



**Guaranteed MBS Pass-Through Securities  
(Mega Certificates)**

**(Backed by Multifamily Adjustable-Rate Mortgage-Backed Securities)**

|                          |              |
|--------------------------|--------------|
| <b>Security Balance</b>  | \$ _____     |
| <b>Transaction ID</b>    | _____        |
| <b>CUSIP</b>             | _____        |
| <b>Pool Prefix</b>       | _____        |
| <b>ARM Subtype</b>       | _____        |
| <b>Pass-Through Rate</b> | _____ %      |
| <b>Issue Date</b>        | ___/___/20__ |
| <b>Settlement Date</b>   | ___/___/20__ |
| <b>Maturity Date</b>     | ___/___/20__ |

**Principal and Interest Payable on the 25<sup>th</sup> of the month beginning \_\_\_/\_\_\_/20\_\_**

**Fannie Mae Guaranty**

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

**Consider carefully the risk factors beginning on page 6. Unless you understand and are able to tolerate these risks, you should not invest in the Mega certificates. The Mega certificates are exempt from registration under the Securities Act of 1933, as amended, and are “exempted securities” under the Securities Exchange Act of 1934, as amended. Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these Mega certificates or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**The date of this Prospectus is the issue date specified above.**

## TABLE OF CONTENTS

| Page   | Page |
|--|------|
| SUMMARY .....  | 1    |
| RISK FACTORS .....   | 6    |
| FANNIE MAE.....  | 12   |
| General.....   | 12   |
| Regulation and Conservatorship .....   | 12   |
| Possibility of Future Receivership .....   | 14   |
| Certificateholders’ Rights under the Senior<br>Preferred Stock Purchase Agreement..... | 14   |
| USE OF PROCEEDS .....  | 14   |
| DESCRIPTION OF THE MEGA  |      |
| CERTIFICATES.....  | 14   |
| General.....   | 14   |
| Issuance in Book-Entry Form .....  | 15   |
| Settlement .....   | 15   |
| Pool Prefixes and Subtypes.....  | 15   |
| Distributions on Mega Certificates .....   | 16   |
| Reports to Certificateholders .....  | 16   |
| YIELD, MATURITY AND PREPAYMENT   |      |
| CONSIDERATIONS.....  | 17   |
| Effective Yield.....   | 17   |
| Maturity and Prepayment Considerations .....   | 17   |
| Weighted Average Lives and Final<br>Distribution Dates .....                           | 17   |
| THE UNDERLYING SECURITIES.....   | 18   |
| THE TRUST DOCUMENTS .....  | 18   |
| Fannie Mae Guaranty.....   | 18   |
| Transfer of Underlying Securities to the Trust ..                                      | 19   |
| Purchase of Underlying Securities from the<br>Pool .....                               | 20   |
| Certificate Accounts.....  | 20   |
| Certain Matters Regarding Our Duties as<br>Trustee .....                               | 20   |
| Removal of Successor Trustee .....   | 21   |
| Guarantor Events of Default .....  | 21   |
| Certificateholders’ Rights upon a Guarantor<br>Event of Default .....                  | 22   |
| Future Limitations on Certificateholders’<br>Rights under the Trust Documents.....     | 22   |
| Voting Under the Trust Documents .....   | 22   |
| Voting Under the Trust Documents for<br>Underlying Securities.....                     | 22   |
| Amendment.....   | 23   |
| Termination.....   | 23   |
| Merger.....  | 23   |
| MATERIAL FEDERAL INCOME TAX  |      |
| CONSEQUENCES .....   | 24   |
| CREDIT RISK RETENTION .....  | 24   |
| EUROPEAN ECONOMIC AREA RISK  |      |
| RETENTION.....   | 24   |
| PLAN OF DISTRIBUTION.....  | 26   |
| ACCOUNTING CONSIDERATIONS .....  | 26   |
| LEGAL INVESTMENT CONSIDERATIONS .....  | 26   |
| ERISA CONSIDERATIONS .....   | 26   |
| LEGAL OPINION.....   | 27   |
| ANNEX A  |      |

## DISCLOSURE DOCUMENTS FOR THE MULTIFAMILY MEGA CERTIFICATES

### The Mega Certificates

We, the Federal National Mortgage Association, or Fannie Mae, will issue the Guaranteed MBS Pass-Through Securities (the “Mega certificates”). Each issuance of Mega certificates will have its own identification number and will represent beneficial ownership interests in the assets of a trust. The assets of the trust may include the following:

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

### The Disclosure Documents

The disclosure documents for the Mega certificates offered hereby are this prospectus and any information incorporated into this prospectus by reference as discussed under the heading “**INCORPORATION BY REFERENCE.**” **We will post this prospectus on our website identified below. In addition, we will deliver the prospectus either electronically or in paper form to parties who request it in the manner described below. In determining whether to purchase the Mega certificates, you should rely ONLY on the information in this prospectus and any information that we have otherwise incorporated by reference. We take no responsibility for any unauthorized information or representation.**

Annex A discloses specific information about the Mega certificates being offered and the securities in the pool backing the Mega certificates (the “underlying securities”). Unless otherwise stated in this prospectus, information about each underlying security in the trust is given as of the issue date specified on the front cover of this prospectus, which is the first day of the month in which the Mega certificates are issued. Certain information regarding the underlying securities and the mortgage loans backing the underlying securities (the “related mortgage loans”) may also be found in the prospectus for the underlying securities. See “—*Prospectuses for the Underlying Securities.*”

After the Mega certificates have been issued we may provide corrections in DUS Disclose™ on our website at [www.fanniemae.com](http://www.fanniemae.com). During the offering period, we may also provide corrections through changes made to the disclosure documents.

You should note that the Mega certificates are not traded on any exchange, and the market price of the Mega certificates or a benchmark price may not be readily available.

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

This prospectus is available on DUS Disclose. You may also obtain copies of this prospectus without charge by emailing us at [fixedincome\\_marketing@fanniemae.com](mailto:fixedincome_marketing@fanniemae.com); calling Fannie Mae at 800-2FANNIE (800-232-6643); or writing to Fannie Mae, Attention: Fixed-Income Securities, 3900 Wisconsin Avenue NW, Area 2H-3S, Washington, DC 20016. All references to our website address are provided solely for your information. Unless otherwise stated, information appearing on our website is not incorporated into this prospectus.

### *Prospectuses for the Underlying Securities*

The underlying securities backing the Mega certificates consist of the assets described in “—**The Mega Certificates.**” For each issuance of Mega certificates, you should review the prospectuses for the related underlying

securities. For more information about the underlying securities, see “**THE UNDERLYING SECURITIES**” in this prospectus. Prospectuses for the underlying securities specified above will be available on DUS Disclose. You may also obtain copies of these prospectuses without charge by emailing us at [fixedincome\\_marketing@fanniemae.com](mailto:fixedincome_marketing@fanniemae.com); calling Fannie Mae at 800-2FANNIE (800-232-6643); or writing to Fannie Mae, Attention: Fixed-Income Securities, 3900 Wisconsin Avenue NW, Area 2H-3S, Washington, DC 20016.

### **Preliminary and Issuance Security-Level Information**

Prior to the date of this prospectus, we may have posted preliminary security-level information about the proposed issuance of the Mega certificates on DUS Disclose. As of the date of such information, the Mega certificates had not been issued. The preliminary information, which generally includes the CUSIP number and expected settlement date of the Mega certificates, is subject to change. Final information for the Mega certificates is set forth in this prospectus and on DUS Disclose.

### **Mega Certificate Ongoing Disclosure**

Updated and ongoing information about the Mega certificates is available on DUS Disclose. See “**DESCRIPTION OF THE MEGA CERTIFICATES—Reports to Certificateholders**” for other information and reports that are provided to certificateholders. For information about the underlying securities backing the Mega certificates, see “**THE UNDERLYING SECURITIES**” in this prospectus.

### **INCORPORATION BY REFERENCE**

We are incorporating by reference in this prospectus the documents specified under “**DISCLOSURE DOCUMENTS FOR THE MEGA CERTIFICATES—The Disclosure Documents—Prospectuses for the Underlying Securities.**” We are also incorporating by reference the documents listed below. This means that we are disclosing information to you by referring you to these documents. These documents are considered part of this prospectus, so you should read this prospectus together with these documents.

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

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

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

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

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

You may also request copies of any filing from us, at no cost, by contacting us in the manner described in **“DISCLOSURE DOCUMENTS FOR THE MEGA CERTIFICATES—The Disclosure Documents.”**

**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 the Mega certificates, you should have the information necessary to make a fully informed investment decision. For that, you must read this prospectus in its entirety (and any other documents to which we refer you in this prospectus) and each disclosure document for the underlying securities.

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

Issuer and Guarantor ..... Fannie Mae is a government-sponsored enterprise that was chartered by the U.S. Congress in 1938 under the name “Federal National Mortgage Association” to support liquidity and stability in the secondary mortgage market, where existing mortgage loans are purchased and sold. The address of our principal office is 3900 Wisconsin Avenue NW, Washington, DC 20016; the telephone number is 800-2FANNIE (800-232-6643).

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

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

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

Sponsor and Depositor..... We are the sponsor of this offering of Mega certificates, and the depositor of the underlying securities into the trust.

Description of Mega Certificates ..... Each Mega certificate represents a fractional undivided beneficial ownership interest in the pool of underlying securities that comprise the trust and in the principal and

|                               |   |
|-------------------------------|---|
|                               | <p>interest distributions from those underlying securities. We will issue the Mega certificates in book-entry form on the book-entry system of the U.S. Federal Reserve Banks. The book-entry certificates will not be convertible into physical certificates.</p>  |
| Minimum Denomination .....    | <p>We will issue the Mega certificates in minimum denominations of \$1,000, with additional increments of \$1.</p>  |
| Issue Date .....              | <p>The date specified on the front cover page, which is the first day of the month in which the Mega certificates are issued.</p>   |
| Settlement Date .....         | <p>The date specified on the front cover page, which is a date no later than the last business day of the month in which the Mega certificates are issued.</p>  |
| Distribution Date .....       | <p>The 25th day of each month is the date designated for payments to holders of Mega certificates, as specified on the front cover page. If that day is not a business day, payments will be made on the next business day. The first distribution date for the Mega certificates will occur in the month following the month in which the Mega certificates are issued. For example, if the issue date is March 1, the first distribution date is April 25 or, if April 25 is not a business day, the first business day following April 25.</p>   |
| Final Distribution Date ..... | <p>The distribution date immediately following the latest maturity date of a mortgage loan directly or indirectly backing the underlying securities backing the Mega certificates (such latest maturity date, the “maturity date,” as specified on the front cover page).</p>   |
| Use of Proceeds .....         | <p>We generally issue Mega certificates in exchange for the underlying securities that back the Mega certificates. We sometimes issue Mega certificates backed by underlying securities that we already own, in which case we receive cash proceeds that are generally used for purchasing mortgage loans or for general corporate purposes.</p>  |
| Interest .....                | <p>On each distribution date, we will pass through interest on the Mega certificates of a particular issuance in an amount equal to all interest accrued on the then-outstanding Mega certificates for the related interest accrual period, minus the amount of any deferred interest resulting from negative amortization on the related mortgage loans with respect to that distribution date.</p> <p>Because our guaranty requires us to supplement amounts received by the trust as required to permit timely payment of interest, the amount of interest distributed to holders of Mega certificates on a distribution date will <b>not</b> be affected by any loss mitigation measure taken with respect to, or other loan modification made to, a related mortgage loan backing an underlying security</p> |

Principal.....

while it remains in the trust.

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

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

Monthly Factor .....

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

Guaranty .....

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

- the amount of interest described in “—Interest” above; and
- the amount of principal described in “—Principal” above.

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

Our guaranty runs directly to the trust and not directly to certificateholders. Certificateholders have limited rights to bring proceedings directly against us to enforce our guaranty. See “**THE TRUST DOCUMENTS—Certificateholders’ Rights upon a Guarantor Event of Default.**” While we are in the current conservatorship, the conservator does not have the right to repudiate our guaranty on the Mega certificates offered by this prospectus. However, if we are placed into receivership, or if we emerge from conservatorship and are then again placed into a new conservatorship,



the receiver or conservator, as applicable, will have the right to repudiate our guaranty on the Mega certificates. See **“RISK FACTORS—RISKS RELATING TO CERTAIN CREDIT CONSIDERATIONS.”**

Certificateholders have limited rights to bring proceedings against the U.S. Department of the Treasury if we fail to pay under our guaranty. The total amount that may be recovered from Treasury is subject to limits imposed in the senior preferred stock purchase agreement. For a description of certificateholders’ rights to proceed against Fannie Mae and Treasury, see **“FANNIE MAE—Certificateholders’ Rights under the Senior Preferred Stock Purchase Agreement.”**

Underlying Securities .....

Each Mega certificate is backed by one or more underlying securities representing the direct or indirect beneficial ownership of mortgage loans secured by multifamily properties, which may include multifamily MBS and/or previously issued multifamily Mega certificates. The underlying securities are specified on Annex A.

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

Business Day .....

Any day other than a Saturday or Sunday, a day when the fiscal agent or paying agent is closed, or a day when the Federal Reserve Bank of New York is closed or is authorized or obligated by law or executive order to remain closed. In addition, for purposes of withdrawals from a certificate account, a day on which the Federal Reserve Bank is closed in the district where the certificate account is maintained if the related withdrawal is being made from that certificate account.

Trust Documents.....

The Mega certificates are issued pursuant to the Multifamily Mega Master Trust Agreement, effective as of May 1, 2018, as supplemented by a trust issue supplement for this issuance (collectively, the “trust documents”). We summarize certain pertinent provisions of the trust agreement in this prospectus. You should refer to the trust agreement and the related trust issue supplement for a complete description of your rights and obligations as well as those of Fannie Mae in its various capacities. The trust agreement is available on DUS Disclose.

Trustee .....

We serve as the trustee for the trust pursuant to the terms of the trust agreement and the related trust issue supplement.

Paying Agent .....

An entity designated by us to perform the functions of a paying agent. The Federal Reserve Bank of New York currently serves as our paying agent for the Mega certificates.

Fiscal Agent.....

An entity designated by us to perform certain administrative functions for the trust. The Federal Reserve Bank of New York currently serves as our fiscal

|                                       |  |
|---------------------------------------|--|
| Termination .....                     | agent for the Mega certificates.<br>The trust will terminate when the certificate balance of the underlying securities has been reduced to zero, and all required distributions have been passed through to certificateholders. Fannie Mae does not have any unilateral option to cause an early termination of the trust.   |
| Federal Income Tax Consequences ..... | The trust will be classified as a fixed investment trust. Each beneficial owner of a Mega certificate will be treated as the owner of a pro rata undivided interest in each of the underlying securities held in the trust.  |
| Legal Investment Considerations ..... | Under the Secondary Mortgage Market Enhancement Act of 1984, the Mega certificates offered by this prospectus will be considered “securities issued or guaranteed by . . . the Federal National Mortgage Association.” Nevertheless, you should consult your own legal advisor to determine whether and to what extent the Mega certificates of a particular issuance constitute legal investments for you.  |
| ERISA Considerations.....             | For the reasons discussed in “ <b>ERISA CONSIDERATIONS</b> ” in this prospectus, an investment in Mega certificates by a plan subject to the Employee Retirement Income Security Act (“ERISA”) will not cause the assets of the plan to include the mortgage loans directly or indirectly backing the underlying securities held in the trust for purposes of the fiduciary provisions of ERISA or the prohibited transaction provisions of ERISA or section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”). |

## RISK FACTORS

We have listed below some of the principal risk factors associated with an investment in Mega certificates. Moreover, you should carefully consider the risk factors related to Fannie Mae that are found in our annual report on Form 10-K and our quarterly reports on Form 10-Q, which we incorporate by reference into this prospectus. The risk factors related to Fannie Mae include risks that may affect your investment in and the value of the Mega certificates. You should also carefully consider the additional risk factors related to underlying securities that are found in the Multifamily MBS Prospectus.

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

### RISKS RELATING TO INVESTMENT SUITABILITY

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

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

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

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

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

A mortgage loan with a loan-to-value ratio in excess of 125% is not a “qualified mortgage” within the meaning of section 860G(a)(3) of the Code. As a result, if the trust is indirectly backed by a mortgage loan with a loan-to-value ratio greater than 125%, the related Mega certificates evidencing a beneficial ownership interest in the trust will not be an eligible investment for a REMIC.

### RISKS RELATING TO YIELD AND PREPAYMENT

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

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

*Yields on the Mega certificates will be subject to a number of factors, including the rate of prepayment on the mortgage loans backing the underlying securities.*

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

- the price you paid for the Mega certificates;
- how quickly or slowly borrowers prepay their mortgage loans;

- the timing of any liquidations of the mortgage loans due to borrower defaults or to casualties or condemnations affecting the properties securing the loans;
- the timing of any purchases of the mortgage loans by us; and
- the actual characteristics of the mortgage loans.

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

In contrast, if the related mortgage loans are repaid more slowly than expected, principal on your Mega certificates will be paid to you later than expected and your ability to reinvest these funds would be delayed. In this case, if the yield on your Mega certificates is lower than the yield available on comparable investments, you will be adversely affected by having less principal available to reinvest and by having your principal remain invested in the Mega certificates for a longer period than expected.

***Yields on the Mega certificates may be lower than expected due to an unexpected rate of principal prepayments.***

The actual yield on your Mega certificates is likely to be lower than expected if:

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

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

***Delay securities have lower yields and lower market values.***

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

***Unpredictable timing of the last payment may adversely affect the yield on the Mega certificates.***

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

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

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

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

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

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

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

When an underlying security is purchased from the trust, its principal balance is generally passed through to certificateholders on the distribution date in the month following the month of purchase. Thus, the purchase of an underlying security due to a breach of a representation and warranty may accelerate the rate of principal payments on the Mega certificates. See “**THE TRUST DOCUMENTS—Purchase of Underlying Securities from the Pool.**”

## **RISKS RELATING TO LIQUIDITY**

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

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

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

- our financial condition and rating;
- our future structure, organization, and the level of government support for the company;
- whether we are in conservatorship or receivership;
- any increase or decrease in the level of governmental commitments to engage in market purchases of our mortgage-backed securities;
- the method, frequency and complexity of calculating principal or interest on the underlying securities and unpaid principal balances on the related mortgage loans;
- the age of the related mortgage loans;
- the prepayment features of the related mortgage loans;
- the availability of current information about the underlying securities and related mortgage loans;
- the outstanding principal amount of the Mega certificates and other issuances with similar features;
- the amount of Mega certificates offered for resale from time to time;
- the minimum denominations of the Mega certificates;
- any significant reduction in our securitization volume due to a decline in mortgage loan originations by key sellers that have experienced liquidity or other major difficulties;
- any legal restriction or tax treatment that limits demand for Mega certificates;
- the availability of comparable or complementary securities;
- market uncertainty;
- the level of interest rates generally, the volatility with which prevailing interest rates are changing and the direction in which interest rates are, or appear to be, trending; and
- the financial condition and rating of the sellers and the servicers of the related mortgage loans.

***Changing regulations applicable to U.S. banks could materially adversely affect demand by banks for our debt securities and mortgage-related securities, including our Mega securities, in the future.***

U.S. banking regulators have issued a number of new regulations in recent years, including regulations relating to capital requirements, liquidity requirements, stress testing, and other matters. These new requirements could materially adversely affect future demand by U.S. banks for our debt securities and mortgage-related securities, including our MBS and the Mega certificates offered hereby, which could adversely affect the price of those securities. For example U.S. banking regulators issued a regulation that became effective January 1, 2015 setting minimum liquidity standards for large U.S. banks generally in accordance with Basel III standards. (Basel III is a set of revised global regulatory standards developed by the Basel Committee on Banking Supervision establishing minimum bank capital and liquidity requirements.) Under the rule, U.S. banks subject to the minimum liquidity standards are required to hold a minimum level of high-quality liquid assets based on projections of their short-term cash needs. The debt and mortgage-related securities of Fannie Mae and Freddie Mac are permitted to count toward a maximum of 40% of the banks' high-quality liquid asset requirement, and then only after applying a 15% discount to the market value of those securities. Banks subject to the rule are required to maintain a minimum liquidity coverage ratio of 100%.

U.S. banks currently hold large amounts of Fannie Mae debt and mortgage-related securities, and previous U.S. banking regulations did not limit the amount of these securities that banks were permitted to count toward their liquidity requirements. Accordingly, this rule could materially adversely affect demand by banks for Fannie Mae debt securities and Fannie Mae mortgage-related securities, including the Mega certificates offered by this prospectus, in the future.

***Changes to European Union (EU) regulations may adversely affect certain participants in the TBA market in our mortgage-related securities.***

It is unclear whether instruments traded in the to-be-announced or "TBA" market, including any forward or delayed delivery contracts related to certificates offered under this prospectus, will be treated as derivatives under existing EU rules. As a result, the tax and other regulatory treatment of TBA trades under EU rules is uncertain. Further, there can be no assurance that EU rulemaking will clarify such treatment in the near term. If TBA trades were treated as derivatives for EU regulatory purposes, trading parties under EU jurisdiction could be subject to enhanced reporting, clearing and risk mitigation requirements (including, but not limited to, margin posting requirements) as well as increased capital charges and compliance costs.

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

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

## **RISKS RELATING TO CERTAIN CREDIT CONSIDERATIONS**

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

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

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

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

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

Because of our net worth deficit as of December 31, 2017, we had no capital reserves as of that date and our ability to rebuild our capital reserves in future periods is limited. The dividend provisions of the senior preferred stock permit us to retain only up to \$3.0 billion in future earnings as capital reserves, provided our conservator directs us to declare and pay senior preferred stock dividends in full in the future. As a result, we may not have sufficient capital reserves to avoid a net worth deficit if we have a comprehensive loss in a future quarter. And, because we had no capital reserves as of December 31, 2017, if we have a comprehensive loss in the first quarter of 2018, we will also have a net worth deficit for that quarter.

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

For any quarter for which we have a net worth deficit, we will be required to draw funds from Treasury under the senior preferred stock purchase agreement to avoid being placed into receivership. After we receive the additional funds requested from Treasury to eliminate our net worth deficit as of December 31, 2017, the maximum amount of remaining funding under the agreement will be \$113.9 billion. If we were to draw additional funds from Treasury under the agreement in respect of a future period, the amount of remaining funding under the agreement would be reduced by the amount of our draw. Dividend payments we make to Treasury do not restore or increase the amount of funding available to us under the agreement. Accordingly, if we experience multiple quarters of net worth deficits, the amount of remaining funding available under the senior preferred stock purchase agreement could be significantly reduced from its current level.

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

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

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

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

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

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

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

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

If we are placed into a new conservatorship or receivership and do not or cannot fulfill our guaranty obligations, certificateholders could become unsecured creditors of Fannie Mae with respect to claims made under our guaranty to the extent that the underlying securities were insufficient to satisfy the claims of certificateholders. Certificateholders have certain limited rights to proceed against Treasury if we fail to pay under our guaranty. However, the total amount that may be recovered from Treasury is subject to limits imposed in the senior preferred stock purchase agreement. See "FANNIE MAE—Certificateholders' Rights under the Senior Preferred Stock Purchase Agreement."

## **RISKS RELATING TO CONFLICTS OF INTEREST**

*We serve as the trustee of the trust and the sponsor and guarantor of the Mega certificates, creating a potential conflict of interest.*

We serve as the trustee, sponsor, and guarantor for the Mega certificates that we issue. In our role as trustee, we agree to administer the trust fund and the Mega certificates in accordance with the terms of the trust documents. In our role as the sponsor and/or guarantor, however, our interests may differ from those of the



certificateholders. For example, the trust documents provide we may at our option purchase underlying securities from the trust under specified circumstances. See “**THE TRUST DOCUMENTS—Purchase of Underlying Securities from the Pool.**” Any such repurchases will result in prepayments on the Mega certificates. Provided that the terms of the trust documents are followed, no independent third party has the authority to consent or withhold consent to such a repurchase decision.

## FANNIE MAE

### General

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

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

As discussed below, we are currently in conservatorship.

### Regulation and Conservatorship

FHFA is an independent agency of the federal government with general supervisory and regulatory authority over Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks. FHFA was established in July 2008, assuming the duties of our former safety and soundness regulator, the Office of Federal Housing Enterprise Oversight, and our former mission regulator, the U.S. Department of Housing and Urban Development (“HUD”). HUD remains our regulator with respect to fair lending matters.

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

The conservatorship has no specified termination date, and there continues to be significant uncertainty regarding the future of our company, including how long we will continue to exist in our current form, the extent of our role in the market, how long we will be in conservatorship and what form we will have and what ownership interest, if any, our current common and preferred stockholders will hold in us after the conservatorship is terminated, and whether we will continue to exist following conservatorship. For more information on the risks to our business relating to the conservatorship and uncertainties regarding the future of our company and business, see “**RISK FACTORS**” in our most recent Form 10-K.

In September 2008, Fannie Mae, through FHFA as our conservator, entered into two agreements with Treasury. The first agreement is the senior preferred stock purchase agreement, under which we issued one million shares of senior preferred stock to Treasury and which provided us with Treasury’s commitment to provide us with funding, under certain conditions, to eliminate deficiencies in our net worth (the “commitment”). The senior preferred stock purchase agreement was amended and restated on September 26, 2008. The amended and restated agreement was later amended on May 6, 2009, December 24, 2009 and August 17, 2012 (as amended and modified, the “senior preferred stock purchase agreement”). We generally may draw funds under the commitment on a quarterly basis when our total liabilities exceed our total assets on our consolidated balance sheet prepared in accordance with generally accepted accounting principles (“GAAP”) as of the end of the preceding quarter.

Under the terms of the senior preferred stock purchase agreement, dividend payments do not offset prior Treasury draws under the commitment, and we are not permitted to pay down draws we have made under the agreement except in limited circumstances. After receiving the additional funds from Treasury to eliminate our net

worth deficit as of December 31, 2017, the maximum amount of the commitment is \$113.9 billion. If we were to draw additional funds from Treasury under the senior preferred stock purchase agreement in respect of a future period, the amount of remaining funding under the commitment would be reduced by the amount of our draw.

On December 21, 2017, we, through FHFA, as our conservator, and Treasury entered into a letter agreement amending the dividend and liquidation preference provisions of the senior preferred stock we previously issued to Treasury. As a result of the amended dividend payment provisions, for each quarterly period beginning with the first quarter of 2018, dividends on the senior preferred stock accumulate and are payable based on the amount by which our net worth as of the end of the immediately preceding fiscal quarter exceeds \$3.0 billion. If our net worth does not exceed the applicable capital reserve amount of \$3.0 billion as of the end of the immediately preceding fiscal quarter, then dividends will neither accumulate nor be payable for such period.

Once we are able to rebuild our capital reserves to \$3.0 billion, they will provide a buffer in the event of a net loss in a future quarter. However, any net loss we experience in the future could be greater than the amount of our capital reserves. If this were to occur, it would result in a net worth deficit for that quarter. If we have another net worth deficit in a future quarter, we will be required to draw additional funds from Treasury under the commitment to avoid being placed into receivership. Any such draw would, as described above, would reduce the maximum amount available under the commitment.

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

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

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

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

The other agreement with Treasury is a warrant to purchase, for a nominal price, shares of common stock equal to 79.9% of the outstanding common stock of Fannie Mae (the "warrant") on a fully diluted basis. The senior preferred stock and the warrant were issued as an initial commitment fee for Treasury's commitment. The senior preferred stock purchase agreement and the warrant contain covenants that significantly restrict our operations and that are described in our most recent Form 10-K.

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

## **Possibility of Future Receivership**

FHFA must place us into receivership if the Director of FHFA makes a written determination that our assets are less than our obligations (a “net worth deficit”) or if we have not been paying our debts, in either case, for a period of 60 days after the deadline for the filing with the SEC of our annual report on Form 10-K or our quarterly report on Form 10-Q, as applicable. Although Treasury committed to providing us with funds in accordance with the terms of the senior preferred stock purchase agreement, Treasury may not provide these funds to us within the required 60 days if it has exhausted its borrowing authority or if there is a government shutdown. In addition, we could be put into receivership at the discretion of the Director of FHFA at any time for other reasons, including conditions that FHFA has already asserted existed at the time the former Director of FHFA placed us into conservatorship.

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

## **Certificateholders’ Rights under the Senior Preferred Stock Purchase Agreement**

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

In that case, the holders of the affected Mega certificates may file a claim for relief in the U.S. Court of Federal Claims, requiring Treasury to fund up to the lesser of:

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

## **USE OF PROCEEDS**

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

## **DESCRIPTION OF THE MEGA CERTIFICATES**

This prospectus relates to Mega certificates issued under our Multifamily Mega Master Trust Agreement, effective May 1, 2018 (as amended or replaced from time to time, the “trust agreement”), on the issue date specified on the front cover page. There is an individual trust issue supplement to the trust agreement for the Mega certificates, which identifies the trust and each underlying security held in the trust. We refer to the trust agreement and the related trust issue supplement for the Mega certificates as the “trust documents.”

### **General**

We will create a trust for the issuance of the Mega certificates under the trust documents. We will execute the applicable trust documents in our corporate capacity and as trustee. We will issue the Mega certificates pursuant to the trust documents.

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

of that Mega certificate divided by the aggregate principal balance of the underlying securities in the related pool on the issue date.

### **Issuance in Book-Entry Form**

We will issue the Mega certificates in book-entry form using the book-entry system of the U.S. Federal Reserve Banks (each, a “Federal Reserve Bank”). They are freely transferable on the records of a Federal Reserve Bank but are not convertible to physical certificates. Any transfers are subject to the minimum denomination requirements described under “—**Settlement.**”

A certificateholder is an entity that appears in the records of a Federal Reserve Bank as the owner of a Mega certificate. Only entities that are eligible to maintain book-entry accounts with a Federal Reserve Bank may be certificateholders. These entities are not necessarily the beneficial owners of the Mega certificates. If a certificateholder is not also the beneficial owner of a Mega certificate, the certificateholder, and all other financial intermediaries in the chain between the certificateholder and the beneficial owner, are responsible for establishing and maintaining accounts for their customers. A “beneficial owner” or an “investor” is anyone who acquires a beneficial ownership interest in the Mega certificates. As an investor, you will not receive a physical certificate. Instead, your interest will be recorded on the records of the brokerage firm, bank, thrift institution or other financial intermediary that maintains an account for you.

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

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

### **Settlement**

Mega certificates must be issued in minimum denominations of \$1,000 with additional increments of \$1. Settlement is expected to occur no later than the last business day of the month in which the Mega certificates are issued. Settlement on fixed-rate Mega certificates may occur beginning one business day following the release of monthly factors for the underlying securities, which are typically released on or about the 4th business day of the month in which the Mega certificates are issued. Settlement on Mega certificates (“ARM Mega certificates”) backed by adjustable-rate underlying securities may occur beginning on or about the 7th business day of the month in which the Mega certificates are issued.

### **Pool Prefixes and Subtypes**

We assign a separate pool number (which pool number is the same as the Transaction ID specified on the front cover) to each pool of underlying securities and the related issuance of Mega certificates. We also assign a two-character prefix that identifies the type of mortgage loans backing the underlying securities in that pool and the basic terms of the Mega certificates. The prefix indicates whether the related mortgage loans are conventional loans or are insured or guaranteed by the government; whether the loans bear interest at fixed or adjustable rates; the general term to maturity for fixed-rate pools; and various other features for adjustable-rate pools.

Multifamily fixed-rate Mega certificates backed by multifamily MBS will have a pool prefix that is unique to Mega certificates but corresponds to the pool prefix for the multifamily MBS. Multifamily fixed-rate Mega certificates backed by previously issued multifamily Mega certificates generally will have the same pool prefix as the pool prefix of those certificates. Each multifamily ARM Mega pool is assigned a subtype designation, which corresponds to the characteristics of the related mortgage loans.

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

You can find information on Mega and MBS pool prefixes and subtypes used for underlying securities on DUS Disclose.

### **Distributions on Mega Certificates**

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

#### ***Interest Distributions***

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

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

#### ***Principal Distributions***

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

#### ***Other Distributions***

Multifamily mortgage loans may provide for the collection of prepayment premiums upon a prepayment of the loans. To the extent a prepayment premium is payable, we will pass through to certificateholders their share of a prepayment premium only to the extent that the premium is actually collected by us and that a portion of the collected premium remains after we have deducted our full share. **We do not guarantee to the trust the payment of any prepayment premiums.**

### **Reports to Certificateholders**

#### ***Monthly Factor***

On or about the 4th business day of each month, we will publish the current monthly factor for the Mega certificates. If you multiply the monthly factor by the original unpaid principal balance of your Mega certificates, you will obtain the then-current principal balance of the Mega certificates, after giving effect to the monthly principal payment to be distributed on the distribution date in that month.

#### ***Monthly Reports***

As our paying agent, the Federal Reserve Bank of New York provides a monthly report to each certificateholder listed as the holder in the records of any Federal Reserve Bank. The report includes the

information specified below with respect to each payment, adjusted to reflect each certificateholder's pro rata interest in the trust as of the distribution date:

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

#### ***Tax Information***

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

### **YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS**

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

#### **Effective Yield**

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

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

#### **Maturity and Prepayment Considerations**

The maturity and prepayment considerations for the Mega certificates are directly related to those that apply to the MBS directly or indirectly underlying the trust. See the discussion under the heading “**YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS**” in the related Multifamily MBS Prospectus.

In addition, certificateholders will receive an early payment of principal of their Mega certificates if we purchase any underlying securities from the pool under the circumstances discussed under “**THE TRUST DOCUMENTS—Purchase of Underlying Securities from the Pool**” in this prospectus.

#### **Weighted Average Lives and Final Distribution Dates**

The “weighted average life” of a Mega certificate refers to the average length of time, weighted by principal, that will elapse from the time we issue the Mega certificate until we distribute to you the full amount of outstanding principal. The weighted average life of a Mega certificate will depend upon the extent to which each payment on the underlying securities is applied to principal rather than interest.

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

The final distribution date for the Mega certificates is the date by which we must pay the holders the full outstanding principal balance of the Mega certificates. The final distribution date is the distribution date immediately following the latest maturity date of a related mortgage loan.

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

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

### **THE UNDERLYING SECURITIES**

A multifamily Mega trust may hold MBS that are directly backed by multifamily mortgage loans, previously issued Mega certificates that are directly or indirectly backed by multifamily MBS, or by a combination of multifamily MBS and previously issued multifamily Mega certificates. There is no limit on the number of MBS and previously issued Mega certificates that may back a particular Mega issue. The specific assets held by this trust are set forth on Annex A.

Multifamily fixed-rate Mega certificates may be directly or indirectly backed by multifamily fixed-rate MBS and previously issued multifamily fixed-rate Mega certificates that may have the same pass-through rate or a combination of pass-through rates. The pass-through rates included in a combination typically will fall within an inclusive 100 basis point range. The newly issued Mega certificates will have a pass-through rate equal to the weighted average of the pass-through rates of the underlying securities.

Multifamily ARM Mega certificates may be directly or indirectly backed by ARM MBS and previously issued ARM Mega certificates. The newly issued ARM Mega certificates will accrue interest at the weighted average of the then-current pool accrual rates of the underlying securities. All of the multifamily ARM MBS and previously issued multifamily ARM Mega certificates directly or indirectly backing multifamily Mega certificates will generally have the same subtype.

Certain additional information concerning the underlying securities held in a this trust may be found in the related prospectus for such underlying securities. Before investing in the Mega certificates, investors should read the applicable prospectus for each of the underlying securities. In addition, the prospectus (i) for MBS may also be accompanied by a prospectus supplement and (ii) for previously issued Mega certificates will include a final data statement (including any supplement thereto). Investors should review such prospectus supplement (if any) and final data statement (including any supplement thereto). Such disclosure documents are available on DUS Disclose. Updated and ongoing information about the underlying securities is also available on DUS Disclose.

### **THE TRUST DOCUMENTS**

The Mega certificates offered hereby are issued pursuant to the terms of the trust documents. We have summarized below certain provisions of the trust documents. If there is any conflict between the information in this prospectus and the specific provisions of the trust documents, the terms of the trust documents will govern. The trust agreement is available on DUS Disclose. You may also obtain a copy of the trust agreement and/or the trust issue supplement that applies to your issuance of Mega certificates from our Washington, DC office by a mailed request to the address listed in “**DISCLOSURE DOCUMENTS FOR THE MEGA CERTIFICATES—The Disclosure Documents**.”

#### **Fannie Mae Guaranty**

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

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

Interest on the Mega certificates will accrue as set forth below:

- For multifamily Mega certificates indirectly backed by fixed-rate mortgage loans, interest will accrue at the weighted average of the then-current pass-through rates of the underlying securities.
- For multifamily Mega certificates indirectly backed by ARM loans that do not permit negative amortization, interest will accrue at the weighted average of the then-current pool accrual rates of the underlying securities.
- For multifamily Mega certificates indirectly backed by ARM loans, interest will accrue at the weighted average of the then-current pool accrual rates of the underlying securities; provided, however, that if the ARM loans permit negative amortization, the amount of interest payable on the related Mega certificates on each distribution date will be reduced by the aggregate amount of any deferred interest for the related interest accrual period. Any deferred interest will be added to the principal balance of the underlying securities and, in turn, will be added to the principal balance of the related Mega certificates.

In addition, we guarantee to the 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 the Mega certificates on the final distribution date, even if less than the required amount has been remitted to us. **We do not guarantee the payment of any prepayment premiums.**

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

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

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

#### **Transfer of Underlying Securities to the Trust**

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



## Purchase of Underlying Securities from the Pool

The trust documents provide that we may purchase underlying securities from the pool under the following circumstances:

- If a representation or warranty about any underlying security made or deemed to be made by the transferor at the time we purchased the underlying security was not true when made, we may, within 90 days after discovery of the breach, purchase from the trust the underlying security with respect to which the breach occurred.
- If we determine, or a court or governmental agency determines, that our acquisition of any underlying security prior to its being transferred to the trust was not authorized, or if a court or governmental agency requires us to purchase any underlying security from the trust in order to comply with applicable law, we will purchase the affected underlying security as soon as practicable.

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

## Certificate Accounts

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

## Certain Matters Regarding Our Duties as Trustee

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

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

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

We may resign from our duties as trustee under the trust documents with respect to the trust upon providing 90 days’ advance notice to the guarantor. Our resignation will not become effective until a successor has assumed our duties. We may be removed as trustee only if a “guarantor event of default” has occurred and is continuing with respect to the trust. See “—**Guarantor Events of Default**.” In that case, we can be removed (and then replaced by

a successor trustee) as to the trust by holders of Mega certificates representing at least 51% of the voting rights. Even if our duties as trustee under the trust documents terminate, we would continue to be obligated under our guaranty.

### **Removal of Successor Trustee**

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

- with respect to the trust, the successor trustee fails to deliver to the paying agent all required funds for distribution (to the extent the successor trustee has received the related funds), and the failure continues uncorrected for 15 days after written notice to the successor trustee of nonpayment and a demand that the failure be cured has been given to the successor trustee by either the guarantor or, if a guarantor event of default has occurred and is continuing, the holders of Mega certificates representing at least 5% of the voting rights;
- with respect to the trust, the successor trustee fails to fulfill any of its other material obligations under the trust documents, and the failure continues uncorrected for 60 days after written notice to the successor trustee of the failure and a demand that the failure be cured has been given to the successor trustee by either the guarantor (except when a guarantor event of default has occurred and is continuing) or the holders of Mega certificates representing at least 25% of the voting rights;
- the successor trustee ceases to be eligible to serve as successor trustee under the terms of the trust documents and fails to resign;
- the successor trustee becomes substantially incapable of acting as trustee, or a court or the regulatory entity that has primary supervisory authority over the successor trustee determines, under applicable law and regulation, that the successor trustee is unable to remain as trustee; or
- the successor trustee becomes insolvent, a conservator or receiver is appointed (either voluntarily or involuntarily and, in the case of an involuntary appointment, the order appointing the conservator or receiver has been undischarged or unstayed for 60 days) or the successor trustee admits in writing that it is unable to pay its debts.

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

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

### **Guarantor Events of Default**

Any of the following events will be considered a “guarantor event of default” under the trust documents for the Mega certificates:

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

## **Certificateholders' Rights upon a Guarantor Event of Default**

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

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

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

## **Future Limitations on Certificateholders' Rights under the Trust Documents**

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

## **Voting Under the Trust Documents**

### *Voting Rights*

For purposes of voting, giving notice or consent, or otherwise taking action under the trust documents, holders of the Mega certificates will be allocated 100% of the voting rights in proportion to the aggregate certificate balances of their respective certificates.

Mega certificates that are beneficially held by us or any other party that is a transferor of the underlying securities may be voted by the transferor to the same extent as Mega certificates held by any other holder, subject to the restrictions specified in the following two paragraphs.

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

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

## **Voting Under the Trust Documents for Underlying Securities**

Unless otherwise provided in the trust documents the holders of a certain minimum percentage ownership in the underlying securities may give their consent to any matter requiring consent under the trust documents for the related underlying securities. The trust documents, however, do not permit us, as trustee, to vote any underlying securities held in the trust unless we have received consistent direction from certificateholders representing at least

51% of the voting rights. Following its receipt of such direction, the trustee will vote the underlying securities in their entirety in accordance with the direction.

## **Amendment**

### ***No Consent Required***

We may amend the trust documents for the Mega 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;
- cure an ambiguity or supplement a provision of the trust documents, provided that the cure of an ambiguity or supplement of a provision is not otherwise inconsistent with the trust documents; or
- modify the trust documents as necessary to maintain the fixed investment trust status of the trust for federal income tax purposes as evidenced by an opinion of counsel to that effect satisfactory in form and substance to the trustee.

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

### ***100% Consent Required***

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

- terminate or change our guaranty obligations;
- reduce or delay payments to certificateholders; or
- reduce the percentage of certificateholders required to consent to any waiver or amendment; or
- take an action that materially increases the taxes payable in respect of the trust or adversely affects the status of the trust as a fixed investment trust for federal income tax purposes.

### ***51% Consent Required***

We may amend the trust documents for the Mega certificates for any reason other than the reasons set forth in “—***No Consent Required***” and “—***100% Consent Required***” with the consent of holders of Mega certificates representing at least 51% of the voting rights.

## **Termination**

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

Except in the limited circumstances discussed under “—**Purchase of Underlying Securities from the Pool**,” we do **not** have an option to purchase the underlying securities backing the Mega certificates or to purchase any of the related mortgage loans and then retire the Mega certificates. Moreover, we do **not** have any clean-up call option; that is, we cannot terminate any trust solely because the unpaid principal balance of the related underlying securities declines to a specified amount or reaches a specified percentage of the original unpaid principal balance of the underlying securities.

## **Merger**

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

## **MATERIAL FEDERAL INCOME TAX CONSEQUENCES**

Our special tax counsel has delivered an opinion to us that the trust will not be classified as an association taxable as a corporation for federal income tax purposes but instead will be classified as a fixed investment trust and, under subpart E of part I of subchapter J of the Code, a beneficial owner of a Mega certificate will be considered to be the beneficial owner of a pro rata undivided interest in each of the underlying securities.

A transfer of underlying securities to a Mega trust in exchange for a Mega certificate will be treated as a non-taxable exchange if the Mega certificate received by the transferor represents the entire interest in all of the Mega trust's assets. If more than one transferor transfers underlying securities to a single Mega trust, each in exchange for a Mega certificate, each of those exchanges will be treated as one or more taxable exchanges of a portion of the underlying securities transferred by a transferor for a beneficial ownership interest in a portion of the underlying securities transferred by the other transferor(s). You should consult your own tax advisor regarding the federal income tax consequences of a transfer of underlying securities to a Mega trust.

For a general discussion of the federal income tax consequences of the ownership of MBS see the discussion about federal income tax consequences in the related Multifamily MBS Prospectus, and the prospectus supplements, if any, for the underlying securities. The federal income tax laws and regulations, as well as the administrative interpretations of those laws and regulations, are constantly under review and may be changed at any time, possibly with retroactive effect. Most recently, the tax law informally known as the Tax Cuts and Jobs Act, among other things, lowered corporate and certain individual income tax rates, eliminated certain deductions related to investments, and potentially impacted the timing of certain income inclusions for accrual based taxpayers. You should consult your own tax advisor regarding the federal income tax consequences of ownership of the underlying securities.

## **CREDIT RISK RETENTION**

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

## **EUROPEAN ECONOMIC AREA RISK RETENTION**

Prospective investors whose investment activities are subject to investment laws and regulations, regulatory capital requirements or review by regulatory authorities may be subject to restrictions on investment in the Mega certificates. Prospective investors should consult legal, tax and accounting advisers for assistance in determining the suitability of and consequences of the purchase, ownership and sale of the Mega certificates.

The application of Articles 404-410 of the European Union Capital Requirements Regulation 575/2013 and similar EEA legislation on risk retention requirements (the "EEA Risk Retention Regulations") to the Mega certificates transaction (the "Transaction") is unclear. Our exposure to the credit risk related to the Transaction is in the form of our guaranty obligations on the Mega certificates (the "Guaranty Obligations"). Our Guaranty Obligations represent general unsecured obligations. Obligations similar to our Guaranty Obligations have long been a central feature to our MBS pass-through issuance programs and our Guaranty Obligations were undertaken in the ordinary course of our business.

In determining the extent to which the EEA Risk Retention Regulations apply to the Transaction, investors subject to the EEA Risk Retention Regulations may wish to consider the guidance appearing in the preamble to the regulatory technical standards contained in Commission Delegated Regulation (EU) no. 625/2014 of March 13, 2014 which provides in relevant part: "Where an entity securitises its own liabilities, alignment of interest is established automatically, regardless of whether the final debtor collateralises its debt. Where it is clear that the credit risk remains with the originator the retention of interest by the originator is unnecessary, and would not improve on the pre-existing position." We will remain fully liable under the Guaranty Obligations.

We do not intend to collateralize any of our credit exposure under the Guaranty Obligations or the Mega certificates.

In order to assist Applicable Investors (as defined below) in evaluating a potential investment in the Mega certificates, we will enter into a letter agreement on the settlement date pursuant to which we will irrevocably

undertake to the certificateholders that, in connection with the EEA Risk Retention Regulations, at the origination and on an ongoing basis, so long as any Mega certificates remain outstanding:

- we will, as originator (for purposes of the EEA Risk Retention Regulations), retain a material net economic interest (the “Retained Interest”) in the exposure related to the Transaction of not less than 5% through the Guaranty Obligations;
- neither we nor our affiliates will sell, hedge or otherwise mitigate our credit risk under or associated with the Retained Interest or the mortgage loans, except to the extent permitted in accordance with the EEA Risk Retention Regulations; accordingly, neither we nor our affiliates will, through this transaction or any subsequent transactions, enter into agreements that transfer or hedge more than a 95% pro rata share of the credit risk corresponding to any of the Mega certificates;
- we will, upon written request and further subject to any applicable duty of confidentiality, provide such information in our possession as may reasonably be required to assist the certificateholders to satisfy the due diligence obligations set forth in the EEA Risk Retention Regulations as of the settlement date and at any time prior to maturity of the Mega certificates;
- we will confirm to the trustee for reporting to certificateholders our continued compliance with the undertakings set out at the first and second bullet points above (which confirmation may be by email): (i) on a monthly basis; and (ii) following our determination that the performance of the Mega certificates or the risk characteristics of the Mega certificates or of the mortgage loans has materially changed; and
- we will promptly notify the trustee in writing if for any reason: (i) we cease to hold the Retained Interest in accordance with the first bullet point above; or (ii) we or any of our affiliates fails to comply with the covenants set out in the second and third bullet points above in any way.

“Applicable Investor” means each holder of a beneficial interest in any Mega certificate that is (i) an EEA credit institution or investment firm, (ii) an EEA insurer or reinsurer, (iii) an EEA undertaking for collective investment in transferable securities (UCITS) or (iv) an alternative investment fund to which Directive 2011/61/EU applies.

Prospective investors should also be aware that a new regulatory regime (the “Securitization Regulation”) will generally apply from and after January 1, 2019 to securitizations in which securities are issued after that date. The Securitization Regulation will apply to the types of regulated investors covered by the EEA Risk Retention Regulations and also to (a) UCITS and UCITS management companies, and (b) institutions for occupational retirement provision falling within the scope of Directive (EU) 2016/2341 (subject to certain exceptions), and certain investment managers and authorised entities appointed by such institutions (together, “IORPs”). With regard to securitizations in respect of which the relevant securities are issued before January 1, 2019 (“Pre-2019 Securitizations”), investors that are subject to the EEA Risk Retention Regulations will continue to be subject to the risk retention and due diligence requirements of the EEA Risk Retention Regulations, including on and after that date. The Securitization Regulation makes no express provision as to the application of any requirements of the EEA Risk Retention Regulations, or of the Securitization Regulation, to UCITS or IORPs that hold or acquire any interest in respect of a Pre-2019 Securitization and, accordingly, it is not clear what requirements (if any) will be applicable to those investors. Prospective investors are themselves responsible for monitoring and assessing changes to the EEA Risk Retention Regulations and their regulatory capital requirements.

Each prospective investor in the Mega certificates is required independently to assess and determine whether our disclosure regarding risk retention contained in this prospectus is sufficient for purposes of complying with any applicable risk retention requirements. Neither we nor the trustee or any other person makes any representation or provides any assurance to the effect that the information described in this prospectus is sufficient for such purposes. Each prospective investor in the Mega certificates that is subject to any retention requirements should consult with its own legal, accounting and other advisors and/or its national regulator in determining the extent to which such information is sufficient for such purpose.

## PLAN OF DISTRIBUTION

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

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

## ACCOUNTING CONSIDERATIONS

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

## LEGAL INVESTMENT CONSIDERATIONS

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

## ERISA CONSIDERATIONS

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

The U.S. Department of Labor issued a regulation covering the acquisition by a plan of a “guaranteed governmental mortgage pool certificate,” defined to include a certificate that is backed by, or evidences an interest in, a specified mortgage loan or a participation interest in a mortgage loan and that is guaranteed by Fannie Mae as to the payment of interest and principal. Under the regulation, investment by a plan in a guaranteed governmental mortgage pool certificate does not cause the assets of the plan to include the mortgage loans underlying the Mega certificate or cause the sponsor, trustee and other servicers of the related mortgage pool to be subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of ERISA or section 4975 of the Code in

providing services with respect to the mortgages in the pool. Our counsel, Katten Muchin Rosenman LLP, has advised us that, except to the extent otherwise specified in this prospectus, the Mega certificates qualify under the definition of “guaranteed governmental mortgage pool certificates” and, as a result, the purchase and holding of Mega certificates by plans will not cause the underlying mortgage loans or the assets of Fannie Mae to be subject to the fiduciary requirements of ERISA or to the prohibited transaction provisions of ERISA or section 4975 of the Code merely by reason of a plan’s holding of a Mega certificate. However, investors should consult with their own counsel regarding the ERISA eligibility of Mega certificates they may purchase.

Each beneficial owner of Mega certificates or any interest therein that is a “plan,” including any fiduciary purchasing the Mega certificates on behalf of a plan (“Plan Fiduciary”), will be deemed by its acquisition of the Mega certificates to represent that:

1. none of Fannie Mae, the Dealer or any of their respective affiliates (collectively, the “Transaction Parties”) has provided, and none will provide, advice with respect to the acquisition of the Mega certificates by the plan, other than to a Plan Fiduciary that is independent of the Transaction Parties and that is one of the following:
  - a bank as defined in Section 202 of the Investment Advisers Act of 1940 (the “Advisers Act”), or a similar institution that is regulated and supervised and subject to periodic examination by a State or federal agency;
  - an insurance carrier that is qualified under the laws of more than one State to perform the services of managing, acquiring or disposing of assets of a plan;
  - an investment adviser registered under the Advisers Act or, if not registered as an investment adviser under the Advisers Act by reason of paragraph (1) of Section 203A of the Advisers Act, registered as an investment adviser under the laws of the State in which it maintains its principal office and place of business;
  - a broker-dealer registered under the Exchange Act; or
  - a fiduciary that, for so long as the plan is invested in the Mega certificates, will have total assets of at least \$50,000,000 under its management or control (provided that this requirement will not be satisfied if the Plan Fiduciary is either (i) the owner or a relative of the owner of an investing IRA or (ii) a participant or beneficiary of the plan investing in the Mega certificates in such capacity);
2. the Plan Fiduciary is capable of evaluating investment risks independently, both in general and with respect to particular transactions and investment strategies, including the acquisition by the plan of the Mega certificates;
3. the Plan Fiduciary is a “fiduciary” with respect to the plan within the meaning of section 3(21) of ERISA or section 4975 of the Code, or both, and is responsible for exercising independent judgment in evaluating the plan’s acquisition of the Mega certificates;
4. none of the Transaction Parties has exercised any authority to cause the plan to invest in the Mega certificates or to negotiate the terms of the plan’s investment in the Mega certificates; and
5. the Plan Fiduciary has been informed by the Transaction Parties:
  - that none of the Transaction Parties is undertaking to provide impartial investment advice or to give advice in a fiduciary capacity, and that none has given investment advice or otherwise made a recommendation, in connection with the plan’s acquisition of the Mega certificates; and
  - of the existence and nature of the Transaction Parties’ financial interests in the plan’s acquisition of the Mega certificates.

The foregoing representations are intended to comply with the Department of Labor’s Reg. Sections 29 C.F.R. 2510.3-21(a) and (c)(1) as promulgated on April 8, 2016 (81 Fed. Reg. 20,997). If these regulations are revoked, repealed or no longer effective, these representations will be deemed to no longer be in effect.

#### **LEGAL OPINION**

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



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

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

Additional prospectuses and information regarding outstanding pools are available on our website at [www.fanniemae.com](http://www.fanniemae.com) or by calling us at 800-2FANNIE (800-232-6643).

## TABLE OF CONTENTS

|  | <u>Page</u> |
|--|-------------|
| Summary.....                                       | 1           |
| Risk Factors .....                                 | 6           |
| Fannie Mae .....                                   | 12          |
| Use of Proceeds .....                              | 14          |
| Description of the Mega Certificates .....         | 14          |
| Yield, Maturity and Prepayment Considerations..... | 17          |
| The Underlying Securities .....                    | 18          |
| The Trust Documents .....                          | 18          |
| Material Federal Income Tax Consequences .....     | 24          |
| Credit Risk Retention .....                        | 24          |
| European Economic Area Risk Retention .....        | 24          |
| Plan of Distribution .....                         | 26          |
| Accounting Considerations.....                     | 26          |
| Legal Investment Considerations .....              | 26          |
| ERISA Considerations.....                          | 26          |
| Legal Opinion.....                                 | 27          |
| Annex A  |             |

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## Guaranteed MBS Pass-Through Securities (Mega Certificates)

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### MEGA PROSPECTUS

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