

**FEDERAL NATIONAL MORTGAGE ASSOCIATION
Connecticut Avenue Securities,
Series 2015-C03**

DEBT AGREEMENT

DEBT AGREEMENT, dated as of July 22, 2015 (as amended, supplemented or otherwise modified from time to time in accordance with its terms, this "Agreement"), between the Federal National Mortgage Association ("Fannie Mae") and the Holders of the Notes (each as defined below).

Whereas:

(a) Fannie Mae is a government-sponsored enterprise chartered by Congress in 1938 pursuant to the Federal National Mortgage Association Charter Act (the "Charter Act"), with full power and authority to enter into this Agreement and to undertake the obligations undertaken by it herein;

(b) Pursuant to Section 304(b) of the Charter Act, Fannie Mae is authorized to issue, upon the approval of the Secretary of the Treasury, and have outstanding at any time, obligations having such maturities and bearing such rate or rates of interest as may be determined by Fannie Mae with the approval of the Secretary of the Treasury;

(c) To permit Fannie Mae to engage in activities consistent with its statutory purposes, Fannie Mae has authorized the issuance of unsecured general obligations of Fannie Mae; and

(d) Pursuant to this Agreement, Fannie Mae is issuing the Connecticut Avenue Securities, Series 2015-C03, Class 1M-1 Notes and Class 1M-2 Notes (the "Group 1 Notes") and Class 2M-1 Notes and Class 2M-2 Notes (the "Group 2 Notes" and, together with the Group 1 Notes, the "Notes").

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, it is hereby agreed that the following terms and conditions of this Agreement shall govern the Notes and the rights and obligations of Fannie Mae and Holders with respect to the Notes.

**ARTICLE I
Definitions**

Whenever used in this Agreement, the following words and phrases shall have the following meanings, unless the context otherwise requires.

"10% Severity Tier Percentage" means, with respect to any Payment Date and Loan Group, a percentage equal to the excess, if any, of:

(a) the lesser of (i) 1%, and (ii) the greater of the Cumulative Net Credit Event Percentage for such Payment Date and Loan Group and the Cumulative Net Credit Event Percentage for the preceding Payment Date (or in the case of the first Payment Date, zero); over

(b) the greater of (i) 0%, and (ii) the lesser of the Cumulative Net Credit Event Percentage for such Payment Date and Loan Group and the Cumulative Net Credit Event Percentage for the preceding Payment Date.

"20% Severity Tier Percentage" means, with respect to any Payment Date and Loan Group, a percentage equal to the excess, if any, of:

(a) the lesser of (i) 2% (in the case of Loan Group 1) or 3% (in the case of Loan Group 2), and (ii) the greater of the Cumulative Net Credit Event Percentage for such Payment Date and Loan Group and the Cumulative Net Credit Event Percentage for the preceding Payment Date (or in the case of the first Payment Date, zero); over

(b) the greater of (i) 1%, and (ii) the lesser of the Cumulative Net Credit Event Percentage for such Payment Date and Loan Group and the Cumulative Net Credit Event Percentage for the preceding Payment Date.

"25% Severity Tier Percentage" means, with respect to any Payment Date and Loan Group 2, a percentage equal to the excess, if any, of:

(a) the greater of the Cumulative Net Credit Event Percentage for such Payment Date and Loan Group and the Cumulative Net Credit Event Percentage for the preceding Payment Date (or in the case of the first Payment Date, zero); over

(b) the greater of (i) 3%, and (ii) the lesser of the Cumulative Net Credit Event Percentage for such Payment Date and Loan Group and the Cumulative Net Credit Event Percentage for the preceding Payment Date.

"40% Severity Tier Percentage" means, with respect to any Payment Date and Loan Group 1, a percentage equal to the excess, if any, of:

(a) the greater of the Cumulative Net Credit Event Percentage for such Payment Date and Loan Group and the Cumulative Net Credit Event Percentage for the preceding Payment Date (or in the case of the first Payment Date, zero); over

(b) the greater of (i) 2%, and (ii) the lesser of the Cumulative Net Credit Event Percentage for such Payment Date and Loan Group and the Cumulative Net Credit Event Percentage for the preceding Payment Date.

"Accrual Period" means, with respect to each Payment Date, the period beginning on and including the prior Payment Date (or, in the case of the first Payment Date, the Closing Date) and ending on and including the day preceding such Payment Date.

"Agreement" has the meaning specified in the preamble.

"Applicable Severity" means the Group 1 Applicable Severity or the Group 2 Applicable Severity, as the context may require.

"Beneficial Owner" means the entity or individual that beneficially owns a Note.

"Business Day" means a day other than (i) a Saturday or Sunday or (ii) a day on which the Corporate Trust Offices of the Global Agent (currently located at 9062 Old Annapolis Road, Columbia, Maryland 21045, Attention: Client Manager – CONN-AVE 2015-C03), DTC, the Federal Reserve Bank of New York or banking institutions in the City of New York are authorized or obligated by law or executive order to be closed.

"Calculated Recovery Principal" means, with respect to any Payment Date and Loan Group, the sum of:

(a) the Credit Event Amount for such Payment Date and Loan Group, minus the related Calculated Tranche Write-down Amount for such Payment Date; and

(b) the related Calculated Tranche Write-up Amount for such Payment Date.

"Calculated Tranche Write-down Amount" means, with respect to any Payment Date and Loan Group, the product of:

(a) the Net Credit Event Amount for such Payment Date and Loan Group; and

(b) the Applicable Severity for such Payment Date and Loan Group.

"Calculated Tranche Write-up Amount" means, with respect to any Payment Date and Loan Group, an amount equal to:

(a) the product of:

(i) the Net Reversed Credit Event Amount for such Payment Date and Loan Group; and

(ii) the Applicable Severity for such Payment Date and Loan Group; plus

(b) the Rep and Warranty Settlement Coverage Amount for such Payment Date and Loan Group, minus

(c) the aggregate amount of the Rep and Warranty Settlement Amounts determined during prior Reporting Periods with respect to all Reference Obligations that became Reversed Credit Event Reference Obligations in the related Loan Group during the current Reporting Period;

provided, however, that the Calculated Tranche Write-up Amount with respect to any Payment Date will in no event be less than zero.

"Charter Act" has the meaning specified in the preamble.

"Class" means any class of Notes issued under this Agreement or a class of Reference Tranche established under this Agreement, as the case may be.

"Class Coupon" means, with respect to each Class of Notes for any Accrual Period, the amount specified for such Class of Notes set forth in Appendix I.

"Class Notional Amount" means the Group 1 Class Notional Amount or the Group 2 Class Notional Amount, as the context may require.

"Class Principal Balance" means, with respect to each Class of Notes and as of any Payment Date, the maximum dollar amount of principal to which the Holders of such Class of Notes are then entitled, with such amount being equal to the initial Class Principal Balance of such Class of Notes as set forth in Appendix I, minus the aggregate amount of principal paid by Fannie Mae on such Class of Notes on such Payment Date and all prior Payment Dates, minus the aggregate amount of Calculated Tranche Write-down Amounts allocated to reduce the Class Principal Balance of such Class of Notes on such Payment Date and on all prior Payment Dates, and plus the aggregate amount of Calculated Tranche Write-up Amounts allocated to increase the Class Principal Balance of such Class of Notes on such Payment Date and on all prior Payment Dates. The Class Principal Balance of each Class of Notes shall at all times equal the Class Notional Amount of the Reference Tranche that corresponds to such Class of Notes. For the avoidance of doubt, no Calculated Tranche Write-up Amount or Calculated Tranche Write-down Amount will be applied twice on the same Payment Date.

"Clearstream" means Clearstream Banking, société anonyme, which holds securities for its participants and facilitates the clearance and settlement of securities transactions between its participants through electronic book-entry changes in accounts of its participants.

"Closing Date" means July 22, 2015.

"Code" means the Internal Revenue Code of 1986, as amended.

"Common Depository" means the common depository for Euroclear, Clearstream and/or any other applicable clearing system, which will hold Common Depository Notes on behalf of Euroclear, Clearstream and/or any such other applicable clearing system.

"Common Depository Notes" means Notes that are deposited with a Common Depository and that will clear and settle through the systems operated by Euroclear, Clearstream and/or any such other applicable clearing system other than DTC.

"Corporate Trust Office" means the principal corporate trust office of the Global Agent at which, at any particular time, its corporate trust business with respect to this Agreement is conducted, which office at the date of the execution of this Agreement is located at 9062 Old Annapolis Road, Columbia, Maryland 21045-1951, Attention: Client Manager – CONN-AVE 2015-C03, and for Note transfer purposes is located at Sixth Street and Marquette Avenue, Minneapolis, Minnesota 55479, Attention: Corporate Trust Services – CONN-AVE 2015-C03, or at such other address as the Global Agent may designate from time to time by written notice to the Holders of the Notes and Fannie Mae.

"Corresponding Class of Reference Tranche" means, with respect to (i) the Class 1M-1 Notes, the Class 1M-1 Reference Tranche; (ii) the Class 1M-2 Notes, the Class 1M-2 Reference Tranche; (iii) the Class 2M-1 Notes, the Class 2M-1 Reference Tranche; and (iv) the Class 2M-2 Notes, the Class 2M-2 Reference Tranche.

"Credit Event" means, with respect to any Payment Date and any Reference Obligation,

the first to occur of any of the following events with respect to such Reference Obligation, as reported by the applicable servicer to Fannie Mae during the related Reporting Period: (i) such Reference Obligation becomes 180 or more days delinquent (regardless of any grant of forbearance, including in connection with any relief or deferral granted in connection with natural disasters, or if such Reference Obligation is performing during a trial modification period), (ii) a short sale is settled, (iii) the related Mortgage Note is sold to a third party during the foreclosure process, (iv) a deed in lieu of foreclosure is executed, or (v) a REO acquisition occurs. Determination of delinquency will be made using the MBA Delinquency Method. For the avoidance of doubt, with respect to any Credit Event Reference Obligation, there can only be one occurrence of a Credit Event.

"Credit Event Amount" means, with respect to any Payment Date and Loan Group, the aggregate amount of the Credit Event UPBs of all Credit Event Reference Obligations for the related Reporting Period and Loan Group.

"Credit Event Reference Obligation" means, with respect to any Payment Date and Loan Group, any Reference Obligation with respect to which a Credit Event has occurred.

"Credit Event UPB" means, with respect to any Credit Event Reference Obligation and Loan Group, the unpaid principal balance thereof as of the end of the Reporting Period related to the Payment Date on which it became a Credit Event Reference Obligation.

"Cumulative Net Credit Event Percentage" means, with respect to each Payment Date and Loan Group, a percentage equal to (i) the aggregate Credit Event Amount for such Payment Date and Loan Group and all prior Payment Dates less the aggregate Reversed Credit Event Amount for such Payment Date and Loan Group and all prior Payment Dates, divided by (ii) the aggregate unpaid principal balance of the Reference Obligations included in such Loan Group as of the Cut-off Date.

"CUSIP Number" means, with respect to each Class of Notes, the unique nine-character designation assigned to such Class of Notes by the CUSIP Service Bureau and used to identify such Class of Notes on the records of the DTC.

"Cut-off Date" means the close of business on May 31, 2015.

"Cut-off Date Balance" means the Group 1 Cut-off Date Balance or the Group 2 Cut-off Date Balance, as the context may require.

"Depository" means DTC or any successor.

"Designated Page" has the meaning specified in Section 3.05.

"DTC" means The Depository Trust Company, a limited-purpose trust company, which holds securities for DTC Participants and facilitates the clearance and settlement of transactions between DTC participants through electronic book-entry changes in accounts of DTC participants.

"DTC Participants" means participants in the DTC System.

"DTC Notes" means Notes cleared, settled and maintained on the DTC System, registered in the name of a nominee of DTC. All of the Notes will be DTC Notes at issuance.

"DTC System" means the book-entry system of DTC.

"Eligibility Criteria" means, with respect to each Mortgage Loan included as a Reference Obligation, the following:

- (a) is a fully amortizing, fixed rate, first-lien mortgage loan secured by a one- to four-family dwelling unit, townhouse, individual condominium unit, individual unit in planned unit development, individual cooperative unit or manufactured home, with an original term of 301 to 360 months;
- (b) was acquired by Fannie Mae between May 1, 2014 and August 31, 2014;
- (c) as of the Cut-off Date, (i) has never been 60 or more days delinquent, (ii) has been up to 59 days delinquent no more than once from the date of acquisition and (iii) has been current on each of the three consecutive payment dates immediately preceding the Cut-off Date (with delinquency calculated based on the MBA Delinquency Method);
- (d) was not originated under Fannie Mae's Refi Plus program (which includes but is not limited to the Home Affordable Refinance Program);
- (e) has an original combined loan-to-value ratio that is less than or equal to 97%;
- (f) as of the Cut-off Date, is not subject to an Origination Rep and Warranty Settlement;
- (g) is not subject to any form of risk sharing with the loan seller (other than limited seller indemnification in certain cases);
- (h) was not originated under certain non-standard programs of Fannie Mae;
- (i) is a conventional loan (i.e., is not guaranteed by the Federal Housing Administration or the U.S. Department of Veterans Affairs);
- (j) with respect to Reference Obligations in Loan Group 1 only, has an original loan-to-value ratio that is (i) greater than 60% and (ii) less than or equal to 80%;
- (k) with respect to Reference Obligations in Loan Group 1 only, is not covered by private mortgage insurance or pool insurance;
- (l) with respect to Reference Obligations in Loan Group 2 only, has an original loan-to-value ratio that is (i) greater than 80% and (ii) less than or equal to 97%; and
- (m) with respect to Reference Obligations in Loan Group 2 only, (i) is not covered by pool insurance and (ii) is covered by private mortgage insurance as of the Cut-off Date or was covered by private mortgage insurance at the time of acquisition that has since been cancelled or otherwise eliminated by the borrower as permitted under Fannie Mae's Servicing Guide.

"Euroclear" means Euroclear System, a depository that holds securities for its participants and clears and settles transactions between its participants through simultaneous electronic book-entry delivery against payment.

"Event of Default" has the meaning specified in Section 5.01.

"Fannie Mae" means the Federal National Mortgage Association, a stockholder-owned company chartered by Congress pursuant to the Charter Act.

"FHFA" means the Federal Housing Finance Agency.

"Final Tax Determination" has the meaning specified in Section 6.03.

"Global Agency Agreement" means the Global Agency Agreement, dated as of July 22, 2015, between Fannie Mae and the Global Agent.

"Global Agent" means the entity selected by Fannie Mae to act as its global, calculating, transfer, authenticating and paying agent for the Notes, which as of the Closing Date is Wells Fargo Bank, N.A.

"Group 1 Applicable Severity" means, with respect to any Payment Date and Loan Group 1, a percentage equal to:

(a) the sum of (i) the product of 10% and the 10% Severity Tier Percentage, (ii) the product of 20% and the 20% Severity Tier Percentage, and (iii) the product of 40% and the 40% Severity Tier Percentage; divided by

(b) the sum of the 10% Severity Tier Percentage, the 20% Severity Tier Percentage, and the 40% Severity Tier Percentage.

"Group 1 Class Notional Amount" means, for any Payment Date and each Group 1 Reference Tranche, a notional amount equal to the initial notional amount of such Group 1 Reference Tranche, minus the aggregate amount of Senior Reduction Amounts and/or Subordinate Reduction Amounts allocated to such Group 1 Reference Tranche on such Payment Date and all prior Payment Dates, minus the aggregate amount of Calculated Tranche Write-down Amounts allocated to reduce the notional amount of such Group 1 Reference Tranche on such Payment Date and on all prior Payment Dates, and plus the aggregate amount of Calculated Tranche Write-up Amounts allocated to increase the notional amount of such Group 1 Reference Tranche on such Payment Date and on all prior Payment Dates. For the avoidance of doubt, no Calculated Tranche Write-up Amount or Calculated Tranche Write-down Amount will be applied twice on the same Payment Date.

"Group 1 Cut-off Date Balance" means approximately \$28,252,151,838, which is the aggregate unpaid principal balance of the Reference Obligations in Loan Group 1 as of the Cut-off Date.

"Group 1 Early Redemption Date" means the Payment Date on which the Group 1 Notes are redeemed by Fannie Mae pursuant to the Group 1 Early Redemption Option.

"Group 1 Early Redemption Option" means Fannie Mae's right to redeem the Group 1 Notes prior to the Maturity Date on any Payment Date on which the aggregate unpaid principal balance of the Reference Obligations in Loan Group 1 is less than or equal to 10% of the Group 1 Cut-off Date Balance, by paying an amount equal to the outstanding Class Principal Balance of each of the Class 1M-1 Notes and Class 1M-2 Notes, plus accrued and unpaid interest

on such Notes and any related unpaid fees and expenses of the Global Agent pursuant to Section 3.08.

"Group 1 Notes" has the meaning specified in the preamble.

"Group 1 Reference Tranches" means the six classes of hypothetical tranches deemed to be backed by the Reference Obligations in Loan Group 1, referred to as the Class 1A-H, Class 1M-1, Class 1M-1H, Class 1M-2, Class 1M-2H and Class 1B-H Reference Tranches, with the following initial Class Notional Amounts:

<u>Classes of Reference Tranches</u>	<u>Initial Class Notional Amount</u>
Class 1A-H	\$27,192,696,144.00
Class 1M-1	\$254,975,000.00
Class 1M-1H	\$13,420,442.00
Class 1M-2	\$644,149,000.00
Class 1M-2H	\$33,902,644.00
Class 1B-H	\$113,008,608.00

"Group 1 Senior Percentage" means, with respect to any Payment Date and the Group 1 Notes, the percentage equivalent of a fraction, the numerator of which is the Class Notional Amount of the Class 1A-H Reference Tranche immediately prior to such Payment Date and the denominator of which is the aggregate unpaid principal balance of the Reference Obligations in Loan Group 1 at the end of the previous Reporting Period.

"Group 1 Subordinate Percentage" means, with respect to any Payment Date and the Group 1 Notes, the percentage equal to 100% minus the Group 1 Senior Percentage for such Payment Date. On the Closing Date, the Group 1 Subordinate Percentage will be 3.75%.

"Group 1 Termination Date" means the earliest of (i) the Maturity Date, (ii) the Group 1 Early Redemption Date, and (iii) the Payment Date on which the initial Class Principal Balance (without giving effect to any allocations of Calculated Tranche Write-down Amounts or Calculated Tranche Write-up Amounts for the Group 1 Notes on such Payment Date and all prior Payment Dates) and accrued and unpaid interest due on the Class 1M-1 and Class 1M-2 Notes have been paid in full.

"Group 2 Applicable Severity" means, with respect to each Payment Date and Loan Group 2, a percentage equal to:

(a) the sum of (i) the product of 10% and the 10% Severity Tier Percentage, (ii) the product of 20% and the 20% Severity Tier Percentage, and (iii) the product of 25% and the 25% Severity Tier Percentage; divided by

(b) the sum of the 10% Severity Tier Percentage, the 20% Severity Tier Percentage, and the 25% Severity Tier Percentage.

"Group 2 Class Notional Amount" means, for any Payment Date and each Group 2

Reference Tranche, a notional amount equal to the initial notional amount of such Group 2 Reference Tranche, minus the aggregate amount of Senior Reduction Amounts and/or Subordinate Reduction Amounts allocated to such Group 2 Reference Tranche on such Payment Date and all prior Payment Dates, minus the aggregate amount of Calculated Tranche Write-down Amounts allocated to reduce the notional amount of such Group 2 Reference Tranche on such Payment Date and on all prior Payment Dates, and plus the aggregate amount of Calculated Tranche Write-up Amounts allocated to increase the notional amount of such Group 2 Reference Tranche on such Payment Date and on all prior Payment Dates. For the avoidance of doubt, no Calculated Tranche Write-up Amount or Calculated Tranche Write-down Amount will be applied twice on the same Payment Date.

"Group 2 Cut-off Date Balance" means approximately \$20,074,163,385, which is the aggregate unpaid principal balance of the Reference Obligations in Loan Group 2 as of the Cut-off Date.

"Group 2 Early Redemption Date" means the Payment Date on which the Group 2 Notes are redeemed by Fannie Mae pursuant to the Group 2 Early Redemption Option.

"Group 2 Early Redemption Option" means Fannie Mae's right to redeem the Group 2 Notes prior to the Maturity Date on any Payment Date on which the aggregate unpaid principal balance of the Reference Obligations in Loan Group 2 is less than or equal to 10% of the Group 2 Cut-off Date Balance, by paying an amount equal to the outstanding Class Principal Balance of each of the Class 2M-1 Notes and Class 2M-2 Notes, plus accrued and unpaid interest on such Notes and any related unpaid fees and expenses of the Global Agent pursuant to Section 3.08.

"Group 2 Notes" has the meaning specified in the preamble.

"Group 2 Reference Tranches" means the six classes of hypothetical tranches deemed to be backed by the Reference Obligations in Loan Group 2, referred to as the Class 2A-H, Class 2M-1, Class 2M-1H, Class 2M-2, Class 2M-2H and Class 2B-H Reference Tranches, with the following initial Class Notional Amounts:

<u>Classes of Reference Tranches</u>	<u>Initial Class Notional Amount</u>
Class 2A-H	\$19,221,011,441.00
Class 2M-1	\$257,451,000.00
Class 2M-1H	\$13,550,205.00
Class 2M-2	\$400,479,000.00
Class 2M-2H	\$21,078,432.00
Class 2B-H	\$160,593,307.00

"Group 2 Senior Percentage" means, with respect to any Payment Date and the Group 2 Notes, the percentage equivalent of a fraction, the numerator of which is the Class Notional Amount of the Class 2A-H Reference Tranche immediately prior to such Payment Date and the denominator of which is the aggregate unpaid principal balance of the Reference Obligations in Loan Group 2 at the end of the previous Reporting Period.

"Group 2 Subordinate Percentage" means, with respect to any Payment Date and the Group 2 Notes, the percentage equal to 100% minus the Group 2 Senior Percentage for such Payment Date. On the Closing Date, the Group 2 Subordinate Percentage will be 4.25%.

"Group 2 Termination Date" means the earliest of (i) the Maturity Date, (ii) the Group 2 Early Redemption Date, and (iii) the Payment Date on which the initial Class Principal Balance (without giving effect to any allocations of Calculated Tranche Write-down Amounts or Calculated Tranche Write-up Amounts for the Group 2 Notes on such Payment Date and all prior Payment Dates) and accrued and unpaid interest due on the Class 2M-1 and Class 2M-2 Notes have been paid in full.

"Holder" means, in the case of (i) DTC Notes, DTC or its nominee; (ii) Common Depository Notes, the depository, or its nominee, in whose name the Notes are registered on behalf of a related clearing system; and (iii) Notes in definitive registered form, the person or entity in whose name such Notes are registered in the Register.

"ICE" has the meaning specified in Section 3.05.

"ICE Method" means the method used to calculate One-Month LIBOR, as described in Section 3.05.

"Investment Advisers Act" means the Investment Advisers Act of 1940, as amended.

"Investment Company Act" means the Investment Company Act of 1940, as amended.

"Junior Reference Tranche" means the Class 1B-H Reference Tranche or the Class 2B-H Reference Tranche, as the context may require.

"LIBOR Adjustment Date" means, with respect to any Payment Date, the second business day before the related Accrual Period begins. For this purpose, a "business day" is a day on which banks are open for dealing in foreign currency and exchange in London, New York City and Washington, D.C.

"Loan Group" means Loan Group 1 or Loan Group 2, as the context may require.

"Loan Group 1" means the Reference Obligations relating to the Class 1M-1 and Class 1M-2 Notes.

"Loan Group 2" means the Reference Obligations relating to the Class 2M-1 and Class 2M-2 Notes.

"Maturity Date" means the Payment Date in July 2025.

"MBA Delinquency Method" means the method by which a determination of delinquency is made with respect to any Reference Obligation; under this method, a loan due on the first day of the month is considered 30 days delinquent when all or part of one or more payments remains unpaid as of close of business on the last day of such month.

"Mezzanine Reference Tranche" means each of the Class 1M-1, Class 1M-1H, Class 1M-2, Class 1M-2H, Class 2M-1, Class 2M-1H, Class 2M-2 and Class 2M-2H Reference Tranches.

"Minimum Credit Enhancement Test" means, with respect to any Payment Date and Loan Group, a test that will be satisfied if:

(i) in the case of Loan Group 1, the Group 1 Subordinate Percentage (solely for purposes of such test, rounded to the sixth decimal place) is greater than or equal to 4.250000%, and

(ii) in the case of Loan Group 2, the Group 2 Subordinate Percentage (solely for purposes of such test, rounded to the sixth decimal place) is greater than or equal to 4.750000%.

"Mortgage Loan" means a first mortgage, deed of trust or similar security instrument securing a Mortgage Note.

"Mortgage Note" means a promissory note or other similar evidences of indebtedness evidencing a Reference Obligation.

"Mortgaged Property" means any residential property consisting of a one- to four-family dwelling unit, a townhouse, an individual condominium unit, an individual unit in a planned unit development, an individual cooperative unit or a manufactured home.

"Net Credit Event Amount" means, with respect to any Payment Date and Loan Group, the excess, if any, of the Credit Event Amount over the Reversed Credit Event Amount for such Payment Date and Loan Group.

"Net Reversed Credit Event Amount" means, with respect to any Payment Date and Loan Group, the excess, if any, of the Reversed Credit Event Amount over the Credit Event Amount for such Payment Date and Loan Group.

"Notes" has the meaning specified in the preamble.

"NRSRO" means, as of any date, each nationally recognized statistical rating organization that has been engaged by Fannie Mae to provide a rating on the Notes and is then rating the Notes.

"One-Month LIBOR" has the meaning specified in Section 3.05.

"Origination Rep and Warranty Settlement" means any settlement relating to claims arising from breaches of origination representations and warranties that Fannie Mae enters into with a loan seller or servicer in lieu of requiring such loan seller or servicer to repurchase a specified pool of mortgage loans that includes one or more Reference Obligations, whereby Fannie Mae has received the agreed-upon settlement proceeds from such loan seller or servicer. For the avoidance of doubt, any settlement that Fannie Mae may enter into with a servicer in connection with a breach by such servicer of its servicing obligations to Fannie Mae with respect to Reference Obligations will not be included in any Origination Rep and Warranty Settlement. Moreover, a Reference Obligation subject to an Origination Rep and Warranty Settlement that is not a Credit Event Reference Obligation may be subsequently repurchased by the related loan

seller or servicer due to certain breaches of representations and warranties, such as a breach of a representation or warranty relating to fraud or property title. Any amounts collected by Fannie Mae due to such subsequent repurchases will be allocated to the applicable Reference Tranches as Unscheduled Principal.

"Payment Date" means the 25th day of each calendar month (or, if not a Business Day, the following Business Day), commencing in August 2015.

"Prospectus" means the Fannie Mae Connecticut Avenue Securities, Series 2015-C03 Prospectus, dated July 20, 2015 (including any amendments thereto).

"Qualified Institutional Buyer" means:

(i) Any of the following entities, acting for its own account or the accounts of other Qualified Institutional Buyers, that in the aggregate owns and invests on a discretionary basis at least \$100 million in securities of issuers that are not affiliated with the entity:

(A) Any insurance company as defined in section 2(13) of the Securities Act;

Note: A purchase by an insurance company for one or more of its separate accounts, as defined by section 2(a)(37) of the Investment Company Act, which are neither registered under section 8 of the Investment Company Act nor required to be so registered, shall be deemed to be a purchase for the account of such insurance company.

(B) Any investment company registered under the Investment Company Act or any business development company as defined in section 2(a)(48) of the Investment Company Act;

(C) Any "Small Business Investment Company" licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958, as amended;

(D) Any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees;

(E) Any employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, as amended;

(F) Any trust fund whose trustee is a bank or trust company and whose participants are exclusively plans of the types identified in sub-clauses (D) or (E) above, except trust funds that include as participants individual retirement accounts or H.R. 10 plans.

(G) Any business development company as defined in section 202(a)(22) of the Investment Advisers Act;

(H) Any organization described in section 501(c)(3) of the Code, corporation (other than a bank as defined in section 3(a)(2) of the Securities Act or a savings and loan association or other institution referenced in section 3(a)(5)(A) of the Securities Act or a foreign bank or

savings and loan association or equivalent institution), partnership, or Massachusetts or similar business trust; and

(I) Any investment adviser registered under the Investment Advisers Act.

(ii) Any dealer registered pursuant to section 15 of the Exchange Act, acting for its own account or the accounts of other Qualified Institutional Buyers, that in the aggregate owns and invests on a discretionary basis at least \$10 million of securities of issuers that are not affiliated with the dealer, provided, that securities constituting the whole or a part of an unsold allotment to or subscription by a dealer as a participant in a public offering shall not be deemed to be owned by such dealer;

(iii) Any dealer registered pursuant to section 15 of the Exchange Act acting in a riskless principal transaction on behalf of a Qualified Institutional Buyer;

Note: A registered dealer may act as agent, on a non-discretionary basis, in a transaction with a Qualified Institutional Buyer without itself having to be a Qualified Institutional Buyer.

(iv) Any investment company registered under the Investment Company Act, acting for its own account or for the accounts of other Qualified Institutional Buyers, that is part of a family of investment companies which own in the aggregate at least \$100 million in securities of issuers, other than issuers that are affiliated with the investment company or are part of such family of investment companies. Family of investment companies means any two or more investment companies registered under the Investment Company Act, except for a unit investment trust whose assets consist solely of shares of one or more registered investment companies, that have the same investment adviser (or, in the case of unit investment trusts, the same depositor), provided that, for purposes of this sub-clause:

(A) Each series of a series company (as defined in Rule 18f-2 under the Investment Company Act) shall be deemed to be a separate investment company; and

(B) Investment companies shall be deemed to have the same adviser (or depositor) if their advisers (or depositors) are majority-owned subsidiaries of the same parent, or if one investment company's adviser (or depositor) is a majority-owned subsidiary of the other investment company's adviser (or depositor);

(v) Any entity, all of the equity owners of which are Qualified Institutional Buyers, acting for its own account or the accounts of other Qualified Institutional Buyers; and

(vi) Any bank as defined in section 3(a)(2) of the Securities Act, any savings and loan association or other institution as referenced in section 3(a)(5)(A) of the Securities Act, or any foreign bank or savings and loan association or equivalent institution, acting for its own account or the accounts of other Qualified Institutional Buyers, that in the aggregate owns and invests on a discretionary basis at least \$100 million in securities of issuers that are not affiliated with it and that has an audited net worth of at least \$25 million as demonstrated in its latest annual financial

statements, as of a date not more than 16 months preceding the date of sale under the Rule in the case of a U.S. bank or savings and loan association, and not more than 18 months preceding such date of sale for a foreign bank or savings and loan association or equivalent institution.

"Record Date" means, with respect to any Payment Date, (i) the Business Day immediately preceding such Payment Date, with respect to Notes issued in global form, and (ii) the last Business Day of the calendar month preceding the calendar month of such Payment Date, with respect to definitive Notes.

"Reference Obligations" means the related FNMA 2015-C03 Mortgage Loans identified on <http://www.ctslink.com/SelectSeries.do?shelfType=MBS&shelfId=FNMA#2015>.

"Reference Pool" means all of the Reference Obligations, collectively.

"Reference Pool Removal" means the removal of a Reference Obligation from the Reference Pool upon the occurrence of any of the following: (i) the Reference Obligation becomes a Credit Event Reference Obligation; (ii) the Reference Obligation is paid in full; (iii) the Reference Obligation is seized pursuant to an eminent domain proceeding with respect to the underlying mortgage loan; (iv) the related loan seller or servicer repurchases the Reference Obligation, enters into a full indemnification agreement with Fannie Mae with respect to the Reference Obligation or provides a make-whole payment with respect to the Reference Obligation; (v) Fannie Mae determines that as a result of a data correction the Reference Obligation does not meet certain Eligibility Criteria; or (vi) the party responsible for the representations and warranties and/or servicing obligations or liabilities with respect to the Reference Obligation declares bankruptcy or is put into receivership after Fannie Mae has requested that it repurchase such Reference Obligation.

A Reference Obligation will be removed from the Reference Pool if a data change occurs that causes the Reference Obligation to no longer meet any of the Eligibility Criteria set forth in clauses (a), (e), (f), (g), (j), (k), (l) or (m) of the definition of Eligibility Criteria.

A Reference Obligation that becomes subject to an Origination Rep and Warranty Settlement subsequent to the Cut-off Date may be removed from the Reference Pool by Fannie Mae at any time in its sole discretion, provided that the aggregate unpaid principal balance of the Reference Obligations so removed during any Reporting Period does not result in a reduction of the Class Notional Amount of any Reference Tranche in excess of 1.00% of the Class Notional Amount thereof immediately prior to such reduction.

"Reference Tranche" means one of the Group 1 Reference Tranches or the Group 2 Reference Tranches, as the context may require.

"Register" means a register of the Holders of Notes maintained by the Global Agent.

"Registrar" means Wells Fargo Bank, N.A. or its successor in interest.

"Rep and Warranty Settlement Amount" means, for each Reference Obligation that is part of an Origination Rep and Warranty Settlement (including any Reference Obligation that may previously have been removed from the Reference Pool due to a Credit Event), the portion

of the settlement amount determined to be attributable to such Reference Obligation, such determination to be made by Fannie Mae at or about the time of settlement. After completion of an Origination Rep and Warranty Settlement that includes any Reference Obligations, Fannie Mae will engage an independent third party to conduct an annual review to validate that the Rep and Warranty Settlement Amount corresponding to each Reference Obligation matches Fannie Mae's records for such settlement. For the avoidance of doubt, for purposes of calculating the Calculated Tranche Write-up Amount, the Rep and Warranty Settlement Amount will be deemed not to exceed the calculated loss amount for such Reference Obligation.

"Rep and Warranty Settlement Coverage Amount" means, with respect to any Payment Date and Loan Group and (i) any Reference Obligation in the related Loan Group that was included in an Origination Rep and Warranty Settlement and that became a Credit Event Reference Obligation during the related Reporting Period and (ii) any Reference Obligation in the related Loan Group that became a Credit Event Reference Obligation during a previous Reporting Period and that was first included in an Origination Rep and Warranty Settlement during the related Reporting Period, the sum of the related Rep and Warranty Settlement Amounts for all such Reference Obligations.

"Reporting Period" means, for any Payment Date and for purposes of making calculations with respect to the hypothetical structure and Reference Tranches, the second calendar month preceding the month of such Payment Date.

"Reversed Credit Event Amount" means, with respect to any Payment Date, the aggregate amount of the Credit Event UPBs of all Reversed Credit Event Reference Obligations for the related Reporting Period.

"Reversed Credit Event Reference Obligation" means, with respect to any Payment Date and Loan Group, a Reference Obligation in the related Loan Group that was formerly in the Reference Pool and that became a Credit Event Reference Obligation in a prior Reporting Period and with respect to which (i) the related loan seller or servicer repurchases the Reference Obligation, enters into a full indemnification agreement with Fannie Mae with respect to the Reference Obligation or provides a make-whole payment with respect to the Reference Obligation, (ii) the party responsible for the representations and warranties and/or servicing obligations or liabilities with respect to the Reference Obligation declares bankruptcy or is put into receivership after Fannie Mae has requested that it repurchase such Reference Obligation, (iii) Fannie Mae determines that as a result of a data correction, the Reference Obligation does not meet certain Eligibility Criteria or (iv) the Reference Obligation was in a forbearance period due to a casualty event (such as natural disaster, fire or theft) at the time it became a Credit Event Reference Obligation and had a payment status reported as current at the conclusion of its forbearance period (or up to three months thereafter if necessary to allow for the expiration of any trial modification period).

"Scheduled Principal" means, with respect to any Payment Date and Loan Group, the sum of all monthly scheduled payments of principal due (whether with respect to the related Reporting Period or any prior Reporting Period) on the Reference Obligations in that Loan Group and reported to Fannie Mae and collected by the related servicer during the related Reporting Period.

"Securities Act" means the Securities Act of 1933, as amended.

"Senior Percentage" means the Group 1 Senior Percentage or the Group 2 Senior Percentage, as the context may require.

"Senior Reduction Amount" means, with respect to any Payment Date and Loan Group, either:

(a) if the Minimum Credit Enhancement Test for such Loan Group is not satisfied, the sum of:

(i) the Senior Percentage of the Scheduled Principal for such Payment Date and Loan Group,

(ii) 100% of the Unscheduled Principal for such Payment Date and Loan Group, and

(iii) 100% of the Calculated Recovery Principal for such Payment Date and Loan Group; or

(b) if the Minimum Credit Enhancement Test for such Loan Group is satisfied, the sum of:

(i) the Senior Percentage of the Scheduled Principal for such Payment Date and Loan Group,

(ii) the Senior Percentage of the Unscheduled Principal for such Payment Date and Loan Group, and

(iii) 100% of the Calculated Recovery Principal for such Payment Date and Loan Group.

"Subordinate Reduction Amount" means, with respect to any Payment Date and Loan Group, the sum of the Scheduled Principal, the Unscheduled Principal and the Calculated Recovery Principal for such Payment Date and Loan Group, less the Senior Reduction Amount for that Loan Group.

"Unscheduled Principal" means, with respect to each Payment Date and Loan Group:

(a) all partial principal prepayments on the related Reference Obligations collected during the related Reporting Period; plus

(b) the aggregate unpaid principal balance of all related Reference Obligations that become Reference Pool Removals during the related Reporting Period other than (i) Credit Event Reference Obligations and (ii) the portions of any prepayments in full that consist of scheduled principal collections; plus

(c) decreases in the unpaid principal balance of all related Reference Obligations

as the result of loan modifications or data corrections; plus

(d) all scheduled principal collections, if any, for any related Reference Obligations that have been removed from the related Fannie Mae Guaranteed Mortgage Pass-Through Certificates (MBS) pools; minus

(e) increases in the unpaid principal balance of all related Reference Obligations as the result of modifications or data corrections.

In the event the amount in clause (e) above exceeds the sum of the amounts in clauses (a) through (d) above, the Unscheduled Principal for the applicable Payment Date with respect to the related Loan Group will be zero, and the Class Notional Amount for the Class 1A-H Reference Tranche or the Class 2A-H Reference Tranche, as applicable, will be increased by the amount of such excess. In the event that Fannie Mae were to ever employ a policy that permitted or required principal forgiveness as a loss mitigation alternative, any principal that may be forgiven with respect to a Reference Obligation will decrease the unpaid principal balance of such Reference Obligation pursuant to clause (c) above.

ARTICLE II

Authorization; Certain Terms

Section 2.01. Authorization. The Notes shall be issued by Fannie Mae in accordance with the authority vested in Fannie Mae by Section 304(b) of the Charter Act. The indebtedness represented by the Notes shall be unsecured general obligations of Fannie Mae.

Section 2.02. Notes Held or Acquired by Fannie Mae. Fannie Mae shall have the right to purchase and hold for its own account any Note and to otherwise acquire (either for cash or in exchange for newly-issued Notes) all or a portion of the Notes. Notes of any particular Class held or acquired by Fannie Mae shall have an equal and proportionate benefit to Notes of the same Class held by other Holders, without preference, priority or distinction, except that in determining whether the Holders of the required percentage of the outstanding principal amount of the Notes have given any required demand, authorization, notice, consent or waiver under this Agreement, any Notes owned by Fannie Mae or any person directly or indirectly controlling or controlled by or under direct or indirect common control with Fannie Mae shall be disregarded and deemed not to be outstanding for the purpose of such determination.

ARTICLE III

Payments to Holders; Maturity; Early Redemption; Selling Restrictions

Section 3.01. General.

(a) General. Payments in respect of the Notes shall be made in immediately available funds to DTC, Euroclear, Clearstream or any other applicable clearing system, or their respective nominees, as the case may be, as the Holders thereof. Such payments shall be made in U.S. dollars. All payments to or upon the order of the Holder of Note shall be valid and effective to discharge the liability of Fannie Mae in respect of such Note. Ownership positions within each system shall be determined in accordance with the normal conventions observed by such system. Fannie Mae, the Global Agent and the Registrar shall not have any responsibility

or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

All payments on Notes are subject to any applicable law or regulation. If a payment outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions, payments in respect of the related Notes shall be made at the office of any paying agent in the United States.

(b) Withholding Requirements. In the event that any jurisdiction imposes any withholding or other tax on any payment made by Fannie Mae (or its agent or any other person potentially required to withhold) with respect to a Note, Fannie Mae (or its agent or such other person) will deduct the amount required to be withheld from such payment, and Fannie Mae (or its agent or such other person) will not be required to pay additional interest or other amounts, or redeem or repay the Notes prior to the Maturity Date, as a result.

(c) Tax Reporting. The Global Agent shall furnish or make available, at such times as required by applicable law, to each Holder or Beneficial Owner of Notes such information as may be required to be provided under applicable law to enable Holders and Beneficial Owners to prepare their U.S. federal income tax returns, if applicable.

(d) Determination Final. The determination by Fannie Mae or the Global Agent of the Class Coupon on the Notes and the determination of any payment on any Note (or any interim calculation in the determination of any such interest rate, index or payment) shall, absent manifest error, be final and binding on all parties. If a principal or interest payment error occurs, Fannie Mae or the Global Agent may correct it by adjusting payments to be made on later Payment Dates or in any other manner Fannie Mae or the Global Agent considers appropriate. If the source of One-Month LIBOR changes in format, but Fannie Mae or the Global Agent determines that the source continues to disclose the information necessary to determine the related Class Coupon substantially as required, Fannie Mae will amend the procedure for obtaining information from that source to reflect the changed format. All One-Month LIBOR values used to determine interest payments are subject to correction within 30 days from the applicable payment. The source of a corrected value must be the same source from which the original value was obtained. A correction might result in an adjustment on a later date to the amount paid to the Holder.

Section 3.02. Interest Payments. The amount of interest that will accrue on a given Class of Notes during each Accrual Period is equal to (a) the Class Coupon for such Class of Notes for such Accrual Period; multiplied by (b) the Class Principal Balance of such Class of Notes immediately prior to such Payment Date; multiplied by (c) the actual number of days in the related Accrual Period; divided by (d) 360. Interest shall be payable in arrears. There will be no calculation of interest made with respect to any of the Reference Tranches.

Section 3.03. Hypothetical Structure and Reference Tranches.

(a) General.

(i) Solely for purposes of making the calculations for each Payment Date of

any principal write-downs (or write-ups) on the Group 1 Notes as a result of Credit Events (or reversals thereof) on the Reference Obligations in Loan Group 1, and principal payments required to be made on the Group 1 Notes by Fannie Mae, a hypothetical structure, consisting of six (6) classes of Group 1 Reference Tranches deemed to be backed by the Reference Obligations in Loan Group 1, is hereby established. Each Group 1 Reference Tranche will have the initial Class Notional Amount set forth in the definition of "Group 1 Reference Tranches" in Article I (Definitions) in this Agreement, and the aggregate of the initial Class Notional Amounts of all the Group 1 Reference Tranches will equal the Group 1 Cut-off Date Balance.

(ii) Solely for purposes of making the calculations for each Payment Date of any principal write-downs (or write-ups) on the Group 2 Notes as a result of Credit Events (or reversals thereof) on the Reference Obligations in Loan Group 2, and principal payments required to be made on the Group 2 Notes by Fannie Mae, a hypothetical structure, consisting of six (6) classes of Group 2 Reference Tranches deemed to be backed by the Reference Obligations in Loan Group 2, is hereby established. Each Group 2 Reference Tranche will have the initial Class Notional Amount set forth in the definition of "Group 2 Reference Tranches" in Article I (Definitions) in this Agreement, and the aggregate of the initial Class Notional Amounts of all the Group 2 Reference Tranches will equal the Group 2 Cut-off Date Balance.

(b) Allocation of Senior Reduction Amount to the Reference Tranches.

(i) On each Payment Date on or prior to the Group 1 Termination Date, the Senior Reduction Amount with respect to Loan Group 1 will be allocated to reduce the Class Notional Amount of each Group 1 Reference Tranche in the following order of priority, in each case until its Class Notional Amount is reduced to zero:

(A) first, to the Class 1A-H Reference Tranche,

(B) second, to the Class 1M-1 and Class 1M-1H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date,

(C) third, to the Class 1M-2 and Class 1M-2H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date, and

(D) fourth, to the Class 1B-H Reference Tranche.

(ii) On each Payment Date on or prior to the Group 2 Termination Date, the Senior Reduction Amount with respect to Loan Group 2 will be allocated to reduce the Class Notional Amount of each Group 2 Reference Tranche in the following order of priority, in each case until its Class Notional Amount is reduced to zero:

(A) first, to the Class 2A-H Reference Tranche,

(B) second, to the Class 2M-1 and Class 2M-1H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date,

(C) third, to the Class 2M-2 and Class 2M-2H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date, and

(D) fourth, to the Class 2B-H Reference Tranche.

(c) Allocation of Subordinate Reduction Amount to the Reference Tranches.

(i) On each Payment Date on or prior to the Group 1 Termination Date, the Subordinate Reduction Amount with respect to Loan Group 1 will be allocated to reduce the Class Notional Amount of each Group 1 Reference Tranche in the following order of priority, in each case until its Class Notional Amount is reduced to zero:

(A) first, to the Class 1M-1 and Class 1M-1H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date,

(B) second, to the Class 1M-2 and Class 1M-2H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date,

(C) third, to the Class 1B-H Reference Tranche, and

(D) fourth, to the Class 1A-H Reference Tranche.

(ii) On each Payment Date on or prior to the Group 2 Termination Date, the Subordinate Reduction Amount with respect to Loan Group 2 will be allocated to reduce the Class Notional Amount of each Group 2 Reference Tranche in the following order of priority, in each case until its Class Notional Amount is reduced to zero:

(A) first, to the Class 2M-1 and Class 2M-1H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date,

(B) second, to the Class 2M-2 and Class 2M-2H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date,

(C) third, to the Class 2B-H Reference Tranche, and

(D) fourth, to the Class 2A-H Reference Tranche.

(d) Allocation of Calculated Tranche Write-down Amounts to the Reference Tranches.

(i) On each Payment Date on or prior to the Group 1 Termination Date, after allocation of the Senior Reduction Amount and Subordinate Reduction Amount with respect to Loan Group 1, the Calculated Tranche Write-down Amount for the Group 1 Notes, if any, for such Payment Date will be allocated to reduce the Class Notional Amount of each Group 1 Reference Tranche in the following order of priority, in each case until its Class Notional Amount is reduced to zero:

(A) first, to the Class 1B-H Reference Tranche,

(B) second, to the Class 1M-2 and Class 1M-2H Reference Tranches, *pro rata*, based on their Class Notional Amounts,

(C) third, to the Class 1M-1 and Class 1M-1H Reference Tranches, *pro rata*, based on their Class Notional Amounts, and

(D) fourth, to the Class 1A-H Reference Tranche.

(ii) On each Payment Date on or prior to the Group 2 Termination Date, after allocation of the Senior Reduction Amount and Subordinate Reduction Amount with respect to Loan Group 2, the Calculated Tranche Write-down Amount for the Group 2 Notes, if any, for such Payment Date will be allocated to reduce the Class Notional Amount of each Group 2 Reference Tranche in the following order of priority, in each case until its Class Notional Amount is reduced to zero:

(A) first, to the Class 2B-H Reference Tranche,

(B) second, to the Class 2M-2 and Class 2M-2H Reference Tranches, *pro rata*, based on their Class Notional Amounts,

(C) third, to the Class 2M-1 and Class 2M-1H Reference Tranches, *pro rata*, based on their Class Notional Amounts, and

(D) fourth, to the Class 2A-H Reference Tranche.

(e) Allocation of Calculated Tranche Write-up Amounts to the Reference Tranches.

(i) On each Payment Date on or prior to the Group 1 Termination Date, after allocation of the Senior Reduction Amount, Subordinate Reduction Amount and Calculated Tranche Write-down Amounts with respect to Loan Group 1, the related Calculated Tranche Write-up Amount, if any, for such Payment Date will be allocated to increase the Class Notional Amount of each Group 1 Reference Tranche in the following order of priority until the cumulative Calculated Tranche Write-up Amounts allocated to each such Group 1 Reference Tranche is equal to the cumulative Calculated Tranche Write-down Amounts previously allocated to such

Group 1 Reference Tranche on or prior to such Payment Date:

- (A) first, to the Class 1A-H Reference Tranche,
- (B) second, to the Class 1M-1 and Class 1M-1H Reference Tranches, *pro rata*, based on their Class Notional Amounts,
- (C) third, to the Class 1M-2 and Class 1M-2H Reference Tranches, *pro rata*, based on their Class Notional Amounts, and
- (D) fourth, to the Class 1B-H Reference Tranche.

(ii) On each Payment Date on or prior to the Group 2 Termination Date, after allocation of the Senior Reduction Amount, Subordinate Reduction Amount and Calculated Tranche Write-down Amounts with respect to Loan Group 2, the related Calculated Tranche Write-up Amount, if any, for such Payment Date will be allocated to increase the Class Notional Amount of each Group 2 Reference Tranche in the following order of priority until the cumulative Calculated Tranche Write-up Amounts allocated to each such Group 2 Reference Tranche is equal to the cumulative Calculated Tranche Write-down Amounts previously allocated to such Group 2 Reference Tranche on or prior to such Payment Date:

- (A) first, to the Class 2A-H Reference Tranche,
- (B) second, to the Class 2M-1 and Class 2M-1H Reference Tranches, *pro rata*, based on their Class Notional Amounts,
- (C) third, to the Class 2M-2 and Class 2M-2H Reference Tranches, *pro rata*, based on their Class Notional Amounts, and
- (D) fourth, to the Class 2B-H Reference Tranche.

Section 3.04. Principal Payments and Other Allocations on Notes.

(a) Reductions in Class Principal Balances of the Notes. On each Payment Date on or prior to the Group 1 Termination Date or Group 2 Termination Date, as applicable, the Class Principal Balance of each Class of Notes will be reduced, without any corresponding payment of principal, by the amount of the reduction, if any, in the Class Notional Amount of the Corresponding Class of Reference Tranche due to the allocation of the related Calculated Tranche Write-down Amounts to such Class of Reference Tranche on such Payment Date pursuant to Section 3.03(d) above.

(b) Increases in Class Principal Balances of the Notes. On each Payment Date on or prior to the Group 1 Termination Date or Group 2 Termination Date, as applicable, the Class Principal Balance of each Class of Notes will be increased by the amount of the increase, if any, in the Class Notional Amount of the Corresponding Class of Reference Tranche due to the allocation of the related Calculated Tranche Write-up Amounts to such Class of Reference Tranche on such Payment Date pursuant to Section 3.03(e) above.

(c) Principal Payments on the Notes. On each Payment Date on or prior to the Group 1 Termination Date or Group 2 Termination Date, as applicable, Fannie Mae will pay principal on each Class of Notes in reduction of its Class Principal Balance in an amount equal to the portion of the related Senior Reduction Amount and/or Subordinate Reduction Amount, as applicable, allocated to reduce the Class Notional Amount of the Corresponding Class of Reference Tranche on such Payment Date pursuant to Sections 3.03(b) and (c) above.

Section 3.05. Determination of One-Month LIBOR. Pursuant to the terms of the Global Agency Agreement, the Global Agent shall calculate the Class Coupons for the Notes for each Accrual Period (after the first Accrual Period) on the applicable LIBOR Adjustment Date.

"One-Month LIBOR" will be determined by using the "Interest Settlement Rate" for U.S. dollar deposits with a maturity of one month set by ICE Benchmark Administration ("ICE") as of 11:00 a.m. (London time) on the LIBOR Adjustment Date (the "ICE Method").

ICE's Interest Settlement Rates are currently displayed on the ICE Secure File Transfer Protocol service or on the Reuters Screen LIBOR01 Page. That page, or any other page that may replace the ICE Secure File Transfer Protocol service or the Reuters Screen LIBOR01 Page on that service or any other service ICE nominates as the information vendor to display ICE's Interest Settlement Rates for deposits in U.S. dollars, is a "Designated Page." ICE's Interest Settlement Rates currently are rounded to six decimal places (and rounded up to five decimal places where the sixth digit is five or greater).

If ICE's Interest Settlement Rate does not appear on the Designated Page as of 11:00 a.m. (London time) on a LIBOR Adjustment Date, or if the Designated Page is not then available, One-Month LIBOR for that date will be the most recently published Interest Settlement Rate. If ICE no longer sets an Interest Settlement Rate, Fannie Mae will designate an alternative index taking into account general compatibility with ICE's Interest Settlement Rate and other factors.

Section 3.06. Payment Procedures; Record Date.

(a) Procedures. Payments of principal and interest due to Holders of Classes maintained on the DTC System shall be paid by Fannie Mae (or the Global Agent) to DTC in immediately available funds. DTC shall be responsible for crediting the amount of such payments to the accounts of the applicable DTC Participants in accordance with its normal procedures. Payments with respect to Common Depository Notes shall be credited to Euroclear participants, Clearstream participants or participants of any other applicable clearing system in accordance with the relevant system's rules and procedures.

Payments to a Holder of a definitive Note shall be made by electronic transfer of funds not later than the applicable Payment Date to a bank account designated by such Holder; provided, however, that the final payment on any definitive Note shall be made only upon presentation and surrender of the Holder's Note at the office of the Global Agent or other paying agent, as described in Section 4.04.

In the event of a principal or interest payment error, Fannie Mae, in its sole discretion, may effect corrections by the adjustment of payments to be made on future Payment Dates or in such other manner as it deems appropriate.

(b) Record Date. Any payment made on a Class on any Payment Date shall be made to the Holders of record of such Class as of the related Record Date.

Section 3.07. Maturity. On the Maturity Date, Fannie Mae shall pay 100% of the Class Principal Balance as of such date to the Holders of each Class of Notes, after taking into account any allocations of any Calculated Tranche Write-down Amounts and Calculated Tranche Write-up Amounts applicable to such Classes for such Payment Date.

Section 3.08. Early Redemption Option.

(a) On any Payment Date on or after the Payment Date on which the aggregate unpaid balance of the Reference Obligations in Loan Group 1 is less than or equal to 10% of the Group 1 Cut-off Date Balance, Fannie Mae may, at its option, redeem the Group 1 Notes. On such Payment Date, Fannie Mae shall pay 100% of the outstanding Class Principal Balance of each Class of Group 1 Notes, plus accrued and unpaid interest on such Notes, together with any related unpaid fees and expenses of the Global Agent.

(b) On any Payment Date on or after the Payment Date on which the aggregate unpaid balance of the Reference Obligations in Loan Group 2 is less than or equal to 10% of the Group 2 Cut-off Date Balance, Fannie Mae may, at its option, redeem the Group 2 Notes. On such Payment Date, Fannie Mae shall pay 100% of the outstanding Class Principal Balance of each Class of Group 2 Notes, plus accrued and unpaid interest on such Notes, together with any related unpaid fees and expenses of the Global Agent.

(c) Notice of optional redemption shall be given (i) by Fannie Mae to the Global Agent not less than ten Business Days nor more than 65 calendar days prior to the Payment Date of the redemption in the manner provided in Section 10(d) of the Global Agency Agreement, and (ii) by the Global Agent to Holders of the related Notes not less than five Business Days nor more than 60 calendar days prior to the Payment Date of the redemption in the manner provided in Section 6.08.

Section 3.09. Selling Restrictions. Subject to Fannie Mae's written consent to an exception in connection with the initial sale of the Notes (which consent may be provided or withheld in Fannie Mae's sole discretion), each purchaser of a Note, in making its purchase, will be deemed to have acknowledged, represented and agreed as follows:

(a) Such purchaser (i) is a Qualified Institutional Buyer and (ii) is purchasing for its own account (and not for the account of others) or as a fiduciary or agent for others (which others also are Qualified Institutional Buyers). Such purchaser is aware that it (or any account for which it is purchasing) may be required to bear the economic risk of an investment in the Notes for an indefinite period, and it (or such account) is able to bear such risk for an indefinite period.

(b) No sale, pledge or other transfer of any Note may be made by any person unless (i) such sale, pledge or other transfer is made to Fannie Mae or (ii) such sale, pledge or other transfer is made to a person whom the seller reasonably believes after due inquiry is a Qualified Institutional Buyer acting for its own account (and not for the account of others) or as a fiduciary or agent for others (which others also are Qualified Institutional Buyers) to whom

notice is given that the sale, pledge or transfer of the Note is restricted to Qualified Institutional Buyers.

(c) The Notes will bear the following legends (and such legends will satisfy the notice requirement referred to in (b)(ii) above), unless Fannie Mae determines otherwise in accordance with applicable law:

SUBJECT TO LIMITED EXCEPTIONS IN CONNECTION WITH THE INITIAL SALE OF THE NOTES AS PROVIDED IN THE DEBT AGREEMENT, BY ITS ACCEPTANCE OF THIS NOTE THE HOLDER OF THIS NOTE IS DEEMED TO REPRESENT THAT IT IS A QUALIFIED INSTITUTIONAL BUYER (AS SUCH TERM IS DEFINED IN THE DEBT AGREEMENT, DATED JULY 22, 2015) AND IS ACQUIRING SUCH NOTE FOR ITS OWN ACCOUNT (AND NOT FOR THE ACCOUNT OF OTHERS) OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHICH OTHERS ALSO ARE QUALIFIED INSTITUTIONAL BUYERS) TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS RESTRICTED TO QUALIFIED INSTITUTIONAL BUYERS.

NO SALE, PLEDGE OR OTHER TRANSFER OF THIS NOTE MAY BE MADE BY ANY PERSON UNLESS (I) SUCH SALE, PLEDGE OR OTHER TRANSFER IS MADE TO FANNIE MAE OR (II) SUCH SALE, PLEDGE OR OTHER TRANSFER IS MADE TO A PERSON WHOM THE TRANSFEROR REASONABLY BELIEVES AFTER DUE INQUIRY IS A QUALIFIED INSTITUTIONAL BUYER ACTING FOR ITS OWN ACCOUNT (AND NOT FOR THE ACCOUNT OF OTHERS) OR AS A FIDUCIARY OR AGENT FOR OTHERS (WHICH OTHERS ALSO ARE QUALIFIED INSTITUTIONAL BUYERS) TO WHOM NOTICE IS GIVEN THAT THE SALE, PLEDGE OR TRANSFER IS RESTRICTED TO QUALIFIED INSTITUTIONAL BUYERS. ANY ATTEMPTED TRANSFER IN CONTRAVENTION OF THE IMMEDIATELY PRECEDING RESTRICTIONS WILL BE VOID AB INITIO AND THE PURPORTED TRANSFEROR WILL CONTINUE TO BE TREATED AS THE OWNER OF THE NOTES FOR ALL PURPOSES.

BY ITS PURCHASE OF A NOTE (OR A BENEFICIAL INTEREST THEREIN), THE PURCHASER THEREOF WILL REPRESENT OR WILL BE DEEMED TO REPRESENT AND WARRANT EITHER THAT (A) IT IS NOT AND IS NOT ACTING ON BEHALF OF: (I) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF ERISA THAT IS SUBJECT TO TITLE I OF ERISA, (II) A PLAN DESCRIBED IN SECTION 4975(e)(1) OF THE CODE THAT IS SUBJECT TO SECTION 4975 OF THE CODE, (III) AN ENTITY WHICH IS DEEMED TO HOLD THE ASSETS OF ANY SUCH PLAN PURSUANT TO 29 C.F.R. SECTION 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA, WHICH EMPLOYEE BENEFIT PLAN, PLAN OR ENTITY IS SUBJECT TO TITLE I OF ERISA OR SECTION 4975 OF THE CODE, OR (IV) A GOVERNMENTAL, CHURCH OR FOREIGN PLAN WHICH IS SUBJECT TO SIMILAR LAW OR (B) ITS PURCHASE, OWNERSHIP OR DISPOSITION OF SUCH NOTE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL OR CHURCH PLAN, OR FOREIGN PLAN, ANY VIOLATION OF SIMILAR LAW).

ARTICLE IV

Form; Clearance and Settlement Procedures; Minimum Denominations; Definitive Notes

Section 4.01. Form of Notes.

(a) General. Notes shall be deposited with (i) a custodian for, and registered in the name of a nominee of, DTC, or (ii) a Common Depository, and registered in the name of such Common Depository or a nominee of such Common Depository.

(b) Title. The person in whose name a Note is registered in the Register shall be the Holder of such Note. Beneficial interests in a Note shall be represented, and transfers thereof shall be effected, only through book-entry accounts of financial institutions acting on behalf of the Beneficial Owners of such Note, as a direct or indirect participant in the applicable clearing system for such Note.

Fannie Mae, the Global Agent and the Registrar may treat the Holders as the absolute owners of Notes for the purpose of making payments and for all other purposes, whether or not such Notes shall be overdue and notwithstanding any notice to the contrary. Owners of beneficial interests in a Note shall not be considered by Fannie Mae, the Global Agent or the Registrar as the owner or Holder of such Note and, except as provided in Section 4.04(a), shall not be entitled to have Notes registered in their names and shall not receive or be entitled to receive definitive Notes. Any Beneficial Owner shall rely on the procedures of the applicable clearing system and, if such Beneficial Owner is not a participant therein, on the procedures of the participant through which such Beneficial Owner holds its interest, to exercise any rights of a Holder of such Notes.

(c) Global Agent. The Global Agent acts solely as an agent of Fannie Mae and does not assume any obligation or relationship of agency or trust for or with any Holder of a Note, except that any moneys held by the Global Agent for payment on a Note shall be held in trust for the Holder.

(d) Registrar. In acting under the Global Agency Agreement, the Registrar does not assume any obligation or relationship of agency or trust for, or with, any Holder of a Note.

Section 4.02. Clearance and Settlement Procedures.

(a) General. Notes distributed solely within the United States shall clear and settle through the DTC System, and Notes distributed solely outside of the United States shall clear and settle through the systems operated by Euroclear, Clearstream and/or any other designated clearing system or, in certain cases, DTC.

(b) Primary Distribution.

(i) General. On initial issue, the Notes shall be credited through one or more of the systems specified below.

(ii) DTC. DTC Participants acting on behalf of investors holding DTC Notes shall follow the delivery practices applicable to securities eligible for DTC's Same-

Day Funds Settlement System. DTC Notes shall be credited to DTC Participants' securities accounts following confirmation of receipt of payment to Fannie Mae on the Closing Date.

(iii) Euroclear and Clearstream. Investors holding Common Depository Notes through Euroclear, Clearstream or any other designated clearing system shall follow the settlement procedures applicable to conventional Eurobonds in registered form. Such Common Depository Notes shall be credited to Euroclear, Clearstream or such other clearing system participants' securities accounts either on the Closing Date or on the settlement day following the Closing Date against payment in same-day funds (for value on the Closing Date).

(c) Secondary Market Transfers. Transfers of beneficial interests in Notes within the various systems that may be clearing and settling interests therein shall be made in accordance with the usual rules and operating procedures of the relevant system.

(d) Limitation on Liability. None of Fannie Mae, the Registrar or the Global Agent shall bear any responsibility for the performance of any system of any depository, or the performance of any such system's respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing such system's operations.

Section 4.03. Minimum Denominations. The Notes shall be issued and maintained in the minimum denominations and incremental denominations set forth in Appendix I.

Section 4.04. Exchange for Definitive Notes.

(a) Issuance of Definitive Notes. Beneficial interests in Notes issued in global form shall be subject to exchange for definitive Notes only if such exchange is permitted by applicable law and (i) in the case of a DTC Note, DTC notifies Fannie Mae (or its agent) that it is no longer willing or able to discharge properly its responsibilities as depository with respect to such DTC Note, or ceases to be a "clearing agency" registered under the Securities Exchange Act of 1934, as amended (if so required), or is at any time no longer eligible to act as such, and in each case Fannie Mae is unable to locate a successor within 90 calendar days of receiving such notice on the part of DTC; (ii) in the case of any Common Depository Note, if all of the systems through which it is cleared or settled are closed for business for a continuous period of 14 calendar days (other than by reason of holidays, statutory or otherwise) or are permanently closed for business or have announced an intention permanently to cease business and in any such situations Fannie Mae is unable to locate a single successor within 90 calendar days of such closure; or (iii) an Event of Default has occurred and continues unremedied and a majority of the Holders of DTC Notes advise Fannie Mae and DTC through the DTC Participants in writing that the continuation of a book-entry system through DTC is no longer in the best interests of such Holders. In such circumstances, Fannie Mae shall cause sufficient definitive Notes to be executed and delivered as soon as practicable (and in any event within 45 calendar days of Fannie Mae receiving notice of the occurrence of such circumstances) to the Global Agent or its agent for completion, authentication and delivery to the relevant registered holders of such definitive Notes. A person having an interest in a DTC Note or Common

Depository Note issued in global form shall provide Fannie Mae or the Global Agent with a written order containing instructions and such other information as Fannie Mae or the Global Agent may require to complete, execute and deliver such definitive Notes in authorized denominations.

In the event that definitive Notes are issued in exchange for Notes issued in global form, such definitive Notes shall have terms identical to the Notes for which they were exchanged except as described below.

(b) Title. The person in whose name a definitive Note is registered in the Register shall be the "Holder" of such definitive Note.

(c) Payments. Payments of principal and interest on a definitive Note shall be made by wire transfer of immediately available funds with a bank designated by such Holder that is acceptable to Fannie Mae; provided, that such bank has appropriate facilities therefor and accepts such transfer and such transfer is permitted by any applicable law or regulation and will not subject Fannie Mae to any liability, requirement or unacceptable charge. In order for a Holder to receive such payments, the relevant paying agent (including the Global Agent) must receive at their offices from such Holder (i) in the case of payments on a Payment Date, a written request therefor not later than the close of business on the related Record Date or (ii) in the case of the final principal payment (on the Maturity Date, the Group 1 Early Redemption Date or the Group 2 Early Redemption Date) the related definitive Note not later than two Business Days prior to such Payment Date. Such written request must be delivered to the relevant paying agent (including the Global Agent) by mail, by hand delivery or by any other method acceptable to the relevant paying agent. Any such request shall remain in effect until the relevant paying agent receives written notice to the contrary.

All payments on definitive Notes shall be subject to any applicable law or regulation. If a payment outside the United States is illegal or effectively precluded by exchange controls or similar restrictions, payments in respect of the related definitive Notes may be made at the office of any paying agent in the United States.

(d) Transfer and Exchange. Definitive Notes shall be presented for registration of transfer or exchange (with the form of transfer included thereon properly endorsed, or accompanied by a written instrument of transfer, with such evidence of due authorization and guaranty of signature as may be required by Fannie Mae, the Registrar or the Global Agent, duly executed) at the office of the Registrar or any other transfer agent upon payment of any taxes and other governmental charges and other amounts, but without payment of any service charge to the Registrar or such transfer agent for such transfer or exchange. A transfer or exchange shall not be effective unless, and until, recorded in the Register.

A transfer or exchange of a definitive Note shall be effected upon satisfying the Global Agent with regard to the documents and identity of the person making the request and subject to such reasonable regulations as Fannie Mae may from time to time agree with the Global Agent. Such documents may include forms prescribed by U.S. tax authorities to establish the applicability of, or the exemption from, withholding or other taxes regarding the transferee Holder. Definitive Notes may be transferred or exchanged in whole or in part only in the

authorized denominations of the DTC Notes or other Notes issued in global form for which they were exchanged. In the case of a transfer of a definitive Note in part, a new Note in respect of the balance not transferred shall be issued to the transferor. In addition, replacement of mutilated, destroyed, stolen or lost definitive Notes also is subject to the conditions discussed above with respect to transfers and exchanges generally. Each new definitive Note to be issued upon transfer of such a definitive Note, as well as the definitive Note issued in respect of the balance not transferred, shall be mailed to such address as may be specified in the form or instrument of transfer at the risk of the Holder entitled thereto in accordance with the customary procedures of the Global Agent.

Any Note in definitive form that becomes mutilated, destroyed, stolen or lost shall be replaced by Fannie Mae at the expense of the Holder upon delivery to Global Agent of evidence of the destruction, theft or loss thereof, and an indemnity satisfactory to Fannie Mae and the Global Agent. Upon the issuance of any substituted definitive Note, Fannie Mae or the Global Agent may require the payment by the Holder of a sum sufficient to cover any taxes and expenses connected therewith.

ARTICLE V

Events of Default and Remedies

Section 5.01. Events of Default. An "Event of Default" with respect to the Group 1 Notes or the Group 2 Notes shall consist of any one of the following cases:

(a) any failure by Fannie Mae (or its agent) to pay to Holders of the related Notes any required interest or principal payment that continues unremedied for 30 days;

(b) any failure by Fannie Mae to perform in any material respect any other obligation under this Agreement, which failure continues unremedied for 60 days after the receipt of notice of such failure by Fannie Mae from the Holders of at least 25% of the outstanding Class Principal Balance of the related Notes;

(c) a court having jurisdiction in the premises shall enter a decree or order for relief in respect of Fannie Mae in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appoint a receiver, liquidator, assignee, custodian, or sequestrator (or other similar official) of Fannie Mae or for all or substantially all of its property, or order the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or

(d) Fannie Mae shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, or sequestrator (or other similar official) of Fannie Mae or any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due.

The appointment of a conservator (or other similar official) by a regulator having jurisdiction over Fannie Mae, whether or not Fannie Mae consents to such appointment, will not

constitute an Event of Default.

Section 5.02. Rights Upon Event of Default.

(a) As long as an Event of Default under this Agreement remains unremedied, Holders of not less than 50% of the outstanding Class Principal Balance of each Class of Notes to which such Event of Default relates may, by written notice to Fannie Mae, declare such Notes due and payable and accelerate the maturity of such Notes. Upon such acceleration, the Class Principal Balance of such Notes and the interest accrued thereon shall be due and payable.

(b) Prior to or after the institution of any action or proceeding relating to the Notes, the Holders of not less than 50% of the outstanding Class Principal Balance of each Class of Notes to which an Event of Default relates may waive such Event of Default as it relates to such Class at any time, whether or not it has resulted in a declaration of an acceleration of the maturity of the Notes, and may rescind and annul any previously declared acceleration.

(c) No Holder has any right under this Agreement to institute any action or proceeding at law or in equity or in bankruptcy or otherwise, or for the appointment of a receiver or trustee, or for any other remedy, unless:

(i) the Holder previously has given written notice to Fannie Mae of an Event of Default and the continuance thereof;

(ii) the Holders of not less than 50% of the outstanding Class Principal Balance of each Class of Notes to which such Event of Default relates have given Fannie Mae written notice of the Event of Default; and

(iii) the Event of Default continues uncured for 60 days following such notice.

(d) Whenever in this Agreement it is provided that the Holders of a specified percentage in outstanding Class Principal Balance of the Notes may take any action (including the making of any demand or request, or the giving of any authorization, notice, consent or waiver), the fact that at the time of taking any such action the Holders of such specified percentage have joined therein may be evidenced by a writing, or any number of writings of similar tenor, executed by Holders in person, or by an agent or proxy appointed in writing.

(e) No Holder of a Note has any right in any manner whatsoever by virtue of or by availing itself of any provision of this Agreement to affect, disturb or prejudice the rights of any other such Holder, or to obtain or seek to obtain preference or priority over any other such Holder or to enforce any right under this Agreement, except in the manner provided in this Agreement and for the ratable and common benefit of all such Holders.

**ARTICLE VI
Miscellaneous Provisions**

Section 6.01. Limitations on Liability of Fannie Mae and Others. Neither Fannie Mae nor any of its directors, officers, employees or agents shall be under any liability to the Holders or Beneficial Owners for any action taken, or not taken, by them in good faith under this

Agreement or for errors in judgment. This provision will not protect Fannie Mae or any other related person against any liability which would otherwise be imposed by reason of willful misfeasance, bad faith or gross negligence or by reason of reckless disregard of obligations and duties under this Agreement. Fannie Mae and such related persons shall have no liability of whatever nature for special, indirect or consequential damages, lost profits or business, or any other liability or claim (other than for direct damages), even if reasonably foreseeable, or Fannie Mae or such related persons have been advised of the possibility of such loss, damage, liability or claim. Fannie Mae and such related persons may rely in good faith on any document or other communication of any kind properly submitted by any person (in writing or electronically) with respect to any matter arising under this Agreement.

In performing its responsibilities under this Agreement, Fannie Mae may employ agents or independent contractors. Except upon an Event of Default, Fannie Mae and any such agents shall not be subject to the control of Holders in any manner in the discharge of its responsibilities pursuant to this Agreement.

Fannie Mae shall be under no obligation to appear in, prosecute or defend any legal action that is not incidental to its responsibilities under this Agreement and which in its opinion may involve it in any expense or liability. However, Fannie Mae may in its discretion undertake any such legal action which it may deem necessary or desirable in the interests of the Holders. In such event, the legal expenses and costs of such action shall be expenses and costs of Fannie Mae.

Section 6.02. Binding Effect of this Agreement. By receiving and accepting a Note, each Holder, financial intermediary and Beneficial Owner of such Note unconditionally agrees, without any signature or further manifestation of assent, to be bound by the terms and conditions of this Agreement, as amended, supplemented or otherwise modified from time to time in accordance with its terms.

This Agreement shall be binding upon and inure to the benefit of any successor to Fannie Mae.

Section 6.03 Tax Treatment of the Notes. By purchasing the Notes, the Holders and Beneficial Owners agree to treat such Notes as indebtedness of Fannie Mae for U.S. federal income tax purposes, unless such Holders or Beneficial Owners are required to treat the Notes in some other manner pursuant to a final determination by the U.S. Internal Revenue Service or by a court of competent jurisdiction (each a "Final Tax Determination"). Holders and Beneficial Owners further agree to prepare their U.S. federal income tax returns on the basis that the Notes will be treated as indebtedness of Fannie Mae and to report items of income, deduction, gain or loss with respect to the Notes in a manner consistent with the information reported to them pursuant to Section 3.01(c), unless otherwise required pursuant to a Final Tax Determination.

Section 6.04. Limitation of Rights of Holders. The death or incapacity of any person having an interest, beneficial or otherwise, in a Note shall not operate to terminate this Agreement, nor entitle the legal representatives or heirs of such person or any Holder for such person to claim an accounting, take any action or bring any proceeding in any court for a termination of any Notes, nor otherwise affect the rights, obligations and liabilities of the parties

hereto or any of them.

Section 6.05. Conditions to Payment, Transfer or Exchange. Fannie Mae, its agent or any other person potentially required to withhold with respect to payments on a Note shall have the right to require a Holder of a Note, as a condition to payment of principal of or interest on such Note, or as a condition to transfer or exchange of such Note, to present at such place as Fannie Mae, its agent or such other person shall designate, a certificate in such form as Fannie Mae, its agent or such other person may from time to time prescribe, to enable Fannie Mae, its agent or such other person to determine its duties and liabilities with respect to (i) any taxes, assessments or governmental charges which Fannie Mae, the Global Agent or such other person, as the case may be, may be required to deduct or withhold from payments in respect of such Note under any present or future law of the United States or jurisdiction therein or any regulation or interpretation of any taxing authority thereof; and (ii) any reporting or other requirements under such laws, regulations or interpretations. Fannie Mae, its agent or such other person shall be entitled to determine its duties and liabilities with respect to such deduction, withholding, reporting or other requirements on the basis of information contained in such certificate or, if no certificate shall be presented, on the basis of any presumption created by any such law, regulation or interpretation, and shall be entitled to act in accordance with such determination.

Section 6.06. Amendment.

(a) Fannie Mae may modify, amend or supplement this Agreement and the terms of the Notes, without the consent of the Holders or Beneficial Owners, but with the written consent of the Global Agent (which consent shall not be unreasonably withheld, conditioned or delayed) and with prior written notice to each NRSRO, (i) to cure any ambiguity, to correct or supplement any defective provision or to make any other provision with respect to matters or questions arising under this Agreement or the terms of any Note that are not inconsistent with any other provision of this Agreement or the Note if the amendment does not materially and adversely affect any Holder; (ii) to conform the terms of this Agreement to the terms of the Prospectus; (iii) to add to the covenants of Fannie Mae for the benefit of the Holders or surrender any right or power conferred upon Fannie Mae; (iv) to evidence the succession of another entity to Fannie Mae and its assumption of the covenants of Fannie Mae; (v) to conform the terms of an issue of Notes or cure any ambiguity or discrepancy resulting from any changes in the book-entry rules or any regulation or document that are applicable to book-entry securities of Fannie Mae or (vi) in any other manner that Fannie Mae may determine and that will not, in the opinion of Fannie Mae, adversely affect in any material respect the interests of Holders or Beneficial Owners at the time of such modification, amendment or supplement. Notwithstanding these rights, Fannie Mae will not be permitted to make any amendment to the Debt Agreement or the terms of the Notes unless Fannie Mae has received an opinion of nationally-recognized tax counsel to the effect that, and subject to customary assumptions, qualifications and exclusions, Holders will not recognize income, gain or loss as a result of such amendment.

(b) In addition, with the written consent of the Holders of at least 50% of the aggregate then outstanding Class Principal Balance of the Notes, excluding any such Notes owned by Fannie Mae, and with the written consent of the Global Agent (which consent shall not be unreasonably withheld, conditioned or delayed) and with prior written notice to each NRSRO, Fannie Mae may, from time to time and at any time, modify, amend or supplement the terms of

the Notes for the purpose of adding any provisions to or changing in any manner or eliminating any provisions of such Notes or modifying in any manner the rights of the Holders; provided, however, that no such modification, amendment or supplement may, without the written consent or affirmative vote of each Holder of an affected Note: (A) change the Maturity Date or any monthly Payment Date of such Note; (B) materially modify the redemption or repayment provisions, if any, relating to the redemption or repayment price of, or any redemption or repayment date or period for, such Note; (C) reduce the Class Principal Balance of (other than as provided for in this Agreement), delay the principal payment of (other than as provided for in this Agreement), or materially modify the rate of interest or the calculation of the rate of interest on, such Note; or (D) reduce the percentage of Holders whose consent or affirmative vote is necessary to modify, amend or supplement the terms of the Notes.

A quorum at any meeting of Holders called to adopt a resolution shall be Holders entitled to vote a majority of the then aggregate outstanding Class Principal Balance of the affected Notes called to such meeting and, at any reconvened meeting adjourned for lack of a quorum, 25% of the then aggregate outstanding Class Principal Balance of the affected Notes, in both cases excluding any Notes owned by Fannie Mae. It shall not be necessary for the Holders to approve the particular form of any proposed amendment, but it shall be sufficient if such consent or resolution approves the substance of such change.

(c) Fannie Mae may establish a record date for the determination of Holders entitled to grant any consent in respect of Notes and to notify with respect to any such consent.

(d) Any instrument given by or on behalf of any Holder of a Note in connection with any consent to any such modification, amendment or supplement shall be irrevocable once given and shall be conclusive and binding on all subsequent Holders of such Note or any Note issued, directly or indirectly, in exchange or substitution therefor, irrespective of whether or not notation in regard thereto is made thereon. Any modification, amendment or supplement of this Agreement or of the terms of Notes shall be conclusive and binding on all Holders of Notes affected thereby, whether or not they have given such consent (unless by the terms of this Agreement a written consent or an affirmative vote of such Holders is required), and whether or not notation of such modification, amendment or supplement is made upon the Notes.

Section 6.07. Persons Deemed Owners. Fannie Mae, the Registrar, DTC and the Common Depositories (or any agent of any of them), may deem and treat the Holder as the absolute owner of a Note for the purpose of receiving payment of principal or interest and for all other purposes, and none of Fannie Mae, the Registrar, DTC and the Common Depositories, nor any agent of any of them, shall be affected by any notice to the contrary. All such payments so made to any such Holder or upon such Holder's order shall be valid, and, to the extent of the sum or sums paid, effectual to satisfy and discharge the duty for monies payable by Fannie Mae upon the Holder's Note. A Holder is not necessarily the beneficial owner of a Note. The rights of a beneficial owner of a Note with respect to Fannie Mae and the Registrar may be exercised only through the Holder. The rights of a beneficial owner of a Note with respect to DTC and the Common Depositories may be exercised only through the applicable DTC Participant. Neither Fannie Mae nor the Registrar shall have any direct obligation to a beneficial owner that is not also the Holder of a Note. DTC and the Common Depository will have no direct obligation to a beneficial owner that is not also a DTC Participant, with respect to such Note.

Section 6.08. Notice.

(a) Any notice, demand or other communication which by any provision of this Agreement is required or permitted to be given to or served upon any Holder may be given or served in writing by deposit thereof, postage prepaid, in the mail, addressed to such Holder as (i) such Holder's name and address may appear in the Register, (ii) in the case of a Holder of a DTC Note, by transmission to such Holder through the DTC communication system or (iii) in the case of a Common Depository Note, by transmission to such Holder through the Common Depository system. Such notice, demand or other communication to or upon any Holder shall be deemed to have been sufficiently given or made, for all purposes, upon mailing or transmission.

(b) Except as set forth in Section 4.04 of this Agreement, any notice, demand or other communication which by any provision of this Agreement is required or permitted to be given to or served upon Fannie Mae shall be given in writing addressed (until another address is published by Fannie Mae) as follows: Fannie Mae, 3900 Wisconsin Avenue, NW, Washington, DC 20016-2892, Attention: General Counsel and Secretary. Such notice, demand or other communication to or upon Fannie Mae shall be deemed to have been sufficiently given or made only upon actual receipt of the writing by Fannie Mae.

Section 6.09. Governing Law. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE HOLDERS AND FANNIE MAE WITH RESPECT TO THE NOTES SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE UNITED STATES. INsofar AS THERE MAY BE NO APPLICABLE PRECEDENT, AND INsofar AS TO DO SO WOULD NOT FRUSTRATE THE PURPOSES OF THE CHARTER ACT OR ANY PROVISION OF THIS AGREEMENT OR THE TRANSACTIONS GOVERNED THEREBY, THE LAWS OF THE STATE OF NEW YORK SHALL BE DEEMED REFLECTIVE OF THE LAWS OF THE UNITED STATES.

Section 6.10. Headings. The Article, Section and Subsection headings are for convenience only and shall not affect the construction of this Agreement.

Section 6.11. Successors. This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors, including any successor by operation of law, and permitted assigns.

[Signature page follows]

RECEIPT AND ACCEPTANCE OF A NOTE ISSUED HEREUNDER BY OR ON BEHALF OF A HOLDER, WITHOUT ANY SIGNATURE OR FURTHER MANIFESTATION OF ASSENT, SHALL CONSTITUTE THE UNCONDITIONAL ACCEPTANCE BY THE HOLDER AND ALL OTHERS HAVING A BENEFICIAL INTEREST IN SUCH NOTE OF ALL THE TERMS AND PROVISIONS OF THIS AGREEMENT AND THE AGREEMENT OF FANNIE MAE, SUCH HOLDER AND SUCH OTHERS THAT THOSE TERMS AND PROVISIONS SHALL BE BINDING, OPERATIVE AND EFFECTIVE AS BETWEEN FANNIE MAE AND SUCH HOLDER AND SUCH OTHERS.

**FEDERAL NATIONAL MORTGAGE
ASSOCIATION**

By: _____

Name:

Title:

APPENDIX I

CONNECTICUT AVENUE SECURITIES, SERIES 2015-C03

NOTE TERMS

\$1,557,054,000

Class of Notes	Loan Group	Initial Class Principal Balance	CUSIP Number	Maturity Date	Minimum Denominations	Incremental Denominations
1M-1	1	\$254,975,000	30711X BA1	July 2025	\$10,000	\$1
1M-2	1	\$644,149,000	30711X BB9	July 2025	\$10,000	\$1
2M-1	2	\$257,451,000	30711X BC7	July 2025	\$10,000	\$1
2M-2	2	\$400,479,000	30711X BD5	July 2025	\$10,000	\$1

The Notes bear interest as shown in the following table. The initial Class Coupons apply only to the first Accrual Period. The Global Agent determines One-Month LIBOR using the ICE Method as described in Section 3.05.

Class of Notes	Initial Class Coupon	Class Coupon*
1M-1	1.68900%	One-Month LIBOR + 1.50%
1M-2	5.18900%	One-Month LIBOR + 5.00%
2M-1	1.68900%	One-Month LIBOR + 1.50%
2M-2	5.18900%	One-Month LIBOR + 5.00%

* Subject to a minimum rate of 0.00%.