the related series on the final distribution date. Our guaranty runs directly to each trust and not directly to SMBS certificateholders. SMBS certificateholders have only limited rights to bring proceedings directly against Fannie Mae to enforce our guaranty. SMBS certificateholders also have certain limited rights to bring proceedings against the U.S. Department of the Treasury ("Treasury") if we fail to pay under our guaranty. For a description of SMBS certificateholders' rights to proceed against Fannie Mae and Treasury, see **"DESCRIPTION OF THE SMBS CERTIFICATES — Trust Agreement — *Certificateholder Rights Upon a Guarantor Event of Default*."**
Trust Assets	Each series of SMBS certificates is backed by either: • underlying securities issued by Fannie Mae (MBS, Mega certificates, REMIC certificates or Previously Issued SMBS certificates); or • excess yield amounts. See **"TRUST ASSETS"** below.
Exchange of SMBS Certificates	In certain circumstances, holders may exchange their SMBS certificates for one or more Mega certificates and/or other classes of SMBS certificates from the same SMBS series. See **"DESCRIPTION OF THE SMBS CERTIFICATES — Exchange of Certificates"** in this prospectus.
Trust Agreement	Each series of SMBS certificates is issued in accordance with the provisions of the Mega-SMBS Master Trust Agreement, effective as of January 1, 2009, as supplemented by an issue supplement for that series. We summarize certain pertinent provisions of the trust agreement in this prospectus. You should refer to the trust agreement and the related issue supplement for a

complete description of your rights and obligations as well as the rights and obligations of Fannie Mae in our various capacities. The trust agreement may be found on our Web site.

Trustee	We serve as the trustee for each series of SMBS certificates pursuant to the terms of the trust agreement and he related issue supplement.
Paying Agent	The entity designated by us to perform the functions of a paying agent. The Federal Reserve Bank of New York currently serves as our paying agent for SMBS certificates registered on the book-entry system of the Federal Reserve Banks. The Depository Trust Company serves as our paying agent for SMBS certificates registered on its book-entry system.
Fiscal Agent	The entity designated by us to perform certain administrative functions for a trust. The Federal Reserve Bank of New York currently serves as our fiscal agent for the SMBS certificates and our other mortgage-related securities.
Termination	Each trust will terminate upon distribution by the trustee of all amounts required to be distributed to the holders of the related SMBS certificates. In no event will any trust continue beyond the last day of the 60th year following the issue date of the SMBS certificates. In addition, if specified in the related prospectus supplement, a third party may have the option to terminate the related trust early by purchasing all of the assets remaining in that trust. However, in no event will Fannie Mae have an option to terminate a trust early.
Federal Income Tax Consequences	The beneficial owner of an SMBS certificate generally will be treated for federal income tax purposes as owning "stripped bonds" to the extent of its share of principal payments and "stripped coupons" to the extent of its share of interest payments on the assets included in the related trust. A beneficial owner of an SMBS certificate generally must include original issue discount with respect to its SMBS certificate in its ordinary income for federal income tax purposes as the original issue discount accrues, generally in advance of receipt of the cash attributable to that income.
	Some sections of the Internal Revenue Code of 1986, as amended (the "Code"), provide beneficial treatment to certain taxpayers that invest in mortgage loans of the type that back the assets included in a trust. Although no specific legal authority exists in this regard, the SMBS certificates should be considered to represent "real estate assets" within the meaning of section 856(c)(5)(B) of the Code and "loans secured by an interest in real property" within the meaning of section 7701(a)(19)(C)(v) of the Code, and original issue discount and qualified stated

	interest with respect to SMBS certificates should be considered to represent "interest on obligations secured by mortgages on real property" within the meaning of section 856(c)(3)(B) of the Code, provided that in each case the underlying mortgage assets qualify for such treatment. For a discussion of the special tax characteristics of certain types of mortgage loans, see **"MATERIAL FEDERAL INCOME TAX CONSEQUENCES — Special Tax Attributes"** in the Single-Family MBS Prospectus or the Multifamily MBS Prospectus, as applicable.
	If only a single class of SMBS certificates is issued with respect to a particular trust, the beneficial owner of an SMBS certificate of that class will be treated for federal income tax purposes as the beneficial owner of a pro rata portion of the assets included in the related trust. In that case, you should also consult the disclosure documents related to each of the assets included in the related trust for a discussion of certain federal income tax consequences to beneficial owners of those assets.
Legal Investment Considerations	Under the Secondary Mortgage Market Enhancement Act of 1984, the SMBS certificates offered by this prospectus and the related prospectus supplement will be considered "securities issued or guaranteed by . . . the Federal National Mortgage Association." Nevertheless, you should consult your own legal advisor to determine whether and to what extent the SMBS certificates of a series constitute legal investments for you.
ERISA Considerations	For the reasons discussed under **"ERISA CONSIDERATIONS"** in this prospectus, investment by a plan in SMBS certificates will not cause the assets of the plan to include the mortgage loans backing the trust assets or cause the sponsor, trustee and servicers of the mortgage pool to be subject to the fiduciary provisions of the Employee Retirement Income Security Act ("ERISA") or the prohibited transaction provisions of ERISA or section 4975 of the Internal Revenue Code of 1986.

RISK FACTORS

We have listed below some of the principal risks associated with an investment in the SMBS certificates. If the trust for a particular series of SMBS certificates holds MBS, Mega certificates or REMIC certificates, you should also carefully consider the risk factors in the Single-Family MBS Prospectus, the Multifamily MBS Prospectus, the Mega Prospectus, or the Single-Family REMIC Prospectus, respectively. If the trust for a particular series of SMBS certificates contains excess yield amounts, you should also carefully consider the risk factors relating to whole loans in the Single-Family MBS Prospectus. Moreover, we may identify additional risks associated with a specific series of SMBS certificates in the related prospectus supplement. In addition, our annual report on Form 10-K and our quarterly reports on Form 10-Q, which we incorporate by reference into this prospectus, discuss certain risks, including risks relating to Fannie Mae, that may affect your investment in the SMBS certificates and the value of the SMBS certificates.

You should review all of these risk factors before investing in the SMBS certificates. Because each investor has different investment needs and a different risk tolerance, you should consult your own financial and legal advisors to determine whether the SMBS certificates are a suitable investment for you.

INVESTMENT FACTORS:

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

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

- have sufficient knowledge and experience to evaluate (either alone or with the help of a financial or legal advisor) the merits and risks of the SMBS certificates and the information contained in this prospectus, the related prospectus supplement, any supplement to the prospectus supplement and the documents incorporated by reference;
- understand thoroughly the terms of the SMBS certificates and the related trust assets;
- be able to evaluate (either alone or with the help of a financial or legal advisor) the economic, interest rate and other factors that may affect your investment;
- have sufficient financial resources and liquidity to bear all risks associated with the SMBS certificates and the related trust assets;
- investigate any legal investment restrictions that may apply to you; and
- exercise particular caution if your circumstances do not permit you to hold the SMBS certificates until maturity.

Some investors may be unable to buy certain classes.

Investors whose investment activities are subject to legal investment laws and regulations, or to review by regulatory authorities, may be unable to buy certain SMBS certificates. You should obtain legal advice to determine whether you may purchase the SMBS certificates of any series or class.

FANNIE MAE GOVERNANCE FACTORS:

FHFA, as conservator, is authorized under the Regulatory Reform Act to transfer or sell any of our assets or liabilities, including our guaranty, without any approval, assignment or consent from us or any other party.

In its capacity as conservator, FHFA has the authority to transfer any of our assets or liabilities, including our guaranty, without any approval, assignment or consent from us or any other party. If FHFA, as conservator, were to transfer our guaranty obligation to another party, SMBS certificateholders would have to rely on that party for satisfaction of the guaranty obligations and would be exposed to the credit risk of that party.

The Director of FHFA is authorized to place us into receivership under certain conditions, which could adversely affect our contracts, including our guaranty, and restrict or eliminate certain rights of SMBS certificateholders.

Under the Regulatory Reform Act, FHFA must place us into receivership if the Director of FHFA makes a determination that our assets are, and for a period of 60 days have been, less than our obligations or we are unable to pay our debts and have been unable to do so for a period of 60 days.

The Director of FHFA may also place us into receivership in his or her discretion for certain other reasons. The appointment of a receiver would terminate the current conservatorship. If FHFA were to become our receiver, it could exercise certain powers that could adversely affect SMBS certificateholders, as explained below.

Repudiation of Contracts: As receiver, FHFA could repudiate any contract entered into by Fannie Mae prior to its appointment as receiver if FHFA determines, in its sole discretion, that performance of the contract is burdensome and that repudiation of the contract promotes the orderly administration of Fannie Mae's affairs. The Regulatory Reform Act requires that any exercise by FHFA of its right to repudiate any contract occur within a reasonable period following its appointment as receiver.

If FHFA, as receiver, were to repudiate our guaranty obligations, the receivership estate would be liable for damages under the Regulatory Reform Act. Any such liability could be satisfied only to the extent our assets were available for that purpose.

Moreover, if our guaranty obligations were repudiated, SMBS certificateholders would receive from the related trust only the amounts paid on the related trust assets. In that case, distributions generally would be limited to borrower payments and other recoveries on the related mortgage loans. As a result, delinquencies and defaults on the related mortgage loans would directly affect the amounts that SMBS certificateholders would receive each month. Any damages due to the repudiation of our guaranty obligations may not be sufficient to offset any shortfalls experienced by SMBS certificateholders.

Transfer of Guaranty Obligations: In its capacity as receiver, FHFA would have the right to transfer or sell any asset or liability of Fannie Mae without any approval, assignment or consent from us or any other party. If FHFA, as receiver, were to transfer our guaranty obligations to another party, SMBS certificateholders would have to rely on that party for satisfaction of the guaranty obligations and would be exposed to the credit risk of that party.

Rights of SMBS Certificateholders: During a receivership, certain rights of SMBS certificateholders under the trust documents may not be enforceable against FHFA, or enforcement of such rights may be delayed. The trust documents provide that upon the occurrence of a guarantor event of default, which includes the appointment of a receiver, SMBS certificateholders have the right to replace Fannie Mae as trustee if the requisite percentage of SMBS certificateholders consents. The Regulatory Reform Act may prevent SMBS certificateholders from enforcing their rights to replace Fannie Mae as trustee if the event of default arises solely because a receiver has been appointed.

The Regulatory Reform Act also provides that no person may exercise any right or power to terminate, accelerate or declare an event of default under certain contracts to which Fannie Mae is a party, or obtain possession of or exercise control over any property of Fannie Mae, or affect any contractual rights of Fannie Mae, without the approval of FHFA as receiver, for a statutorily specified period following the appointment of FHFA as receiver.

If we are placed into receivership and do not or cannot fulfill our guaranty to SMBS certificateholders, SMBS certificateholders could become unsecured creditors of Fannie Mae with respect to claims made under our guaranty. For a description of certain rights of SMBS certificateholders to proceed against Treasury if we fail to pay under our guaranty, see "**DESCRIPTION OF THE SMBS CERTIFICATES — Trust Agreement — *Certificateholder Rights Upon a Guarantor Event of Default***" below.

If we emerge from conservatorship and at a later date FHFA again were to place us into conservatorship, FHFA as conservator would have the authority of a new conservator which could adversely affect our contracts, including our guaranty, and restrict or eliminate certain rights of SMBS certificateholders.

FHFA currently has all of the rights of a conservator as to SMBS certificates issued before September 6, 2008, the date we were placed into conservatorship. See "**FANNIE MAE — Regulatory Actions and Conservatorship**" below.

For so long as we remain in our current conservatorship and are not placed into receivership, (i) FHFA has no right to repudiate any contracts entered into after we were placed into conservatorship, including our guaranty related to SMBS certificates we issued during our conservatorship, and (ii) the rights of holders of SMBS certificates issued during our conservatorship are not restricted.

If we emerge from conservatorship and at a later date FHFA were to place us into a new conservatorship, (i) FHFA would have all of the authority of a new conservator (which is similar to the authority of a receiver to repudiate contracts and to transfer guaranty obligations described in the prior risk factor), including the right to repudiate the guaranty associated with SMBS certificates we issued during our current conservatorship, and (ii) certain rights of holders of SMBS certificates issued prior to and during our current conservatorship would be restricted or eliminated. The SMBS certificates offered by this prospectus are being offered during our current conservatorship.

PREPAYMENT FACTORS:

We may withdraw some or all of the trust assets due to a breach of representations and warranties, accelerating the rate at which you receive your return of principal (or the rate at which the notional principal balance of your SMBS certificates is reduced).

Each seller that sells trust assets to us makes various representations and warranties about itself and the trust assets. If these representations and warranties were not true when they were made, we may purchase the trust assets at any time from the related trust. When a trust asset having a principal balance is purchased, its principal balance is passed through to the applicable SMBS certificateholders on the distribution date in the month of purchase. When excess yield amounts are purchased from a trust, a purchase amount calculated as specified in the related prospectus supplement is passed through to the related SMBS certificateholders on the distribution date in the month of purchase. Thus, the purchase of an underlying trust asset due to a breach of a representation and warranty will accelerate the rate of principal payments on your SMBS certificates (or the rate at which the notional principal balance of your SMBS certificates is reduced). See **"DESCRIPTION OF THE SMBS CERTIFICATES — Trust Agreement — *Purchase of Assets from a Trust*"** below.

The SMBS certificates are affected by the prepayment and other risk factors to which the trust assets are subject.

Because the SMBS certificates of a particular series are affected by the prepayment and other risk factors to which the trust assets are subject, investors should read and understand the risk factors contained in the disclosure documents for the MBS, Mega certificates, REMIC certificates and Previously Issued SMBS certificates, as applicable.

YIELD FACTORS:

Yields on the SMBS certificates are affected by actual characteristics of the underlying mortgage loans.

Unless otherwise provided in the related prospectus supplement, for SMBS certificates backed by underlying securities issued by Fannie Mae, we assume that the related mortgage loans have certain characteristics. However, the actual mortgage loans are likely to have different characteristics from those we assume. As a result, your yields may be lower than you expect, even if the mortgage loans prepay at the indicated prepayment speeds.

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

The actual yield on your SMBS certificates probably will be lower than you expect:

- if you buy interest-only SMBS certificates and principal payments on the underlying mortgage loans are faster than you expect,
- if you buy your SMBS certificates at a premium and principal payments on the underlying mortgage loans are faster than you expect, or
- if you buy your SMBS certificates at a discount and principal payments on the underlying mortgage loans are slower than you expect.

Furthermore, in the case of interest-only SMBS certificates and SMBS certificates purchased at a premium, you could lose money on your investment if prepayments on the underlying mortgage loans occur at a rapid rate.

Delay classes have lower yields and market values.

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

Level of floating rate index affects yields on certain SMBS certificates.

If the interest rate of your SMBS certificate adjusts according to an index, the yield on your SMBS certificate will be affected by the level of the interest rate index. If the level of the index differs from the level you expect, then your actual yield may be lower than you expect.

The yield on your SMBS certificates may be adversely affected by basis risk.

If the interest rate of your SMBS certificate adjusts according to an index, and the interest rates of the related trust assets adjust according to a different index, the absence of correlation between the two indices may adversely affect the yield on your SMBS certificates.

Unpredictable timing of the last payment affects yields on SMBS certificates.

The actual final payment of your SMBS certificate may occur earlier, and could occur much earlier, than you expect. If you assume that the actual final payment will occur on a certain date, your yield may be lower than you expect.

Reinvestment of payments on your SMBS certificates may not achieve the same yields as the yield on your SMBS certificates.

The rate of payments on your SMBS certificates is uncertain. You may be unable to reinvest the payments received on the SMBS certificates at the same yields as the yields received on your SMBS certificates.

Changes in weighted average excess yield rates will affect yields on WAC classes of SMBS certificates backed by excess yield amounts.

If you own SMBS certificates from any weighted average coupon classes (WAC) that are backed by excess yield amounts, your yield could be affected by changes in the weighted average of the excess yield rates on the related mortgage loans.

Although the interest rates borne by WAC classes are fixed, the notional principal balance of each of these classes will be calculated each month as described on the cover of the related prospectus supplement. As a result of this calculation, the notional principal balances of the WAC classes are expected to vary due to reductions in the principal balances of the mortgage loans represented in the related mortgage loan groups as well as due to changes in the weighted average of the applicable excess yield rates on those mortgage loans. Accordingly, if you purchase an SMBS certificate of a WAC class, the timing of changes in the weighted average of the excess yield rates of the mortgage loans represented in the related mortgage loan group may significantly affect your yield, even if the weighted average of those respective excess yield rates is consistent with your expectations. In general, the earlier the change in the level of the weighted average excess yield rate, the greater the effect on your yield to maturity. As a result, if the weighted average excess yield rate during any period is lower than you expect, a corresponding increase in that rate during a later period may not fully offset the effect of the earlier rate on your yield.

LIQUIDITY FACTORS:

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

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

Some of the factors that may affect the resale of SMBS certificates are:

- the method, frequency and complexity of calculating principal or interest on the trust assets and on the SMBS certificates;
- the characteristics of the related trust assets;
- past and expected prepayment levels of the related trust assets and of comparable assets;
- the outstanding principal amount (or notional principal amount) of SMBS certificates of that series and other series with similar features;

- the amount of SMBS certificates of that series or of a series with similar features offered for resale from time to time;
- the minimum denominations of the SMBS certificates;
- any legal restrictions or tax treatment that limits the demand for SMBS certificates;
- the availability of comparable or complementary securities;
- the availability of current information about the trust assets and related mortgage loans;
- market uncertainty;
- the level of interest rates generally, the volatility with which prevailing interest rates are changing and the direction in which interest rates are, or appear to be, trending;
- our financial condition and rating;
- our future structure, organization, and the level of government support for the company;
- whether we are in conservatorship or receivership;
- the financial condition and rating of the seller and the direct or primary servicer of the mortgage loans backing the related trust assets;
- any significant reduction in our securitization volume due to a decline in mortgage loan originations by key sellers that have experienced liquidity or other major difficulties; and
- any increase or decrease in the level of governmental commitments to engage in market purchases of our mortgage-backed securities.

These risks will be greatest in the case of SMBS certificates that are especially sensitive to interest rate or market risks, that are designed for specific investment objectives or strategies or that have been structured to meet the investment requirements of limited categories of investors. Those SMBS certificates are more likely to have a limited market for resale, little or no liquidity and more price volatility than other similar mortgage-backed securities. Limited liquidity may have a severely adverse effect on the market value of these types of SMBS certificates.

The interest rate of an inverse floating rate class of SMBS certificates will change in the opposite direction of changes in the specified interest rate index. The prices of such SMBS certificates typically are more volatile than those of non-inverse floating rate classes based on the same index with otherwise comparable terms. Increased volatility occurs because an increase in the index not only decreases the interest rate (and consequently the value) of the SMBS certificates but also reflects an increase in prevailing interest rates, which further diminishes the value of such SMBS certificates.

The market prices of principal only and interest only classes of SMBS certificates typically fluctuate more in response to changes in interest rates than do the prices of interest-bearing mortgage-backed securities having principal amounts and comparable maturities. Other securities issued at a substantial discount or premium from their principal amount (such as certificates issued with significantly below-market or above-market interest rates) also have higher volatility. Generally, the longer the remaining term to maturity of these types of SMBS certificates, the greater their price volatility as compared to interest-bearing mortgage-backed securities having principal amounts and comparable maturities.

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

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

We are required to begin reducing our mortgage portfolio assets beginning in 2010, which may adversely affect the liquidity of the SMBS certificates.

Under the senior preferred stock purchase agreement between Treasury and us, we are required to reduce the aggregate size of mortgage assets held in our portfolio by 10% per year beginning in 2010 until an overall reduction of our portfolio assets to $250 billion has been achieved. The required reduction in our mortgage portfolio assets may restrict our ability to purchase our SMBS certificates and other mortgage-backed securities, which may impair the liquidity of the SMBS certificates.

The occurrence of a major natural or other disaster in the United States could adversely affect national or regional economies and markets, disrupt our ability to conduct business, reduce investor confidence, and impair the liquidity and market value of the SMBS certificates.

It is impossible to predict whether a major natural or other disaster (such as a terrorist attack and accompanying governmental military actions) will occur in the United States or the extent to which such a major event would adversely affect your SMBS certificates. Any such major event, however, could have a serious adverse effect on the United States and world financial markets, on local, regional and national economies, and on real estate markets within or across the United States, which may result in an increase in the number of defaults on the mortgage loans underlying the trust assets or in prepayments by mortgage loan borrowers. This, in turn, could result in early payments of principal to holders of SMBS certificates of one or more series or a reduction in the amount of interest you expect to receive.

Moreover, the contingency plans and facilities that we have in place may be insufficient to prevent a disruption in the infrastructure that supports our business and the communities in which we are located from having an adverse effect on our ability to conduct business. Substantially all of our senior management and investment personnel work out of our offices in the Washington, DC metropolitan area. If a disruption occurs and our senior management or other employees are unable to occupy our offices, communicate with other personnel or travel to other locations, our ability to conduct our business operations, including our ability to communicate with other personnel or with our lenders and servicers, may suffer, and we may not be successful in implementing contingency plans that depend on communication or travel.

Changes in general market and economic conditions in the United States and abroad and the current disruption in the mortgage credit market have materially affected, and may continue to materially affect, our business, results of operations, financial condition, liquidity and net worth.

The disruption of the international credit markets, weakness in the U.S. financial markets and national and local economies in the United States and economies of other countries that hold our securities, short-term and long-term interest rates, the value of the U.S. dollar compared with the value of foreign currencies, the rate of inflation, fluctuations in both the debt and equity capital markets, high unemployment rates and the lack of economic recovery from the credit crisis have materially affected, and may continue to materially affect, our business, results of operations, financial condition, liquidity and net worth. Moreover, the deteriorating conditions in the mortgage credit market have resulted in a decrease in the availability of corporate credit and liquidity within the mortgage industry and have caused disruptions to normal operations of major mortgage originators, including some of our largest customers. These conditions have resulted in less liquidity, greater volatility, widening of credit spreads and a lack of price transparency. Because we operate in the mortgage credit market, we are subject to potential adverse effects on our results of operations and financial condition due to our activities involving securities, mortgages, derivatives and other mortgage commitments with our customers. Any of these adverse effects could impair the liquidity and market value of the SMBS certificates of one or more series and/or limit our ability to continue to finance our business operations and fulfill our existing obligations, including our guaranty obligations to SMBS certificateholders.

FANNIE MAE CREDIT FACTORS:

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

If borrowers fail to make their payments on the related mortgage loans on time or at all, or if a servicer of the related mortgage loans fails to remit borrower payments to us, we are responsible for making payments under our guaranty. If, however, we fail to make, or if our financial condition prevents us from making, required payments on the trust assets and the SMBS certificates pursuant to our guaranty, SMBS certificateholders would receive only the amounts paid on the related trust assets, which generally would be limited to borrower payments and other recoveries on the related mortgage loans. As a result, in that case, delinquencies and defaults on the related mortgage loans would adversely affect the amounts that SMBS certificateholders would receive each month.

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

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

OTHER FACTORS:

Only certain information is provided about the SMBS certificates and the trust assets.

You should be aware that the information in the prospectus supplement or final data statement for a particular series of SMBS certificates will not contain information about certain characteristics of the related mortgage loans, even though under certain circumstances these characteristics could affect the prepayment experience of the mortgage loans and, therefore, the yield on your SMBS certificates. In addition, weighted average information will not disclose the range of coupons or remaining terms to maturity of individual mortgage loans. For example, while extremely wide ranges of coupons are unusual in pools of mortgage loans backing MBS, a pool with a WAC that is 1.50% above the pass-through rate of the MBS could consist of mortgage loans half of which have coupons that are 0.50% above the pass-through rate and the other half of which have coupons that are 2.50% above the pass-through rate. A pool of this type could have a prepayment experience that is significantly different from that of a pool made up exclusively of mortgage loans with coupons that are 1.50% above the pass-through rate of the MBS. In a similar way, the remaining terms to maturity of mortgage loans in a pool may vary widely. This difference would affect the scheduled amortization and could affect the prepayment rate of the related MBS and, therefore, the yield on your SMBS certificates.

FANNIE MAE

General

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

Under the Charter Act, we were created to:

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

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

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

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

Our principal office is located at 3900 Wisconsin Avenue, NW, Washington, DC 20016, telephone: (202) 752-7000.

Regulatory Actions and Conservatorship

The Regulatory Reform Act was signed into law by President Bush on July 30, 2008 and became effective immediately. The Regulatory Reform Act established FHFA as an independent agency with general supervisory and regulatory authority over Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks. FHFA assumed the duties of our former regulators, the Office of Federal Housing Enterprise Oversight and the Department of Housing and Urban Development, or HUD, with respect to safety, soundness and mission oversight of Fannie Mae and Freddie Mac. HUD remains our regulator with respect to fair lending matters.

On September 6, 2008, the Director of FHFA placed Fannie Mae into conservatorship and appointed FHFA as the conservator. Upon its appointment, FHFA immediately succeeded to all of our rights, titles, powers and privileges and those of any stockholder, officer, or director of Fannie Mae with respect to us and our assets. The conservator has the authority to take over our assets and operate our business with all the powers of our stockholders, directors and officers, and to conduct all business of the company. Under the Regulatory Reform Act, FHFA, as conservator, may take "such action as may be necessary to put the regulated entity in a sound and solvent condition." We have no control over FHFA's actions or the actions it may direct us to take. The conservatorship has no specified termination date; we do not know when or how it will be terminated. A copy of the statement issued by FHFA Director James B. Lockhart regarding the placement of Fannie Mae into conservatorship and a copy of a Fact Sheet discussing questions and answers about the conservatorship are available on FHFA's Web site at www.fhfa.gov.

In September 2008, Treasury announced that it had taken two additional actions in connection with the conservatorship.

First, on September 7, 2008, Treasury entered into a senior preferred stock purchase agreement with us pursuant to which Treasury provided us with its commitment to provide up to $100 billion in funding under specified conditions. This agreement was amended and restated on September 26, 2008. The agreement requires Treasury, upon the conservator's request, to provide funds to us after any quarter in which we have a negative net worth (that is, our total liabilities exceed our total assets, as reflected on our balance sheet prepared in accordance with generally accepted accounting principles) and also provides for interim funding if necessary. SMBS certificateholders have certain limited rights to bring proceedings against Treasury if we fail to pay under our guaranty. For a description of SMBS certificateholders' rights to proceed against Fannie Mae and Treasury, see "**DESCRIPTION OF THE SMBS CERTIFICATES — Trust Agreement— *Certificateholder Rights Upon a Guarantor Event of Default***" below. The senior preferred stock purchase agreement contains covenants that significantly restrict our operations and which are described in more detail in our quarterly report on Form 10-Q for the quarter ended September 30, 2008, filed with the SEC on November 10, 2008. In exchange for Treasury's funding commitment, among other things, we issued to Treasury, as an initial commitment fee, one million shares of our senior preferred stock and a warrant to purchase, for a nominal price, shares of our common stock equal to 79.9% of our common stock outstanding on a fully diluted basis at the time the warrant is exercised. We did not receive any cash proceeds from Treasury as a result of issuing the senior preferred stock or the warrant.

Second, on September 19, 2008, Treasury established a new secured lending credit facility that is available to us until December 31, 2009 as a liquidity back-stop. To borrow under the Treasury credit facility, we must post collateral in the form of Fannie Mae MBS or Freddie Mac mortgage-backed securities to secure all such borrowings under the facility. Treasury is not obligated under the credit facility to make any loan to us.

Details regarding these actions are available on Treasury's Web site at www.ustreas.gov.

We are continuing to operate as a going concern while in conservatorship and remain liable for all of our obligations, including our guaranty obligations associated with the SMBS certificates and other mortgage-backed securities issued by us. The senior preferred stock purchase agreement and the secured lending credit facility are intended to enhance our ability to meet our obligations.

USE OF PROCEEDS

We usually issue SMBS certificates in swap transactions in which the SMBS certificates are issued in exchange for MBS, Mega certificates, REMIC certificates, Previously Issued SMBS certificates or excess yield amounts backing the SMBS certificates being issued. In some instances, we may issue SMBS certificates backed by MBS, Mega certificates, REMIC certificates or Previously Issued SMBS certificates that we already own. In those transactions, we receive cash proceeds upon sale of the SMBS certificates to the related dealers. Unless stated otherwise in the related prospectus supplement, we apply the cash proceeds to the purchase of mortgage loans and for other general corporate purposes.

DESCRIPTION OF THE SMBS CERTIFICATES

This prospectus relates to SMBS certificates issued on and after January 1, 2009, which are issued under our Mega-SMBS Master Trust Agreement, effective January 1, 2009 (as it may be amended or replaced from time to time, the "trust agreement"). For information about SMBS certificates issued before that date, see the SMBS prospectus that was in effect at the time those SMBS certificates were issued.

The SMBS Certificates

General

We will create a trust for each series of SMBS certificates pursuant to the trust agreement and an issue supplement (together, the "trust documents") for that series. We will execute the trust documents in our corporate capacity and as trustee. We will issue the SMBS certificates for each series pursuant to the related trust documents.

Each series of SMBS certificates will consist of one or more classes of SMBS certificates. The SMBS certificates represent the entire beneficial ownership of the related trust, except where a trust provides for exchanges of the SMBS certificates for Mega certificates as further described under **"— Exchange of Certificates — *Exchange of SMBS Certificates for Mega Certificates.*"** This prospectus contains a general description of the rights of the holders of the SMBS certificates. The prospectus supplement for each series of SMBS certificates will provide a more detailed description and disclose the particular terms that apply to that series. The trust assets for each series of SMBS certificates will consist of either one or more underlying securities (MBS, Mega certificates, REMIC certificates, Previously Issued SMBS certificates) or excess yield amounts, but not both.

We summarize below certain features that are common to the classes of SMBS certificates, unless the related prospectus supplement provides otherwise.

Settlement Date

Settlement is expected to occur on the business day determined by Fannie Mae in the month in which the SMBS certificates are issued and in no event later than the last business day of the month in which the SMBS certificates are issued.

Issuance in Book-Entry Form

We will issue the SMBS certificates in book-entry form using either the book-entry system of the U.S. Federal Reserve Banks or the book-entry system of The Depository Trust Company ("DTC"). However, unless otherwise stated in the related prospectus supplement, the SMBS certificates will be issued on the book-entry system of the U.S. Federal Reserve Banks. Each class of SMBS certificates will be assigned a CUSIP number and will trade separately under that number, subject to the limited rights of the SMBS certificateholders to exchange certain classes of SMBS certificates. See **"— Exchange of Certificates."** Book-entry certificates are freely transferable on the records of any Federal Reserve Bank or DTC, as applicable, but are not convertible to physical certificates. Any transfers are subject to the minimum denomination requirements. See **"— *Denominations*"** below.

Federal Reserve Banks

With respect to SMBS certificates registered on the book-entry system of the Federal Reserve Banks, an SMBS certificateholder is an entity that appears in the records of a Federal Reserve Bank as the owner of the SMBS certificate. Only entities that are eligible to maintain book-entry accounts with a Federal Reserve Bank may be SMBS certificateholders. These entities are not necessarily the beneficial owners of the SMBS certificates. If an SMBS certificateholder is not also the beneficial owner of a book-entry SMBS certificate, the SMBS certificateholder and all other financial intermediaries in the chain between the SMBS certificateholder and the beneficial owner are responsible for establishing and maintaining accounts for their customers.

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

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

DTC

DTC is a limited-purpose trust company organized under the laws of the State of New York and is a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered under Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities for DTC participants and facilitates the clearance and settlement of transactions between DTC participants through electronic book-entry changes to accounts of DTC participants.

SMBS certificates registered on the book-entry system of DTC will be registered at all times in the name of the nominee of DTC. Thus, DTC is the SMBS certificateholder. Under its normal procedures, DTC will record the amount of SMBS certificates held by each firm that participates in the book-entry system of DTC, whether held for its own account or on behalf of another person.

A "beneficial owner" or an "investor" is anyone who acquires a beneficial ownership interest in the SMBS certificates. As an investor, you will not receive a physical certificate. Instead, your interest will be recorded on the records of the brokerage firm, bank, thrift institution or other financial intermediary that maintains an account for you. In turn, the record ownership of the financial intermediary that holds your SMBS certificates will be recorded by DTC. If the financial intermediary is not a DTC participant, the record ownership of the financial intermediary will be recorded by a DTC participant acting on its behalf. Therefore, you must rely on these various arrangements to transfer your beneficial ownership interest in the SMBS certificates only under the procedures of your financial intermediary and of DTC participants. In general, ownership of SMBS certificates registered with DTC will be subject to the prevailing rules, regulations and procedures governing DTC and DTC participants.

We will direct payments on the SMBS certificates to DTC in immediately available funds. In turn, DTC, which serves as our paying agent for SMBS certificates registered on its book-entry system, will credit the payments to the accounts of the appropriate DTC participants in accordance with DTC's procedures. These procedures currently provide for payments made in same-day funds to be settled through the New York Clearing House. DTC participants and financial intermediaries will direct the payments to the investors in SMBS certificates that they represent.

Denominations

Unless otherwise provided in the related prospectus supplement, the SMBS certificates will have a minimum denomination of $100,000 with additional increments of one dollar. If, as a result of a proposed transaction, an SMBS certificateholder would hold an SMBS certificate of a class in an amount less than the applicable minimum denomination for that class, the SMBS certificateholder will be unable to effect the proposed transaction.

Class Definitions and Abbreviations

Classes of SMBS certificates fall into different categories. The chart found in **Exhibit A** to this prospectus identifies and generally defines the categories. The first column of the chart shows our abbreviation for each category. The prospectus supplement will identify the categories of classes in the related series by using one or more of these abbreviations.

Distributions on SMBS Certificates

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

The prospectus supplement for a series of SMBS certificates will provide more information about the amount and source of principal or interest, as applicable, to which each class of SMBS certificates is entitled.

Interest Distributions

If the SMBS certificates of a particular class are interest-bearing, they will accrue interest during the applicable interest accrual period at the applicable annual interest rate described in the related prospectus supplement.

An interest accrual period can be of one of two types (each, an “interest accrual period”):

Classes	Interest Accrual Periods
Delay Classes	Calendar month preceding the month in which the related distribution date occurs.
No Delay Classes. .	One-month period beginning on the 25th day of the month preceding the month in which the related distribution date occurs.

The prospectus supplement will also indicate the date on which the SMBS certificates of each interest-bearing class begin to accrue interest. For any interest-bearing class, interest accrues during each interest accrual period on the principal balance (or notional principal balance) of that class before giving effect to any payment of principal (or reduction in notional principal balance) of that class with respect to the related distribution date. Interest will continue to accrue during each applicable interest accrual period until we have paid the outstanding principal amount of the SMBS certificates of the class in full (or the notional principal balance of the class has been reduced to zero).

Interest Accrual Basis

We will calculate the amount of interest due each month on the SMBS certificates on the basis stated in the related prospectus supplement. If interest is calculated on the SMBS certificates on a 30/360 basis, the SMBS certificates will accrue interest on the basis that each month consists of 30 days and each year consists of 360 days. If interest is calculated on the SMBS certificates on an actual/360 basis, the SMBS certificates will accrue interest on the basis of the actual number of days in each interest accrual period and a year assumed to consist of 360 days. If another method is used for calculating interest on the SMBS certificates, it will be specified and described in the related prospectus supplement.

Indices for Floating Rate Classes and Inverse Floating Rate Classes

General. Unless we specify otherwise in the applicable prospectus supplement, the "index determination date" for a floating rate or inverse floating rate class means the second business day before the first day of each interest accrual period (other than the initial interest accrual period) for that class.

LIBOR. If a class of SMBS certificates accrues interest based on the London interbank offered rate ("LIBOR"), we will be responsible for calculating LIBOR on each index determination date using either the BBA Method or the LIBO Method. Generally, the prospectus supplement for each series that has a LIBOR-based class of SMBS certificates will specify the calculation method for that series. For purposes of calculating LIBOR, however, the term "business day" means a day on which banks are open for dealing in foreign currency and exchange in London and New York City. Our calculation of each LIBOR-based interest rate on each index determination date will be final and binding, absent manifest error. You may obtain each such interest rate by telephoning us at 1-800-237-8627.

<u>BBA Method.</u> Under the BBA Method, LIBOR is calculated on each index determination date based on the interest settlement rate of the British Bankers' Association ("BBA") for one-month U.S. dollar deposits. The "interest settlement rate" is found on Reuters Screen LIBOR01 Page as of 11:00 a.m. (London time) on that date. Currently, it is based on rates quoted by 16 BBA-designated banks as being, in their view, the offered rate at which these deposits are being quoted to prime banks in the London interbank market. The interest settlement rate is calculated by eliminating the four highest rates and the four lowest rates, averaging the eight remaining rates, carrying the percentage result to six decimal places and rounding to five decimal places.

If we are unable to use the BBA Method on any index determination date, we will use the LIBO Method.

Unless otherwise specified in the prospectus supplement, for a series of SMBS certificates that includes a LIBOR-based class, LIBOR will be calculated based on the BBA Method.

<u>LIBO Method.</u> This method uses the quotations for one-month U.S. dollar deposits offered by the principal London office of each of the reference banks as of 11:00 a.m. (London time) on each index determination date. We may rely on these quotations as they appear on the Reuters Screen LIBO Page. Alternatively, we may obtain them directly from the reference banks.

Under the LIBO Method, LIBOR is calculated on each index determination date as follows:

- If at least two reference banks are making quotations, LIBOR for the next interest accrual period will be the arithmetic mean of those quotations (rounded upwards, if necessary, to the nearest $\frac{1}{32}$ of 1%).
- Otherwise, LIBOR for the next interest accrual period will be the LIBOR that was determined on the previous index determination date or the reserve interest rate, whichever is higher.

The "reserve interest rate" means the annual rate that we determine as the arithmetic mean (rounded upwards, if necessary, to the nearest $\frac{1}{32}$ of 1%) of the one-month U.S. dollar lending rates that New York City banks (which we select) are then quoting to the principal London offices of at least two of the reference banks. If we cannot establish this arithmetic mean, then the reserve interest rate is the lowest one-month U.S. dollar lending rate that New York City banks (which we select) are then quoting to leading European banks. The term “reference bank” means a leading bank (that we do not control either by ourselves or with a third party) that engages in Eurodollar deposit transactions in the international Eurocurrency market.

If we are unable to determine the reserve interest rate for the initial index determination date, as described above, LIBOR for each class for the following interest accrual period will be equal to the value that will result in that class having an interest rate equal to its initial interest rate, as specified in the related prospectus supplement.

Principal Distributions

On each distribution date, if a class of SMBS certificates has a principal balance, then we will distribute to the related SMBS certificateholders principal in an amount equal to the aggregate amount of principal due on the underlying certificates during the applicable deposit period that is allocable to the outstanding SMBS certificates of that class, plus the applicable portion of any purchase price paid due to a breach of seller representation or warranty during the preceding deposit period. As to any distribution date, a “deposit period” is the period beginning immediately after the preceding distribution date (or, in the case of the initial distribution date, beginning with the first day of the month of such distribution date) and ending on the current distribution date.

Exchange of Certificates

If and to the extent provided for in the related prospectus supplement, and subject to the conditions set forth below, you may exchange some or all of your SMBS certificates for:

(1) Mega certificates issued from the same trust as your SMBS certificates,

(2) one or more specified classes of SMBS certificates issued from the same trust as your SMBS certificates, or

(3) a combination of the above.

There is no limit to the number of exchanges that may occur, except that if following a proposed exchange you would hold a Mega certificate or an SMBS certificate in an amount less than the applicable minimum denomination, you will not be able to effect the proposed exchange. Additionally, any exchange described under this section must be in accordance with the procedures adopted by the applicable book-entry system and by Fannie Mae as issuer. Upon any exchange, the portion or portions of the SMBS certificates designated for the exchange will be deemed cancelled and replaced by the SMBS certificates and/or Mega certificates issued in the exchange.

Exchange of SMBS Certificates for Mega Certificates

If and to the extent described in the prospectus supplement for the related series of SMBS certificates, so long as your SMBS certificates are backed by MBS or Mega certificates, you may exchange classes of outstanding SMBS certificates representing identical percentage interests in the underlying principal payments and underlying interest payments for a comparable portion of one or more Mega certificates issued by the same trust as your SMBS certificates. The total outstanding principal balance of Mega certificates of authorized denominations delivered in this type of exchange will equal the total outstanding principal balance of the SMBS certificates surrendered for exchange. We may impose an administrative fee for the exchange of SMBS certificates for the Mega certificates. The Mega certificates will have a minimum denomination of $1,000 with additional increments of one dollar. Unless the related prospectus supplement provides otherwise, the Mega certificates delivered in the exchange may again be exchanged into SMBS certificates. However, to effect an exchange of Mega certificates for SMBS certificates, the exchange must meet the minimum denomination requirements for SMBS certificates set forth in "***— The SMBS Certificates — Denominations***" above.

Your ability to effect an exchange of SMBS certificates for Mega certificates may depend on whether you can acquire in the secondary market sufficient portions of the SMBS certificates of the related series. If all or a substantial part of the SMBS certificates of a class are transferred to a real estate mortgage investment conduit ("REMIC") trust or a similar entity, your ability to effect an exchange may be restricted or eliminated. For information concerning the transfer of SMBS certificates to a REMIC trust, call us at (202) 752-7585.

Prior to exchanging your SMBS certificates for Mega certificates, you should review the Mega Prospectus.

Exchange of Certain Classes of SMBS Certificates for Other SMBS Certificates

If and to the extent described in the prospectus supplement for the related series of SMBS certificates, so long as your SMBS series contains two or more classes of SMBS certificates, you generally may exchange certain classes of SMBS certificates that provide for aggregate interest distribution amounts and have principal denominations that in the aggregate are equal to one or more specified SMBS certificates of a different class with the same aggregate interest distribution amount and aggregate principal denomination. We may impose an administrative fee for the exchange.

The related prospectus supplement will specify the classes of SMBS certificates that you may surrender for exchange and the class or classes that may be available for you to receive in return. Unless the related prospectus supplement provides otherwise, the SMBS certificates issued in the exchange may be exchanged back into the classes of SMBS certificates that were surrendered. If an exchange includes one or more classes of floating rate or inverse floating rate SMBS certificates, the annual distributions of interest on the SMBS certificates surrendered for exchange and the SMBS certificates received in the exchange must be equal at all levels of LIBOR.

Your ability to effect this type of exchange may depend on whether you can acquire in the secondary market sufficient portions of the necessary classes of SMBS certificates of the same series. If all or a substantial part of the SMBS certificates of a class are transferred to a REMIC trust or a similar entity, your ability to effect an exchange may be restricted or eliminated. For information concerning the transfer of SMBS certificates to a REMIC trust, call us at (202) 752-7585.

Procedures and Fees

An SMBS certificateholder wishing to exchange SMBS or Mega certificates must notify Fannie Mae through one of our "SMBS Dealer Group" dealers set forth in the related prospectus supplement in writing no later than two business days before the proposed exchange date. Exchanges that include *both* floating rate or inverse floating rate classes *and* fixed rate or principal only classes are permitted, subject to our approval, only from the 25th through the last business day of any month. Exchanges involving only fixed rate and principal only classes and exchanges involving only floating rate and inverse floating rate classes are permitted, subject to our approval, on any business day other than the *first four* business days of the month. The notice must include the outstanding principal balances and, if applicable, notional principal balances of the SMBS certificates and/or Mega certificates to be exchanged as well as the SMBS certificates and/or Mega certificates to be received and the proposed exchange date. A notice becomes irrevocable on the second business day before the proposed exchange date. Since exchanges in any month will be effective subsequent to the record date for the distribution date in that month, all distributions in the month of exchange will be made in respect of the SMBS certificates and/or Mega certificates surrendered for exchange. The first distribution date in respect of the SMBS certificates and/or Mega certificates received in any exchange will take place in the month following the month of exchange.

Unless otherwise stated in the prospectus supplement, in connection with each exchange, you must pay us a fee of $\frac{1}{32}$ of 1% of the outstanding principal balance (exclusive of any notional principal balance) of the SMBS certificates or Mega certificates to be exchanged. Unless otherwise stated in the prospectus supplement, our fee will never be less than $2,000.

If in any exchange you surrender *only* SMBS certificates that have notional principal balances, our fee will be $2,000 for that exchange.

Additional Considerations

You should also consider a number of factors that will limit your ability to effect exchanges of SMBS certificates.

- The owner of a class of SMBS certificates may refuse to sell it at a reasonable price (or at any price) or may be unable to sell it.
- Certain SMBS certificates may have been purchased and placed into other financial structures and thus be unavailable.
- Principal payments, including prepayments, on the related mortgage loans will decrease the amount of SMBS certificates available for exchange over time.

Reports to SMBS Certificateholders

Monthly Factor

Unless otherwise provided in the related prospectus supplement, we will publish a class factor for each class of a series of SMBS certificates on or about the 11th calendar day of each month. If you multiply the applicable class factor for an SMBS certificate by its original principal balance (or original notional principal balance in the case of an interest only class), you will obtain the current principal balance (or notional principal balance) of that SMBS certificate after giving effect to the current month's principal payment (or corresponding reduction in notional principal balance). The class factors are made available each month on our Web site and in various financial publications. We, or an agent that we engage for this purpose, will make all necessary numerical calculations.

Tax Information

Within a reasonable time after the end of each calendar year, we will post on our Web site, or otherwise make available, information required by the federal income tax laws. See "**MATERIAL FEDERAL INCOME TAX CONSEQUENCES — Information Reporting and Backup Withholding**" below.

Trust Agreement

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

Fannie Mae Guaranty

We are the guarantor under the trust agreement. We guarantee to each trust that we will supplement amounts received by the trust as required to permit payment on the SMBS certificates of the amounts of principal and interest, as applicable, to the extent described in the related prospectus supplement. In addition, we also guarantee to each trust the full and final payment of any unpaid principal balance of the SMBS certificates of each class even if less than the required amount has been remitted to us.

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

Our guaranty runs directly to each trust and not directly to SMBS certificateholders. As a result, SMBS certificateholders have only limited rights to bring proceedings directly against Fannie Mae to enforce our guaranty. SMBS certificateholders also have certain limited rights to bring proceedings against Treasury if we fail to pay under our guaranty. For a description of SMBS certificateholders' rights to proceed against Fannie Mae and Treasury, see "***— Certificateholder Rights Upon a Guarantor Event of Default***" below.

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

Trusts Providing for Exchanges of Certificates

If the prospectus supplement for a specific SMBS series provides for the exchange of SMBS certificates for Mega certificates as discussed under **"DESCRIPTION OF THE SMBS CERTIFICATES — Exchange of Certificates"** above, the SMBS certificates and the related Mega certificates will be issued by the same trust. For purposes of determining the voting rights applicable to any such trust, references to "certificateholders" and "holders of certificates" in the following paragraphs of this section are deemed to refer to the holders of the SMBS certificates and holders of the related Mega certificates, collectively, that are outstanding at any time.

Transfer of Assets to a Trust

The related issue supplement for each trust will contain a schedule that will identify the assets that are being transferred to the trust for that series of SMBS certificates. Any underlying securities will be registered in our name on the books of the Federal Reserve Bank of New York or other applicable book-entry system. As trustee, we will hold the trust assets for holders of the SMBS certificates of that series.

Purchase of Assets from a Trust

The trust agreement provides that we may purchase trust assets from a pool as follows:

- If the representations and warranties about any trust asset made or deemed to be made by the transferor at the time we purchased the trust asset were not true when made, we may, within 90 days of discovery of the breach or error, purchase from the related trust the trust assets with respect to which the breach or error occurred.

- If we determine, or a court or government agency determines, that our acquisition of any trust asset prior to its being transferred to a trust was unauthorized or if a court or government agency requires us to purchase any trust asset from a trust, we will purchase the trust asset as soon as practicable.

When a trust asset having a principal balance is purchased, its principal balance is passed through to the related certificateholders on the distribution date immediately following the date of the purchase. The price to be paid for any trust asset that we purchase is calculated as set forth in the related trust documents. See **"RISK FACTORS — *PREPAYMENT FACTORS* — We may withdraw some or all of the trust assets due to a breach of representations or warranties, accelerating the rate at which you receive your return of principal (or the rate at which the notional balance of your SMBS certificates is reduced)"** above.

Certificate Account

Funds collected on the trust assets and used to pay SMBS certificateholders are deposited into a certificate account at an eligible depository. Funds held in the certificate account are held by us as trustee in trust for the benefit of SMBS certificateholders pending distribution to them. Amounts in any certificate account are held separately from our general corporate funds but are commingled with funds for other Fannie Mae trusts and are not separated on a trust by trust basis. We may invest funds in any certificate account in specified eligible investments, including our own debt instruments. We are entitled to all earnings on funds on deposit in each certificate account as a trust administration fee. SMBS certificateholders are not entitled to any investment earnings from a certificate account, and are not liable for any losses in a certificate account.

Certain Matters Regarding Our Duties as Trustee

We serve as trustee under the trust agreement. Under the trust agreement, the trustee may consult with and rely on the advice of counsel, accountants and other advisers. The trustee will not be responsible for errors in judgment or for anything it does, or does not do, in good faith if it so relies. This standard of care also applies to our directors, officers, employees and agents. We are not required, in our capacity as trustee, to risk our funds or incur any liability if we do not believe those funds are recoverable or we do not believe adequate indemnity exists against a particular risk. This does not affect our obligations as guarantor under the Fannie Mae guaranty.

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

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

We may resign from our duties as trustee under the trust agreement upon providing 90 days' advance notice to the guarantor. Our resignation will not become effective until a successor assumes our duties. We may be removed as trustee only if a "guarantor event of default" has occurred with respect to a trust. See **"— *Guarantor Events of Default*"** below. In that case, we can be removed and replaced by a successor trustee as to the related trust by certificateholders representing at least 51% of the voting rights of the trust. Even if our duties as trustee under the trust agreement terminate, we would continue to be obligated under our guaranty.

Removal of Successor Trustee

If Fannie Mae is no longer serving as the trustee and a successor trustee has been appointed, the successor trustee may be removed under the trust agreement for a series of certificates upon any of the following "trustee events of default":

- the successor trustee fails to deliver to the paying agent all required funds for distribution (to the extent the trustee has received the related funds), and the failure continues uncorrected for 15 days after either the guarantor or, if a guarantor event of default has occurred and is continuing, the holders of certificates representing at least 5% of the voting rights of the related trust have given written notice of nonpayment to the successor trustee;

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

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

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

Guarantor Events of Default

Any of the following will be considered a guarantor event of default under the trust agreement:

- if we fail to make a required payment under our guaranty and our failure continues uncorrected for 15 days after the certificateholders representing at least 5% of the voting rights of the related trust have given us written notice of nonpayment;
- if we fail in any material way to fulfill any of our other obligations as guarantor under the trust agreement and our failure continues uncorrected for 60 days after the certificateholders representing at least 25% of the voting rights of the related trust have given us written notice of such failure; or
- if we become insolvent, a receiver or a new conservator is appointed (either voluntarily or involuntarily and, in the case of an involuntary appointment, the order has been undischarged or unstayed for 60 days) or we admit in writing that we are unable to pay our debts.

Certificateholder Rights Upon a Guarantor Event of Default

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

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

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

The rights of certificateholders may be limited during a receivership or future conservatorship. See "**RISK FACTORS —*FANNIE MAE GOVERNANCE FACTORS***."

Under the senior preferred stock purchase agreement between Treasury and us, certificateholders are given certain limited rights against Treasury under the following circumstances: (i) we default on our guaranty payments, (ii) Treasury fails to perform its obligations under its funding commitment, and (iii) we and/or the conservator are not diligently pursuing remedies in respect of that failure. In that case, the holders of the affected SMBS certificates may file a claim in the U.S. Court of Federal Claims for relief requiring Treasury to fund up to the lesser of (1) the amount necessary to cure the payment default and (2) the lesser of (a) the amount by which our total liabilities exceed our total assets, as reflected on our balance sheet prepared in accordance with generally accepted accounting principles, and (b) $100 billion less the aggregate amount of funding previously provided under the commitment.

Voting Under the Trust Agreement

Unless otherwise provided in the prospectus supplement for a particular series of SMBS certificates, for purposes of voting, giving notice, consent or otherwise taking action under the trust documents, if the outstanding certificates for any trust do not include any SMBS certificates of an interest only class or include only SMBS certificates of one or more interest only classes, 100% of the voting rights will be allocated to the related classes in proportion to their aggregate certificate balances. If the outstanding certificates for any trust include SMBS certificates of one or more interest only classes and one or more classes that are not interest only classes, the voting rights will be allocated as follows:

- if the outstanding certificates of a trust include both Mega certificates and SMBS certificates, then (x) the Mega certificates will be allocated a percentage of the total voting rights equal to the percentage equivalent of a fraction, the numerator of which is the aggregate certificate balance of the outstanding Mega certificates and the denominator of which is the aggregate principal amount of the related trust assets, and (y) the SMBS certificates will be allocated the remainder of the voting rights, with such remaining voting rights being allocated 75% to the principal only class of outstanding SMBS certificates and 25% to the interest only class or classes of outstanding SMBS certificates (to be further allocated among interest only classes, pro rata, based on their respective aggregate certificate balances, as applicable); and
- if the outstanding certificates of a trust do not include Mega certificates, the voting rights will be allocated 75% to the principal only class of outstanding SMBS certificates and 25% to the interest only class or classes of outstanding SMBS certificates (to be further allocated among interest only classes, pro rata, based on their respective aggregate certificate balances, as applicable).

The voting rights allocated to each class of SMBS certificates will be allocated among all holders of the SMBS certificates of each such class in proportion to their respective percentage interests in that class evidenced by their respective SMBS certificates.

Solely for purposes of giving any consent pursuant to the trust documents, if any certificate is beneficially held by a party, including us, determined under applicable accounting rules to be the transferor of trust assets, the certificate will be disregarded and deemed not to be outstanding for purposes of determining voting rights. As a result, the voting rights to which that party is entitled will not be taken into account in determining whether the requisite percentage of voting rights necessary to effect any such consent has been obtained, except with respect to matters involving an event of default by the guarantor or the trustee or matters requiring unanimous certificateholder consent.

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

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

Voting Under the Trust Documents for any Underlying Securities

Unless the related prospectus supplement provides otherwise, the holders of a certain minimum percentage ownership in trust assets consisting of underlying securities may give their consent to any matter requiring consent under the related underlying trust documents. The trust agreement, however, does not permit us, as trustee, to vote any such underlying securities held in a trust unless we have received consistent direction from certificateholders whose principal balances (or notional principal balances) together equal at least 51% of the aggregate voting rights of all the related classes of certificates of that series. Following its receipt of such direction, the trustee will vote such underlying securities in their entirety in accordance with the direction.

Amendment

We may amend the trust documents for a series of SMBS certificates without notifying or obtaining the consent of the related certificateholders to do any of the following:

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

No amendment to cure an ambiguity in or supplement a provision of the trust documents or to modify the trust documents to maintain the tax status of a trust may be made if it would otherwise require certificateholder consent unless that consent is obtained.

In addition, if holders of certificates representing at least 51% of the voting rights of each class of certificates give their consent, we may amend the trust documents for a purpose not listed above, except that we may not do any of the following without the consent of all certificateholders of the related trust:

- terminate or change our guaranty obligations;

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

During a receivership or future conservatorship, FHFA, acting as receiver or conservator, would have the authority to repudiate or transfer our guaranty obligations without the consent of the certificateholders or any other party. See "**RISK FACTORS —** ***FANNIE MAE GOVERNANCE FACTORS***" above.

Termination

A trust will terminate when all required interest and principal amounts have been distributed to holders of the related SMBS certificates and, if applicable, holders of the related Mega certificates. In no event will a trust continue beyond the last day of the 60th year following the issue date for that trust.

Except in limited circumstances discussed under ***"— Purchase of Assets from a Trust"*** above, we do ***not*** have an option to purchase the trust assets backing the certificates or to purchase any mortgage loans backing the trust assets and then retire the certificates. In some cases, another party may have such a right. In that case, the related prospectus supplement will describe the terms and conditions of that right. Moreover, we do ***not*** have any clean-up call option, that is, we cannot terminate the trust by purchasing the remaining trust assets when the unpaid principal balance (or outstanding notional principal balance) of the trust assets declines to a certain amount or reaches a certain percentage of the original unpaid principal balance (or outstanding notional principal balance) of the trust assets.

Merger

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

Future Limitations on Certificateholder Rights under the Trust Agreement

If we are placed into receivership or if we emerge from the current conservatorship and are then placed into conservatorship again, certificateholders' rights to remove the trustee or successor trustee may be restricted or eliminated. In addition, in that case, FHFA will have the authority to repudiate or transfer our guaranty obligations under the trust documents for each series of certificates. See "**RISK FACTORS —** ***FANNIE MAE GOVERNANCE FACTORS***" above.

YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS

Effective Yield

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

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

Maturity and Prepayment Considerations

The maturity and prepayment considerations for a particular series of SMBS certificates will depend on the type of assets included in the related trust.

- If the assets consist of MBS, see the discussion under the heading **"YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS"** in the Single-Family MBS Prospectus or the Multifamily MBS Prospectus, as applicable.
- If the assets consist of Mega Certificates, see the discussion under the heading **"YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS"** in the Mega Prospectus.
- If the assets consist of REMIC certificates, see the discussion under the heading **"YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS"** in the Single-Family REMIC Prospectus.
- If the assets consist of excess yield amounts, see the discussion under the heading **"YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS"** in the Single-Family MBS Prospectus.

In addition, SMBS certificateholders will receive early payment of principal (or reduction in the notional principal balance) of their SMBS certificates if we purchase any trust assets under the circumstances discussed under **"DESCRIPTION OF THE SMBS CERTIFICATES — Trust Agreement — *Purchase of Assets from a Trust*"** in this prospectus.

Weighted Average Lives and Final Distribution Dates

The "weighted average life" of an SMBS certificate refers to the average length of time, weighted by principal, that will elapse from the time we issue an SMBS certificate until we distribute to you the full amount of outstanding principal. The weighted average life of an SMBS certificate will depend upon the extent to which each payment on the assets of the related trust is applied to principal rather than interest. The weighted average life of an SMBS certificate is determined by:

(a) multiplying the amount of the reduction, if any, of the principal balance of the SMBS certificate from each distribution date to the next distribution date by the number of years from the settlement date specified in the related prospectus supplement to the second such distribution date,

(b) summing the results, and

(c) dividing the sum by the aggregate amount of the reductions in principal balance of the SMBS certificate referred to in clause (a).

The actual weighted average life of an SMBS certificate will be affected by the rate at which principal payments are actually made on the assets of the related trust. See the discussion under the heading **"YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS"** in the Single-Family MBS Prospectus, Multifamily MBS Prospectus, Mega Prospectus or Single-Family REMIC Prospectus, as applicable.

The final distribution date for the SMBS certificates of a particular class is the date by which we must pay the holders the full outstanding principal balance of the SMBS certificates of that class. We determine the final distribution dates for the classes of a given series based on the payments that we expect to receive on the assets of the related trust.

It is likely that we will pay the full outstanding principal balance of each class of a particular series of SMBS certificates earlier, and perhaps much earlier, than its final distribution date. There are two reasons for this likelihood. First, the rate at which we pay principal on the SMBS certificates will be affected by the rate at which principal payments are made on the assets of the related trust. Second, some of the mortgage loans will have stated maturities that occur prior to the dates contained in the assumptions and have interest rates that are lower than the rates contained in the assumptions. We cannot assure that the outstanding principal balance of any class of SMBS certificates of any series will be paid in full before its final distribution date.

For purposes of determining the weighted average life of an interest-only SMBS certificate, references in this prospectus and the related prospectus supplement to distributions or payments of principal mean reductions of the notional principal balance. Similarly, for purposes of determining the final distribution date of an interest-only SMBS certificate, references to payment of the full outstanding principal balance mean a reduction of the notional principal balance to zero.

We have no clean-up call option. A clean-up call is the early termination of a trust when the unpaid principal balance of the related trust assets is reduced to a certain amount or is reduced to a certain percentage of the original unpaid principal balance of those trust assets. See also the discussion under **"DESCRIPTION OF THE SMBS CERTIFICATES — Trust Agreement — *Termination*"** in the Single-Family MBS Prospectus or Multifamily MBS Prospectus, as applicable.

Prepayment Models

It is common to measure how mortgage loans prepay relative to a prepayment model. The prospectus supplement for each series of SMBS certificates will indicate which model it uses.

Prepayment speed assumptions or "PSA" is a prepayment model that was developed by the Securities Industry and Financial Markets Association. It represents an assumed rate at which a pool of new mortgage loans will repay. When we refer to "100% PSA," we mean an annual prepayment rate of 0.2% of the then-unpaid principal balance of the pool in the first month after the origination of those mortgage loans and an additional 0.2% each month until the 30th month. For example, the assumed annual prepayment rate would be 0.4% in month 2, 0.6% in month 3, and so on, and would level out at 6% at month 30 for the remaining term. Beginning in month 30 and for all later months, "100% PSA" means a constant annual prepayment rate of 6%.

Multiples of PSA are calculated in the same way. Thus, "150% PSA" means an annual prepayment rate of 0.3% in month 1, 0.6% in month 2, 0.9% in month 3 and 9% in month 30 and afterwards. Similarly, "200% PSA" means an annual prepayment rate of 0.4% in month 1, 0.8% in month 2, 1.2% in month 3 and 12% in month 30 and afterwards.

Another model that is commonly used is the constant prepayment rate model ("CPR"). It represents the annual rate of prepayments relative to the then-outstanding principal balance of a pool of new mortgage loans. Thus, "0% CPR" means no prepayments, "15% CPR" means an annual prepayment rate of 15% and so forth.

These models cannot accurately predict the prepayment experience of the mortgage loans directly or indirectly backing any series of SMBS certificates nor do they describe the historical performance of any particular pool of mortgage loans.

TRUST ASSETS

General

The assets of a trust may consist of either (i) one or more of the following underlying securities: MBS, Mega certificates, REMIC certificates and Previously Issued SMBS certificates or (ii) excess yield amounts, but not both underlying securities and excess yield amounts. There is no limit on the number or amount of MBS, Mega certificates, REMIC certificates and Previously Issued SMBS certificates or excess yield amounts that may back a particular series of SMBS certificates. The trust assets will be directly or indirectly backed by pools of mortgage loans secured by either single-family properties or multifamily properties. We do not include both single-family underlying securities and multifamily underlying securities in the same trust nor do we include underlying securities and excess yield amounts in the same trust. The trust for an SMBS issuance may hold one or more underlying securities issued by any Fannie Mae trust or trusts but need not hold all of the underlying securities issued by any trust.

This prospectus describes certain common features of SMBS certificates, the trust assets and the mortgage loans directly or indirectly backing the trust assets. Information concerning the assets held in a particular trust may be found in the prospectus supplement, if any, for the related underlying securities and the final data statement for the related SMBS issuance. Before investing in an issuance of SMBS certificates, investors should read the applicable prospectus and the related prospectus supplement, if any, for each of the trust assets. See "**DISCLOSURE DOCUMENTS FOR ISSUANCES OF SMBS CERTIFICATES — Prospectuses for the Trust Assets**" above.

MBS

The Single-Family MBS Prospectus describes the general characteristics of any single-family MBS and related mortgage loans that may back the SMBS certificates. The prospectus supplement for each such trust will contain certain additional information about the single-family MBS and the related mortgage loans.

The Multifamily MBS Prospectus describes the general characteristics of any multifamily MBS and related mortgage loans that may back the SMBS certificates. The prospectus supplement for each such trust will contain certain additional information about the multifamily MBS and the related mortgage loans.

Mega Certificates

The Mega Prospectus describes the general characteristics of any Mega certificates that may back the SMBS certificates. The prospectus supplement, if any, for each such trust will contain certain additional information about the Mega certificates and the related mortgage loans.

REMIC Certificates

The Single-Family REMIC Prospectus describes the general characteristics of any single-family REMIC certificates that may back the SMBS certificates. The prospectus supplement for each such trust will contain certain additional information about the REMIC certificates and the related mortgage loans.

Previously Issued SMBS Certificates

This prospectus describes the general characteristics of any Previously Issued SMBS certificates issued on or after the date of this prospectus that may back your SMBS certificates. In the case of Previously Issued SMBS certificates issued before the date of this prospectus, their general characteristics are described in our prospectus for Fannie Mae Stripped Mortgage-Backed Securities then in effect. The prospectus supplement for each such trust will contain certain additional information about the Previously Issued SMBS certificates and the related mortgage loans.

Excess Yield Amounts

Excess yield amounts included in a trust consist of certain interest amounts payable on mortgage loans backing certain MBS. The prospectus supplement for each such trust that holds excess yield amounts will contain certain additional information about the related mortgage loans.

Final Data Statements

With respect to each trust, we will prepare a final data statement containing certain information about the trust assets after issuing the related SMBS certificates.

For SMBS certificates backed by MBS, Mega certificates and Previously Issued SMBS certificates, the final data statement will contain the pool number, the current weighted average coupon and the current weighted average maturity of the mortgage loans directly or indirectly underlying each of the MBS, Mega certificates and Previously Issued SMBS certificates as of the issue date of the SMBS certificates. If the current weighted average coupon is not available, the final data statement will contain the most recently published weighted average coupon. If the current weighted average maturity is not available, the final data statement will contain a weighted average maturity that we have calculated by subtracting from the most recently published weighted average maturity the number of months that have elapsed between the month in which the weighted average maturity was most recently published and the month of the related issue date. The final data statement also will include the weighted averages of all the weighted average coupons and the weighted averages of all the weighted average maturities, based on the current unpaid principal balances of the mortgage loans directly or indirectly underlying each of the MBS, Mega certificates and Previously Issued SMBS certificates as of the issue date of the SMBS certificates.

For SMBS certificates backed by REMIC certificates, the final data statement will contain the principal balances (or notional principal balances) of the REMIC certificates as of the issue date of the SMBS certificates.

For SMBS certificates backed by excess yield amounts, the final data statement will include certain additional information, on an aggregate basis, with respect to the mortgage loans included in the mortgage loan group associated with each class of SMBS certificates. Mortgage loan groups are referred to as "pseudo pools" in the final data statement.

You may obtain the final data statement for a series of SMBS certificates by telephoning us at 1-800-237-8627. The final data statement for each series of SMBS certificates is also available on our Web site at www.fanniemae.com.

MATERIAL FEDERAL INCOME TAX CONSEQUENCES

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

- This discussion reflects federal tax laws in effect as of the date of this prospectus. Changes to any of these laws after the date of this prospectus may affect the tax consequences discussed below.
- This discussion addresses only SMBS certificates acquired by beneficial owners at original issuance and held as "capital assets" (generally, property held for investment).

- This discussion does not address tax consequences to beneficial owners subject to special rules, such as dealers in securities, certain traders in securities, banks, tax-exempt organizations, life insurance companies, persons that hold SMBS certificates as part of a hedging transaction or as a position in a straddle or conversion transaction, or persons whose functional currency is not the U.S. dollar.

- The discussion does not address tax consequences of the purchase, ownership or disposition of an SMBS certificate by a partnership. If a partnership holds an SMBS certificate, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership.

- This discussion may be supplemented by a discussion in any applicable prospectus supplement.

- This discussion does not address taxes imposed by any state, local or foreign taxing jurisdiction.

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

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

U.S. Treasury Circular 230 Notice

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

Characterization of Trusts and SMBS Certificates

The trust created for each series of SMBS certificates will be classified as a fixed investment trust and, under subpart E of part I of subchapter J of the Internal Revenue Code of 1986, as amended (the "Code"), each beneficial owner of an SMBS certificate will be treated for federal income tax purposes as the beneficial owner of the right to receive payments attributable to principal, interest, or principal and interest on the trust assets.

A beneficial owner of an SMBS certificate will be required to include in income the amounts described under **"— Stripped Bonds and Stripped Coupons"** below. In addition, a beneficial owner of an SMBS certificate must include in income a portion of the expenses of the related trust. For a trust other than one that holds only REMIC certificates, these expenses include the compensation paid to service the underlying mortgage loans. The expenses of a trust will be allocated among the related SMBS certificates in each monthly period in proportion to the respective amounts of distributions projected to be remaining on the SMBS certificates. A beneficial owner of an SMBS certificate can deduct its portion of these expenses as provided in section 162 or section 212 of the Code, consistent with its method of accounting and subject to the discussion under **"— Administrative Expenses"** below.

Stripped Bonds and Stripped Coupons

Pursuant to section 1286 of the Code, the separation of ownership of the right to receive some or all of the interest payments on a debt obligation from ownership of the right to receive some or all of the principal payments results in the creation of "stripped bonds" with respect to principal payments and "stripped coupons" with respect to interest payments. A beneficial owner of an SMBS certificate will be treated as owning "stripped bonds" to the extent of its share of principal payments and "stripped coupons" to the extent of its share of interest payments on the trust assets, except as discussed below.

If an SMBS certificate entitles the holder to payments of principal and interest on a trust asset, the Internal Revenue Service ("IRS") could contend that the SMBS certificate should be treated as

- an interest in the trust asset to the extent that the SMBS certificate represents an equal pro rata portion of principal and interest on the trust asset, and
- with respect to the remainder, an installment obligation consisting of "stripped bonds" to the extent of its share of principal payments or "stripped coupons" to the extent of its share of interest payments.

For purposes of information reporting, however, Fannie Mae intends to treat each SMBS certificate as a single debt instrument, regardless of whether it entitles the holder to payments of principal and interest. You should consult your own tax advisors as to the proper treatment of an SMBS certificate in this regard.

Under section 1286 of the Code, a beneficial owner of an SMBS certificate must treat the SMBS certificate as a debt instrument originally issued on the date the owner acquires it and as having original issue discount ("OID") equal to the excess, if any, of its "stated redemption price at maturity" over the price paid by the owner to acquire it. The stated redemption price at maturity of an SMBS certificate generally is equal to the sum of all distributions to be made on that certificate. For information reporting purposes, we intend to treat all amounts to be distributed on an SMBS certificate as included in the stated redemption price at maturity of that SMBS certificate and, as a result, each SMBS certificate will be treated as if issued with OID.

The beneficial owner of an SMBS certificate must include in its ordinary income for federal income tax purposes, generally in advance of receipt of the cash attributable to that income, the sum of the "daily portions" of OID on its SMBS certificate for each day during its taxable year on which it held the SMBS certificate. The daily portions of OID are determined as follows:

- first, the portion of OID that accrued during each "accrual period" is calculated;
- then, the OID accruing during an accrual period is allocated ratably to each day during the period to determine the daily portion of OID.

Treasury Department regulations relating to the tax treatment of debt instruments with OID (the "OID Regulations") provide that a holder of a debt instrument may use an accrual period of any length, up to one year, as long as each distribution of principal or interest occurs on either the final day or the first day of an accrual period. We intend to report OID based on accrual periods of one month. Each of these accrual periods will begin on a distribution date and end on the day before the next distribution date.

Accrual of OID

Although the matter is not entirely clear, a beneficial owner of an SMBS certificate should determine the amount of OID accruing during any accrual period with respect to that SMBS certificate using the method described in section 1272(a)(6) of the Code, except as discussed below. Under section 1272(a)(6), the portion of OID treated as accruing for any accrual period equals the *excess*, if any, of

- the sum of (A) the present values of all the distributions remaining to be made on the SMBS certificate, if any, as of the end of the accrual period and (B) the distribution made on the SMBS certificate during the accrual period of amounts included in the stated redemption price at maturity;

over

- the sum of the present values of all the distributions remaining to be made on the SMBS certificate as of the beginning of the accrual period.

The present values of the remaining distributions are calculated based on the following:

- an assumption that the mortgage loans backing or comprising the related trust assets prepay at a specified rate (the "Prepayment Assumption"),
- the yield to maturity of the SMBS certificate, giving effect to the Prepayment Assumption,
- events (including actual prepayments) that have occurred prior to the end of the accrual period, and
- in the case of an SMBS certificate calling for a variable rate of interest, an assumption that the value of the index upon which the variable rate is based remains the same as its value on the settlement date over the entire life of the certificate.

A beneficial owner determines its yield to maturity based on its purchase price. For a particular beneficial owner, it is not clear whether the Prepayment Assumption used for calculating OID would be one determined at the time the SMBS certificate is acquired or would be the original Prepayment Assumption for the SMBS certificate. For information reporting purposes, we will use the original yield to maturity of the SMBS certificate, calculated based on the original Prepayment Assumption. You should consult your own tax advisors regarding the proper method for accruing OID on an SMBS certificate.

The Code requires that the Prepayment Assumption be determined in the manner prescribed in Treasury regulations. To date, no such regulations have been promulgated. For information reporting purposes, we will assume a Prepayment Assumption for each series of SMBS certificates. We make no representation, however, that the mortgage loans backing or comprising the trust assets for a given series will prepay at the rate reflected by the Prepayment Assumption for that series or at any other rate. You must make your own decision as to the appropriate prepayment assumption to be used in deciding whether or not to purchase any SMBS certificates.

Qualified Stated Interest

If an SMBS certificate entitles the holder to payments of principal and interest, the IRS could contend that the interest payments on the SMBS certificate should be treated as payments of "qualified stated interest" within the meaning of the OID Regulations. In that case, a beneficial owner would be required to include such payments in income, in accordance with its method of accounting, rather than to accrue OID with respect to such payments. Further, if the beneficial owner in that case had purchased the SMBS certificate for an amount (net of accrued interest) greater than the outstanding principal amount of the SMBS certificate, the beneficial owner generally would have premium with respect to the SMBS certificate in the amount of the excess. Such a purchaser may elect, under section 171(c)(2) of the Code, to treat the premium as "amortizable bond premium."

If a beneficial owner makes this election, the beneficial owner must reduce the amount of any payment of qualified stated interest that must be included in the beneficial owner's income for a period by the portion of the premium allocable to the period based on the SMBS certificate's yield to maturity. Correspondingly, the beneficial owner must reduce its basis in the SMBS certificate by the amount of premium applied to reduce any interest income.

The election will also apply to all bonds the interest on which is not excludible from gross income ("fully taxable bonds") held by the beneficial owner at the beginning of the first taxable year to which the election applies and to all fully taxable bonds that it acquires after the beginning of that taxable year. A beneficial owner may revoke the election only with the consent of the IRS.

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

Because we will treat all SMBS certificates as being issued with OID (and as not paying qualified stated interest) for information reporting purposes, you should consult your own tax advisors as to the proper treatment of an SMBS certificate in this regard.

Administrative Expenses

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

Generally, such a beneficial owner can deduct its share of these costs only to the extent that these costs, when aggregated with certain of the beneficial owner's other miscellaneous itemized deductions, exceed 2% of the beneficial owner's adjusted gross income. For this purpose, an estate or nongrantor trust computes adjusted gross income in the same manner as an individual, except that deductions for administrative expenses of the estate or trust that would not have been incurred if the property were not held in such trust or estate are treated as allowable in calculating adjusted gross income. In addition, such a beneficial owner may not be able to deduct any portion of these costs in computing its alternative minimum tax liability. Further, section 68 of the Code may provide for certain limitations on itemized deductions otherwise allowable for a beneficial owner who is an individual.

Special Tax Characteristics of SMBS Certificates

Several sections of the Code provide beneficial treatment to certain taxpayers that invest in mortgage loans of the type that back or comprise the trust assets. With respect to these Code sections, no specific legal authority exists regarding whether the character of the SMBS certificates will be the same as that of the mortgage loans that back or comprise the trust assets. Although the characterization of the SMBS certificates for these purposes is not clear, the SMBS certificates should be considered to represent "real estate assets" within the meaning of section 856(c)(5)(B) of the Code and "loans secured by an interest in real property" within the meaning of section 7701(a)(19)(C)(v) of the Code, and OID and qualified stated interest with respect to SMBS certificates should be considered to represent "interest on obligations secured by mortgages on real property" within the meaning of section 856(c)(3)(B) of the Code; provided that in each case the underlying mortgage assets qualify for such treatment. For a discussion of the special tax characteristics of certain types of mortgage loans, see **"MATERIAL FEDERAL INCOME TAX CONSEQUENCES — Special Tax Attributes"** in the Single-Family MBS Prospectus or the Multifamily MBS Prospectus, as applicable.

Exchanges of SMBS Certificates

If a beneficial owner exchanges one or more SMBS certificates for one or more SMBS certificates of a different class with respect to the same trust in the manner described under **"DESCRIPTION OF THE SMBS CERTIFICATES — Exchange of Certificates —** ***Exchange of Certain Classes of SMBS Certificates for Other SMBS Certificates*****"** above, the exchange will not be taxable. In this case, the beneficial owner will be treated as continuing to own after the exchange the same SMBS certificates that it owned immediately prior to the exchange.

Sales and Other Dispositions of SMBS Certificates

Upon the sale, exchange or other disposition of an SMBS certificate (other than an exchange described under **"— Exchanges of SMBS Certificates"** above), a beneficial owner generally will recognize gain or loss equal to the difference between the amount realized and the beneficial owner's adjusted basis in the SMBS certificate. The adjusted basis of an SMBS certificate generally will equal the cost of the SMBS certificate to the beneficial owner, increased by any OID included in the beneficial owner's gross income with respect to the SMBS certificate, and reduced (but not below zero) by distributions previously received by the beneficial owner of amounts included in SMBS certificate's stated redemption price at maturity and by any premium that has reduced the beneficial owner's interest income with respect to the SMBS certificate. Any such gain or loss generally will be capital gain or loss, except (i) as provided in section 582(c) of the Code (which generally applies to banks) or (ii) to the extent any gain represents OID not previously included in income (to which extent such gain would be treated as ordinary income). Any capital gain (or loss) will be long-term capital gain (or loss) if at the time of disposition the beneficial owner held the SMBS certificate for more than one year. The ability to deduct capital losses is subject to limitations.

Trusts with a Single Class

If a single class of SMBS certificates is entitled to a pro-rata portion of the principal and interest payments on the trust assets, a beneficial owner of an SMBS certificate of that class will be treated for federal income tax purposes as a beneficial owner of a pro rata portion of the trust assets. In such a case, you should consult the disclosure documents related to each of the trust assets for a discussion of certain federal income tax consequences to beneficial owners of the trust assets.

Information Reporting and Backup Withholding

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

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

Non-U.S. Persons

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

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

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

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

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

LEGAL INVESTMENT CONSIDERATIONS

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

ERISA CONSIDERATIONS

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or section 4975 of the Code imposes requirements on employee benefit plans subject to ERISA (such as employer-sponsored retirement plans) and on other types of benefit plans and arrangements subject to section 4975 of the Code (such as individual retirement accounts). ERISA and section 4975 of the Code also impose these requirements on some entities in which these benefit plans or arrangements invest. We refer to these plans, arrangements and entities, collectively, as "plans." Any person who is a fiduciary of a plan also is subject to requirements imposed by ERISA and section 4975 of the Code. Before a plan invests in any SMBS certificate, the plan fiduciary must consider whether the governing instruments for the plan permit the investment, whether the SMBS certificates are a prudent and appropriate investment for the plan under its investment policy, and whether such an investment might result in a transaction prohibited under ERISA or section 4975 of the Code for which no exemption is available.

The U.S. Department of Labor issued a regulation covering the acquisition by a plan of a "guaranteed governmental mortgage pool certificate," defined to include a certificate that is "backed by, or evidencing an interest in, specified mortgages or participation interests therein" and are guaranteed by Fannie Mae as to the payment of interest and principal. Under the regulation, investment by a plan in a "guaranteed governmental mortgage pool certificate" does not cause the assets of the plan to include the mortgage loans underlying the SMBS certificate or cause the sponsor, trustee and other servicers of the related mortgage pool to be subject to the fiduciary responsibility provisions of ERISA, the prohibited transaction provisions of ERISA or section 4975 of the Code in providing services with respect to the mortgages in the pool. Our counsel, Sidley Austin LLP, has advised us that, except to the extent otherwise specified in a related prospectus supplement for a trust, the SMBS certificates qualify under the definition of "guaranteed governmental mortgage pool certificates" and, as a result, the purchase and holding of SMBS certificates by plans will not cause the underlying mortgage loans or the assets of Fannie Mae to be subject to the fiduciary requirements of ERISA or to the prohibited transaction provisions of ERISA or section 4975 of the Code merely by reason of a plan's holding of an SMBS certificate. However, investors should consult with their own counsel regarding the consequences under ERISA of an investment in the SMBS certificates.

PLAN OF DISTRIBUTION

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

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

LEGAL OPINION

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

Exhibit A

CLASS DEFINITIONS AND ABBREVIATIONS

Abbreviation	Category of Class	Definition
		PRINCIPAL TYPES
NTL	Notional	Has no principal balance and bears interest on its notional principal balance. The notional principal balance is used to determine interest payments on an interest only class that is not entitled to principal.
PT	Pass-Through	Is designed to receive principal payments in direct relation to actual or scheduled payments on the underlying assets in the trust.
		INTEREST TYPES
FIX	Fixed Rate	Has an interest rate that is fixed throughout the life of the class.
FLT	Floating Rate	Has an interest rate that resets periodically based upon a designated index and that varies directly with changes in the index.
INV	Inverse Floating Rate	Has an interest rate that resets periodically based upon a designated index and that varies inversely with changes in the index.
IO	Interest Only	Receives some or all of the interest payments made on the mortgage loans but no principal. Each interest only class has a notional principal balance, which is the amount used as a reference to calculate the amount of interest due on that class.
PO	Principal Only	Does not bear interest and is entitled to receive only payments of principal.
WAC	Weighted Average Coupon	Has an interest rate that represents an effective weighted average interest rate that may change from period to period.

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

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the SMBS certificates or determined if this prospectus or any supplement to this prospectus is truthful and complete. Any representation to the contrary is a criminal offense.

Additional copies of this prospectus and information regarding outstanding trusts are available upon request by calling us at 800-237-8627 or 202 752-7115 or by going to our Web site at www.fanniemae.com.

TABLE OF CONTENTS

Guaranteed Stripped Mortgage-Backed Securities (SMBS Certificates)

SMBS PROSPECTUS

FannieMae®

January 1, 2009