

**\$105,396,000 (Approximate)****Federal National Mortgage Association**
**Guaranteed REMIC Pass-Through Certificates**  
**Fannie Mae Multifamily REMIC Trust 1995-M4**

The Guaranteed REMIC Pass-Through Certificates offered hereby (the "Certificates") will represent beneficial ownership interests in one of two trust funds. The Certificates, other than the RL Class, will represent beneficial ownership interests in Fannie Mae Multifamily REMIC Trust 1995-M4 (the "Trust"). The Certificates (other than the RL Class), together with the three classes of subordinate certificates (individually, a "Subordinate Class" and, collectively, the "Subordinate Classes"), which are not offered hereby, will represent the entire beneficial ownership interest in the Trust. The assets of the Trust will consist of the "regular interests" in a separate trust fund (the "Lower Tier REMIC"). The assets of the Lower Tier REMIC will consist primarily of a pool (the "Mortgage Pool") of conventional, monthly pay, mortgage loans (each, a "Mortgage Loan") secured by multifamily projects (each, a "Mortgaged Property") consisting primarily of five or more cooperative units, but also will contain certain Mortgaged Properties consisting of five or more rental units. The Mortgage Pool contains Balloon Mortgage Loans representing approximately 95% of the Issue Date Pool Balance and will consist primarily of Fixed Rate Mortgage Loans, but also will contain ARM Loans. The Mortgage Loans and the Mortgaged Properties are more fully described herein under "Description of the Mortgage Pool" and on Exhibit A hereto.

The Certificates will be issued and guaranteed by Fannie Mae as to the timely distribution of interest on the Certificates and the Required Senior Principal Distribution Amount. The rights of Holders of Certificates will be senior to the rights of the holders of the Subordinate Classes. **Fannie Mae will not guarantee (i) the Subordinate Classes or (ii) the payment to Certificateholders of any Prepayment Premiums or Yield Maintenance Charges.** See "Description of the Certificates—General—Fannie Mae Guaranty" herein.

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

(Cover continued on next page)

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

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

Class(1)	Original Principal Balance(2)	Principal Type(3)	Interest Rate	Interest Type(3)	CUSIP Number	Final Distribution Date(4)
A-1.....	\$28,612,000	SEO	6.300	FIX	31359LD36	December 2015
A-2.....	58,900,000	SEO	6.484	FIX	31359LD44	December 2015
A-3.....	17,884,000	SEO	(6)	WAC	31359LD51	December 2015
XS.....	(5)	NTL	(7)	WAC/IO	31359LD69	December 2015
R.....	0	NPR	0	NPR	31359LD77	December 2015
RL.....	0	NPR	0	NPR	31359LD85	December 2015

(1) The Classes (other than the R and RL Classes) will be entitled to receive distributions of Prepayment Premiums and Yield Maintenance Charges which may be received with respect to Mortgage Loans for which a principal prepayment is received, to the extent described under "Description of the Certificates—Allocation of Prepayment Premiums and Yield Maintenance Charges" herein.

(2) Subject to a permitted variance of plus or minus 5%.

(3) See "Description of the Certificates—Class Definitions and Abbreviations" in the Multifamily REMIC Prospectus and "Description of the Certificates—Distributions of Interest" and "—Distributions of Principal" herein.

(4) The latest maturing Mortgage Loan is scheduled to mature November 30, 2010. See Exhibit A hereto. The Final Distribution Date reflects (i) the right to extend the maturity of a Mortgage Loan for three years beyond its original stated maturity date, and (ii) an additional two year period to foreclose upon or liquidate such Mortgage Loan. See "The Trust Agreement—Servicing of the Mortgage Loans—Modifications, Waivers and Amendments" herein.

(5) The XS Class will be a Notional Class, will have no principal balance and will bear interest on its notional principal balance (initially \$105,396,000). The notional principal balance of the XS Class will be calculated based on the outstanding aggregate Class Balance of the Class A-1, A-2 and A-3 Certificates.

(6) Initially, 6.633% per annum. The A-3 Class will bear interest at a variable rate per annum which will equal the lesser of 6.633% or the Weighted Average Net Mortgage Rate for the Mortgage Loans.

(7) Initially, 0.79904% per annum for the XS Class. The XS Class will bear interest at a variable rate per annum which will equal the excess, if any, of the Weighted Average Net Mortgage Rate for the Mortgage Loans, over the Class A-1, A-2 and A-3 Certificate Rates, respectively.

The Certificates will be offered by CS First Boston Corporation ("CS First Boston" or the "Dealer") from time to time in negotiated transactions, at varying prices to be determined at time of sale.

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

**CS First Boston**

The date of this Prospectus Supplement is November 27, 1995.

(Cover continued from previous page)

## RISK FACTORS

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

- Subject to certain restrictions (including Lock-Out Periods and/or the imposition of Prepayment Premiums and Yield Maintenance Charges (as hereinafter defined)) on principal prepayments (as hereinafter defined), Mortgage Loans generally may be prepaid prior to their stated maturities; accordingly, the rate of principal payments thereon is likely to vary considerably from time to time. See “Description of the Certificates—Yield Considerations” on pages S-14 through S-17 and “Description of the Mortgage Pool—Certain Terms and Conditions of the Mortgage Loans—Prepayment Provisions” on pages S-27 and S-28. As used herein, “principal prepayment” means any payment or other collection of principal on a Mortgage Loan which is received in advance of its scheduled due date and which is not accompanied by an amount of interest representing scheduled interest due on any date or dates in any month or months subsequent to the month of payment.
  - Slight variations in Mortgage Loan characteristics could substantially affect the weighted average lives and yields of some or all of the Classes. See “Description of the Certificates—Yield Considerations” on pages S-14 through S-17 and “Description of the Certificates—Weighted Average Lives of the Certificates” on pages S-17 through S-18.
  - In the case of any Certificates purchased at a discount from their principal amounts, a slower than anticipated rate of principal payments is likely to result in a lower than anticipated yield. See “Description of the Certificates—Yield Considerations” on pages S-14 through S-17.
  - In the case of any Certificates purchased at a premium to their principal amounts, a faster than anticipated rate of principal payments is likely to result in a lower than anticipated yield. See “Description of the Certificates—Yield Considerations” on pages S-14 through S-17.
  - In the case of any Notional Class, a faster than anticipated rate of principal payments is likely to result in a lower than anticipated yield and, in certain cases, an actual loss on the investment. See “Description of the Certificates—Yield Considerations—The Interest Only Class” on pages S-16 and S-17.
  - The allocation to any Class of any Prepayment Premium or Yield Maintenance Charge may be insufficient to offset fully the adverse effects on the anticipated yield arising out of the corresponding principal prepayment. See “Description of the Certificates—Allocation of Prepayment Premiums and Yield Maintenance Charges” on pages S-12 and S-13 and Description of the Mortgage Pool—Certain Terms and Conditions of the Mortgage Loans—Prepayment Provisions” on pages S-27 and S-28.
  - The Trust Agreement (as hereinafter defined) permits the modification (including an extension) of a Mortgage Loan under certain circumstances. See “The Trust Agreement—Servicing of the Mortgage Loans—Modifications, Waivers and Amendments” on page S-20. Any extension of a Mortgage Loan is likely to cause an extension of the weighted average life of a Certificate. In addition, failure of a Mortgagor to timely make a Balloon Payment (as hereinafter defined) is also likely to cause an extension of the weighted average life of a Certificate. See “Certain Aspects of Multifamily REMIC Pass-Through Certificates—1. Balloon Mortgage Loans and Extension Risk,” “Description of the Certificates—Yield Considerations” on pages S-14 through S-17 and “Description of the Certificates—Weighted Average Lives of the Certificates” on pages S-17 through S-18.
  - The yields and weighted average lives (and, therefore, the date of actual final payment) of the Certificates will be affected by the disproportionately higher allocation of principal payments to Certificates *vis-a-vis* the Subordinate Classes. See “Description of the Certificates—Distributions of Principal—Principal Distribution Amount” on pages S-11 and S-12.
- See “Description of the Certificates—Yield Considerations” on pages S-14 through S-17.

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

- The actual final payment of any Class of Certificates will likely occur earlier, and could occur much earlier, than the Final Distribution Date for such Class specified on the cover page. See “Description of the Certificates—Weighted Average Lives of the Certificates” on pages S-17 and S-18 and “Maturity and Prepayment Considerations and Risks—Weighted Average Life and Final Distribution Dates” in the Multifamily REMIC Prospectus.
- The rate of principal distributions of the Certificates is uncertain and investors may be unable to reinvest the distributions thereon at yields equaling the yields on the Certificates. See “Yield Considerations—Reinvestment Risk” in the Multifamily REMIC Prospectus and “Description of the Certificates—Yield Considerations” on pages S-14 through S-17.
- Investors whose investment activities are subject to legal investment laws and regulations or to review by regulatory authorities may be subject to restrictions on investment in certain Classes of the Certificates. Investors should consult their legal advisors to determine whether and to what extent the Certificates constitute legal investments or are subject to restrictions on investment. See “Legal Investment Considerations” in the Multifamily REMIC Prospectus.
- The Dealer intends to make a market for the Certificates but is not obligated to do so. There can be no assurance that a secondary market will develop or, if developed, that it will continue. Thus, investors may not be able to sell their Certificates readily or at prices that will enable them to realize their anticipated yield. No investor should purchase Certificates unless such investor understands and is able to bear the risk that the value of the Certificates will fluctuate over time and that the Certificates may not be readily salable.

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

Elections will be made to treat the Lower Tier REMIC and the Trust as “real estate mortgage investment conduits” (“REMICs”) pursuant to the Internal Revenue Code of 1986, as amended (the “Code”). The R and RL Classes will be subject to transfer restrictions. See “Description of the Certificates—Characteristics of the R and RL Classes” and “Certain Additional Federal Income Tax Consequences” herein and “Description of the Certificates—Additional Characteristics of Residual Certificates” and “Certain Federal Income Tax Consequences” in the Multifamily REMIC Prospectus.

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

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

The Information Statement is incorporated herein by reference and may be obtained from Fannie Mae by writing or calling its MBS Helpline at 3900 Wisconsin Avenue, N.W., Area 2H-3S, Washington, D.C. 20016 (telephone 1-800-BEST-MBS or 202-752-6547). Such documents may also be obtained from CS First Boston by writing or calling its Prospectus Department at 55 East 52nd Street, New York, NY 10055, Telephone: 212-909-2000.

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## REFERENCE SHEET

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

### **The Certificates**

The Series 1995-M4 Certificates will consist of six classes of senior certificates designated as the A-1 Class, A-2 Class, A-3 Class, XS Class, R Class and RL Class (collectively, the “Certificates”) and three classes of subordinate certificates (individually, a “Subordinate Class” and, collectively, the “Subordinate Classes”). The Certificates (other than the RL Class) and the Subordinate Classes will represent the entire beneficial ownership interest in one of two trusts (the “Trust”). The assets of the Trust will consist of the “regular interests” in a separate trust fund (the “Lower Tier REMIC”).

It is expected that the assets of the Lower Tier REMIC will consist of Mortgage Loans having an Issue Date Pool Balance of approximately \$109,902,485 (subject to a variance of plus or minus 5% in the aggregate). The initial balance of the Certificates will be approximately \$105,396,000 and initially will evidence an undivided ownership interest of approximately 95.9% in the Mortgage Loans. The initial balance of the Subordinate Classes will be approximately \$4,506,485 and initially will evidence an undivided ownership interest of approximately 4.1% in the Mortgage Loans.

Only the Certificates are being offered hereby.

### *Interest Rates*

The interest bearing Certificates will bear interest at the respective per annum interest rates set forth on the cover. See also “Description of the Certificates—Distributions of Interest” herein.

### *Interest Only Class*

The XS Class is a Notional Class and will have a notional principal balance equal to the indicated percentage of the outstanding principal balance of the following Classes immediately prior to the related Distribution Date:

<u>Class</u>	<u>Percentage of Principal Balance of Specified Class</u>
XS .....	100% of A-1, A-2 and A-3 Classes

### *Distributions of Principal*

On each Distribution Date, the Required Senior Principal Distribution Amount will be distributed on the A-1 Class, A-2 Class and the A-3 Class in that order, until the respective principal balances thereof are reduced to zero. The Required Senior Principal Distribution Amount will be equal to (a) a percentage (initially 100%) of the principal component of the scheduled payments and certain other actual or deemed proceeds of the Mortgage Loans, but such percentage may become equal to 85% and thereafter revert to 100% when the aggregate principal balance of the Subordinate Classes is at/above or below, respectively, certain trigger thresholds and (b) on and after the Subordinate Class Termination Date, an amount equal to any Realized Losses (as determined after giving effect to the allocation of Realized Losses to the Subordinate Classes and the distributions of the portion of the Required Senior Principal Distribution Amount described in clause (a) to the A-1 Class, A-2 Class and A-3 Class on such Distribution Date). See “Description of the Certificates—Distributions of Principal—*Principal Distribution Amount*” herein.



## Weighted Average Lives (years) \*

Class	CPR Prepayment Assumption				
	0%	3%	6%	9%	12%
A-1 .....	7.4	6.7	6.2	5.8	5.5
A-2 .....	9.9	9.8	9.8	9.7	9.5
A-3 .....	14.2	13.6	13.1	12.7	12.3
XS** .....	9.9	9.6	9.4	9.1	8.9

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

\*\* The XS Class is a Notional Class. The Weighted Average Lives shown on the table for the XS Class are based upon the original notional principal balance thereof which is equal to the initial aggregate Class Balances of the A-1, A-2 and A-3 Classes.

## Characteristics of Mortgage Loans in the Mortgage Pool

The table contained in Exhibit A hereto sets forth certain information regarding the Mortgage Loans. In addition, the following table provides certain summary information regarding the Mortgage Pool as of the Issue Date after application of payments due on that date. The information with respect to the Mortgage Loans set forth on Exhibit A hereto, and contained in the following table, has been collected and summarized by the Mortgage Loan Sellers and provided to Fannie Mae. Fannie Mae has made no independent verification of such information and, therefore, does not warrant its truth or accuracy and shall not be responsible therefor.

Number of Loans .....	52
Total Issue Date Pool Balance .....	\$109,902,485
Average Mortgage Loan Principal Balance .....	\$2,113,509
Minimum Mortgage Loan Principal Balance .....	\$209,565
Maximum Mortgage Loan Principal Balance .....	\$9,500,000
Weighted Average Rental LTV Ratio(1) .....	34.82%
Minimum Rental LTV Ratio(2) .....	4.76%
Maximum Rental LTV Ratio(2) .....	74.76%
Weighted Average Cooperative LTV Ratio(3) .....	23.38%
Minimum Cooperative LTV Ratio(4) .....	2.86%
Maximum Cooperative LTV Ratio(4) .....	76.81%
Weighted Average Remaining Amortization Term .....	416.8 months
Weighted Average Original Term to Stated Maturity .....	135.5 months
Minimum Original Term to Stated Maturity .....	120.0 months
Maximum Original Term to Stated Maturity .....	186.0 months
Weighted Average Remaining Term to Stated Maturity .....	131.3 months
Minimum Remaining Term to Stated Maturity .....	82.0 months
Maximum Remaining Term to Stated Maturity .....	181.0 months
Weighted Average Mortgage Rate(5) .....	8.32%
Minimum Mortgage Rate(5) .....	7.49%
Maximum Mortgage Rate(5) .....	10.61%
Weighted Average Net Mortgage Rate(5) .....	7.90%
Minimum Net Mortgage Rate(5) .....	7.09%
Maximum Net Mortgage Rate(5) .....	10.08%

- (1) The Weighted Average Rental LTV Ratio is the weighted average of the Loan-to-Value Ratios of the Mortgaged Properties that constitute Cooperative Properties and Multifamily Rental Properties, as calculated using the Issue Date Balances of the related Mortgage Loans and the appraised values at origination as Multifamily Rental Properties.
- (2) The Minimum and Maximum Rental LTV Ratios are the minimum and maximum Loan-to-Value Ratios of the Multifamily Rental Properties and the Cooperative Properties, as calculated using the Issue Date Balances of the related Mortgage Loans and the appraised values at origination as Multifamily Rental Properties.
- (3) The Weighted Average Cooperative LTV Ratio is the weighted average of the Loan-to-Value Ratios of 45 Mortgaged Properties which are Cooperative Properties, as calculated using the Issue Date Balances of the related Mortgage Loans and the appraised values at origination as Cooperative Properties. See Exhibit A for the description of four Cooperative Loans as to which appraised values at origination are available only as Multifamily Rental Properties.
- (4) The Minimum and Maximum Cooperative LTV Ratios are the minimum and maximum Loan-to-Value Ratios of the Cooperative Properties, as calculated using the Issue Date Balances of the related Mortgage Loans and generally the appraised values at origination as Cooperative Properties. See Exhibit A for the description of four Cooperative Loans as to which appraised values at origination are available only as Multifamily Rental Properties.
- (5) The Weighted Average Mortgage Rate, the Minimum and Maximum Mortgage Rates, the Weighted Average Net Mortgage Rate and the Minimum and Maximum Net Mortgage Rates, were calculated using the Mortgage Rates for the Fixed Rate Mortgage Loans and the Mortgage Rates, as of the Issue Date, for the ARM Loans.

For additional information as to the Mortgage Pool, including Issue Date Rental LTV Ratios and Issue Date Cooperative LTV Ratios, see “Description of the Mortgage Pool—Additional Mortgage Loan Information” herein.

## CERTAIN ASPECTS OF MULTIFAMILY REMIC PASS-THROUGH CERTIFICATES

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

1. *Balloon Mortgage Loans and Extension Risk.* 44 of the Mortgage Loans securing approximately 95.3% of the Issue Date Pool Balance are not fully amortizing over their terms to maturity, and thus will have Balloon Payments due at their respective stated maturities. Such Mortgage Loans involve a greater risk of default because the ability of a Mortgagor to make a Balloon Payment typically will depend upon the ability of the Mortgagor to refinance the Mortgage Loan and in the case of a Cooperative Property, to levy against each unit, and collect from tenant-stockholders, a special assessment or to sell the related Mortgaged Property. The ability of a Mortgagor to accomplish any of these goals will be affected by a number of factors, including the level of available mortgage rates at the time of sale or refinancing, the Mortgagor's equity in the Mortgaged Property, the financial condition and operating history of the Mortgaged Property, tax laws and prevailing general economic conditions. If the Mortgagor were unable to refinance the Mortgage Loan or, in the case of a Cooperative Property, levy against each unit, and collect from tenant-stockholders, a special assessment, or to sell the Mortgaged Property and such inability to refinance, levy and collect a special assessment or sell led to a default under the terms of the Mortgage Loan, the Trust Agreement permits the modification or amendment of the terms of such Mortgage Loan, which modification may extend the maturity of the Mortgage Loan up to three years. Any such extension of a Mortgage Loan may cause the weighted average lives of the Certificates to be longer than if the Mortgage Loan had paid under its original terms. See "The Trust Agreement—Servicing of the Mortgage Loans—*Modifications, Waivers and Amendments*" herein. Due to Fannie Mae's guaranty, Certificateholders will continue to receive the interest that accrues during each Interest Accrual Period at the Certificate Rate described on the cover hereof and the Required Senior Principal Distribution Amount on each Distribution Date regardless of whether sufficient funds have been collected from the Mortgagors; however, the receipt of certain principal payments by Certificateholders may be significantly delayed in the event of any defaulted Balloon Payments. See "Description of the Certificates—General—*Fannie Mae Guaranty*" herein.

2. *Certain Risks Associated with Cooperative Apartment Buildings.* 45 of the Mortgaged Properties securing approximately 84.5% of the Issue Date Pool Balance are cooperative apartment buildings with five or more cooperative units and the land owned or leased thereunder (each, a "Cooperative Apartment Building") and four of the Mortgaged Properties securing approximately 13.0% of the Issue Date Pool Balance are condominium units that comprise the residential portions of mixed residential and commercial buildings (each, a "Condominium Unit"; and a Cooperative Apartment Building or a Condominium Unit, each, a "Cooperative Property") owned by a non-profit cooperative corporation (each, a "Cooperative"). The units in the Cooperative Properties are primarily owned by tenant-stockholders, but a percentage of the units in certain of the Cooperative Properties consist of sponsor-held units. Any shortfall between the rent collected, if any, on such sponsor-held units and the maintenance charges on such units (the "negative carry") may have an impact on the sponsor's ability to contribute its share of the Cooperative's maintenance payments. Furthermore, to the extent that sponsor-held or investor-held units are subject to rent control, rent stabilization or tenants' rights laws, the ability of the sponsor to increase rents on such units may be limited. In addition, certain units may be held by investors and will not be owner-occupied and, therefore, raise concerns similar to those applicable to sponsor-held units. See "Description of the Mortgage Pool—Cooperative Properties." The status and possessory rights of proprietary lessees following a foreclosure of a Mortgage Loan is uncertain. Following foreclosure, such proprietary lessees may be entitled to remain in occupancy of their respective apartments at rents that are regulated by the applicable jurisdiction and such rents may be substantially below market rents.

3. *Loan Concentration.* Four Mortgage Loans represent approximately 27.1% of the Issue Date Pool Balance. The prepayment of any such Mortgage Loan is likely to significantly affect the yield to investors. See Exhibit A.

4. *Geographic Concentration.* 35 Mortgaged Properties securing approximately 85.0% of the Issue Date Pool Balance are located in the state of New York. 31 of the Mortgaged Properties securing approximately 74.5% of the Issue Date Pool Balance are located in the boroughs of Manhattan, Queens, Bronx and Brooklyn in New York City. 25 of such Mortgaged Properties securing approximately 63.3% of the Issue Date Pool Balance are located in the borough of Manhattan in New York City. Repayments by Mortgagors and the market value of the Mortgaged Properties could be affected by economic conditions generally or in regions where the Mortgagors and the Mortgaged Properties are located, changes in governmental rules and fiscal policies, acts of nature and other factors which are beyond the control of the Mortgagors. Because of the relative lack of geographic diversity in the Mortgaged Properties, prepayments on the Mortgage Loans may be higher than would be the case if the locations of the Mortgaged Properties were more diverse.

5. *Other Risks of Multifamily Lending.* Three of the Mortgaged Properties securing approximately 2.5% of the Issue Date Pool Balance are apartment buildings with five or more rental units (each, a “Multifamily Rental Property”). Lending on Multifamily Rental Property and Cooperative Property is generally viewed as exposing the lender to a greater risk of loss than one- to four-family residential lending. Lending on Multifamily Rental Property and Cooperative Property typically involves larger loans to single Mortgagors or groups of related Mortgagors than residential one- to four-family mortgage loans. Furthermore, the repayment of Mortgage Loans secured by income producing properties such as the Multifamily Rental Properties is typically dependent upon the successful operation of the related real estate project. If the cash flow from the project is reduced (for example, if leases are not obtained or renewed or maintenance fees are not paid), the Mortgagor’s ability to repay the Mortgage Loan may be impaired. Multifamily real estate can be affected significantly by supply and demand in the market for the type of property securing the Mortgage Loan and, therefore, may be subject to adverse economic conditions. Market values may vary as a result of economic events or governmental regulations outside the control of the Mortgagor or lender such as rent control laws, which impact the future cash flow of the property. In addition, principal prepayments, liquidations of Mortgage Loans due to defaults, casualties or condemnations affecting the Mortgaged Properties, or purchases of Mortgage Loans out of the Trust due to breaches of representations or otherwise may significantly affect the yield to investors. See “Description of the Certificates—Yield Considerations” and “The Sale and Servicing Agreement—Representations, Warranties and Covenants; Repurchases” herein.

6. *Collection of Prepayment Premiums and Yield Maintenance Charges.* Fannie Mae will not guarantee the payment to Certificateholders of any Prepayment Premiums or Yield Maintenance Charges. Generally, a principal prepayment resulting from condemnation of, or casualty on, the related Mortgaged Property need not be accompanied by a Prepayment Premium or Yield Maintenance Charge. In addition, certain state laws limit the amounts that a lender may collect from a Mortgagor as an additional charge in connection with the prepayment of a mortgage loan. Furthermore, the enforceability, under the laws of a number of states, of provisions providing for Prepayment Premiums or Yield Maintenance Charges upon an involuntary prepayment is unclear. See “Description of the Certificates—General—Fannie Mae Guaranty” and “—Allocation of Prepayment Premiums and Yield Maintenance Charges” herein.

7. *Repurchases Due to Breach of Representations, Warranties and Covenants.* National Consumer Cooperative Bank (“NCB”) and NCB Mortgage Corp. (individually, a “Mortgage Loan Seller” and collectively, the “Mortgage Loan Sellers”) will make certain customary representations, warranties and covenants for the benefit of Fannie Mae with respect to each Mortgage Loan sold to Fannie Mae thereby. If a breach is discovered that is determined to materially and adversely affect the value of any Mortgage Loan, the Mortgage Loan Sellers may be required to purchase the affected Mortgage Loan from the Lower Tier REMIC at the applicable Purchase Price. Prepayments of principal resulting from repurchases of Mortgage Loans out of the Lower Tier REMIC due to breaches of representations, warranties and covenants may significantly affect the yield to Certificateholders. If the Mortgage Loan is repurchased, the Certificateholders will not receive any Prepayment Premiums

or Yield Maintenance Charges. See “Description of the Certificates—Yield Considerations” and “The Sale and Servicing Agreement—Representations, Warranties and Covenants; Repurchases” herein.

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

## DESCRIPTION OF THE CERTIFICATES

The following summaries describing certain provisions of the Certificates do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the remaining provisions of this Prospectus Supplement, the additional Disclosure Documents and the provisions of the Trust Agreement (as hereinafter defined). Capitalized terms used and not otherwise defined in this Prospectus Supplement have the meanings assigned to such terms in the applicable Disclosure Document or the Trust Agreement (as the context may require).

### General

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

The Certificates (other than the R and RL Classes) and the Subordinate Classes will be designated as the “regular interests” (the “Regular Interests”), and the R Class will be designated as the “residual interest” (the “Residual Interest”), in the REMIC constituted by the Trust.

The interests in the Lower Tier REMIC, other than the RL Class (the “Lower Tier Regular Interests”), will be designated as the “regular interests,” and the RL Class will be designated as the “residual interest” in the Lower Tier REMIC.

The assets of the Trust will consist of the Lower Tier Regular Interests. The Certificates (other than the RL Class) and the Subordinate Classes will evidence the entire beneficial ownership in the distributions of principal of and interest on the Lower Tier Regular Interests.

The assets of the Lower Tier REMIC will consist of the Mortgage Loans. The Lower Tier Regular Interests and the RL Class (collectively, the “Lower Tier Interests”) will in the aggregate evidence the entire beneficial ownership in the Mortgage Pool.

*Fannie Mae Guaranty.* Fannie Mae guarantees to the Holders of the Certificates the timely payment of the interest that accrues thereon during each Interest Accrual Period at the Certificate Rate described on the cover, whether or not sufficient funds are available therefor in the Trust Account. See “—Distributions of Interest—General” herein.

Fannie Mae will not guarantee the timely payment of Balloon Payments on the stated maturity dates of the related Mortgage Loans. Fannie Mae will guarantee to the Holders of the A-1, A-2 and A-3 Classes the timely payment of the Required Senior Principal Distribution Amount (as hereinafter defined), whether or not sufficient funds are available therefor in the Trust Account. However, the distribution of Balloon Payments may be significantly delayed in the event of any defaulted Balloon Payments. In the case of defaulted Balloon Payments, the related Mortgage Loan will be treated as a Mortgage Loan that amortizes in accordance with its prior amortization schedule, and Certificateholders will be entitled, as part of the Required Senior Principal Distribution Amount and distribu-



tions of interest, to distributions in respect of a deemed payment (an “Assumed Payment”) that is generally equal to the prior scheduled principal and interest payments, and not the entire Balloon Payment. Fannie Mae will be obligated to distribute the principal balance of the A-1, A-2 and A-3 Classes in full no later than the applicable Final Distribution Date, whether or not sufficient funds are available in the Trust Account. See “—Distributions of Principal—*Principal Distribution Amount*” herein.

Fannie Mae will not guarantee (i) the Subordinate Classes or (ii) the payment to Certificateholders of any Prepayment Premiums or Yield Maintenance Charges. Accordingly, Certificateholders entitled to receive Prepayment Premiums or Yield Maintenance Charges will receive them only to the extent actually received by the Trustee from the Master Servicer. See “Description of the Certificates—Fannie Mae’s Guaranty” in the Multifamily REMIC Prospectus and “Description of the Certificates—Allocation of Prepayment Premiums and Yield Maintenance Charges” herein. For a description of the Prepayment Premiums and Yield Maintenance Charges, see “Description of the Mortgage Pool—Certain Terms and Conditions of the Mortgage Loans—*Prepayment Provisions*” herein. Certain state laws may affect the collectibility of Prepayment Premiums and Yield Maintenance Charges. See “Description of the Certificates—Allocation of Prepayment Premiums and Yield Maintenance Charges” herein.

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

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

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

The distribution to the Holder of the R or RL Certificate of the proceeds of any remaining assets of the Trust or Lower Tier REMIC, as applicable, will be made only upon presentation and surrender of such Certificates at the office of the paying agent. The paying agent on such Certificates initially will be State Street.

*Authorized Denominations.* The Certificates, other than the R and RL Certificates, will be issued in minimum denominations of \$1,000 and integral multiples of \$1 in excess thereof. Each of the R and RL Classes will be issued as a single Certificate and will not have a principal balance.

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

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

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

**Optional Termination.** Fannie Mae or the Master Servicer, the Special Servicer or the Subordinate Directing Holder may effect an early termination of the Trust as described herein under (i) “The Trust Agreement—Termination” or (ii) “The Sale and Servicing Agreement—Termination,” respectively.

## Distributions of Interest

### *Categories of Classes*

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

<u>Interest Type*</u>	<u>Classes</u>
Fixed Rate	A-1 and A-2
Weighted Average Coupon	A-3 and XS
Interest Only	XS
No Payment Residual	R and RL

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

**General.** The interest-bearing Certificates will bear interest at the respective per annum interest rates described on the cover. Interest on the Certificates will be calculated on the basis of a 360-day year consisting of twelve 30-day months and is distributable monthly on each Distribution Date, commencing in the month after the Settlement Date. Interest to be distributed on each interest-bearing Certificate on a Distribution Date will consist of one month’s interest on the outstanding principal balance or notional balance of such Certificate immediately prior to such Distribution Date.

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

<u>Classes</u>	<u>Interest Accrual Period</u>
All interest bearing Classes (collectively, the “Delay Classes”)	Calendar month preceding the month in which the Distribution Date occurs

See “—Yield Considerations” herein.

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

<u>Class</u>	<u>Percentage of Principal Balance of Specified Class</u>
XS .....	100% of A-1, A-2 and A-3 Classes

The notional principal balance of a Notional Class is used for purposes of the determination of interest distributions thereon and does not represent an interest in the principal distributions of the A-1, A-2 and A-3 Classes or the underlying Mortgage Loans. Although a Notional Class will not have a principal balance, a REMIC Trust Factor (as described herein) will be published with respect to any such Class that will be applicable to the notional principal balance thereof, and references herein to

the principal balances of the Certificates generally shall be deemed to refer also to the notional principal balance of a Notional Class.

## Distributions of Principal

### *Categories of Classes*

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

<u>Principal Type*</u>	<u>Classes</u>
Sequential Pay	A-1, A-2 and A-3
Notional	XS
No Payment Residual	R and RL

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

### *Principal Distribution Amount*

On each Distribution Date the Required Senior Principal Distribution Amount will be distributed to the A-1 Class, A-2 Class and A-3 Class in that order, until the respective principal balances thereof are reduced to zero. The “Required Senior Principal Distribution Amount,” for any Distribution Date with respect to the A-1 Class, A-2 Class and A-3 Class, shall generally equal the sum of (i) the product of (1) the applicable Senior Percentage and (2) the Aggregate Principal Distribution Amount and (ii) on and after the Subordinate Class Termination Date, an amount equal to any Realized Losses (as determined after giving effect to the allocation of Realized Losses to the Subordinate Classes, and the distributions of the portion of the Required Senior Principal Distribution Amount described in clause (i) to the A-1 Class, A-2 Class and A-3 Class, on such Distribution Date).

With respect to any Distribution Date, the “Aggregate Principal Distribution Amount” will generally constitute (i) the principal component of all Scheduled Payments (other than Balloon Payments) which become due, the principal component of all Balloon Payments which became due and are timely paid, and the principal component of all Assumed Payments deemed to be due, on the related Mortgage Loans or REO Loans, in each case during the Due Period ending in the month in which such Distribution Date occurs; and (ii) the aggregate of all payments, revenues and proceeds received on or in respect of the Mortgage Loans or REO Loans during the calendar month preceding the month in which such Distribution Date occurs, which payments, revenues and proceeds were applied by the Master Servicer as recoveries of principal of such Mortgage Loans or REO Loans in accordance with the Sale and Servicing Agreement (including, without limitation, voluntary prepayments, mandatory prepayments, involuntary prepayments and Balloon Payments not timely paid), in each case net of a portion of such amounts that represents a recovery of the principal portion of any Scheduled Payment (other than a Balloon Payment not timely paid) due or of the principal portion of any Assumed Payment deemed due on or before the first day of the month on which such Distribution Date occurs.

The “Senior Percentage” will equal 100% until the Subordination Fraction is equal to at least 15% (the “Trigger Percentage”), and thereafter for so long as the Subordinate Balance is more than \$2,500,000 generally will equal 85%. Notwithstanding the foregoing, in the event that immediately prior to the distributions payable and the allocation of Realized Losses on a Distribution Date, the Subordinate Balance is more than \$2,500,000 and the Subordination Fraction is less than the Trigger Percentage, but after giving effect to the distributions payable and the allocation of Realized Losses on such Distribution Date, the Subordination Fraction would exceed the Trigger Percentage, the Senior Percentage for such Distribution Date shall be equal to that percentage (between 100% and 85%) which will result in the Subordination Fraction being equal to the Trigger Percentage immediately after giving effect to the distributions payable and the allocation of Realized Losses on such date. The “Subordination Fraction” is equal to the ratio, expressed as a percentage, of the aggregate of the Class Balances of the Subordinate Classes to the aggregate of the Class Balances of the Senior Certificates and the Subordinate Classes.

On each Distribution Date on which the Subordination Fraction is at least equal to the Trigger Percentage, and the Subordinate Balance is more than \$2,500,000, the excess (if any) of the Aggregate Principal Distribution Amount for such Distribution Date (to the extent received or advanced) over the Required Senior Principal Distribution Amount will be distributed on the Subordinate Classes. However, in the event the Subordinate Balance should ever become equal to or less than \$2,500,000, then all Aggregate Principal Distribution Amounts will be distributed to the A-1, A-2 and A-3 Classes (in the order of priority set forth above). In addition, in the event the Subordination Fraction should ever become less than the Trigger Percentage, then all Aggregate Principal Distribution Amounts will be distributed to the A-1, A-2 and A-3 Classes (in the order of priority set forth above) until the conditions of the immediately preceding paragraph shall again have the effect of causing the Senior Percentage to be less than 100%.

Notwithstanding the foregoing provisions of the two immediately preceding paragraphs, if on any Distribution Date the Subordination Fraction is at least equal to the Trigger Percentage and the Subordinate Balance is more than \$2,500,000 before any distribution of principal or allocation of Realized Losses, but any distributions of principal or allocations of Realized Losses to the Subordinate Certificates would result in the Subordinate Balance being less than \$2,500,000, then the Senior Percentage for such Distribution Date shall be the percentage (greater than 85%) which would cause the Subordinate Balance to be equal to \$2,500,000 after giving effect to such distributions and such allocations of Realized Losses on such date, provided, that if the allocation of Realized Losses alone would reduce the Subordinate Balance to \$2,500,000 or less, then the Senior Percentage shall be 100%.

### **Subordination**

The rights of the holders of the Subordinate Classes to receive distributions with respect to the Mortgage Loans and REO Loans will be subordinate to the rights of the Certificateholders, to the extent described herein. This subordination is effected by the allocation on each Distribution Date of disproportionate amounts of principal payments on the Mortgage Loans to the A-1, A-2 and A-3 Classes *vis-a-vis* the holders of the Subordinate Classes. This subordination is also effected through the allocation of Realized Losses as described below.

### **Realized Losses**

Before each Distribution Date, a determination will be made of the aggregate amount of Realized Losses that were incurred at any time following the Issue Date through the end of the related Due Period, and in any event that were not previously allocated on any prior Distribution Date. See the “Glossary” for a definition of Realized Losses. All Realized Losses will be allocated to, and therefore reduce, the Class Balance of the Subordinate Classes having the lowest priority until the Class Balance of each Subordinate Class is reduced to zero. Thereafter, whenever a Realized Loss occurs, Fannie Mae will be required, pursuant to its guaranty, to make distributions on the A-1, A-2 and A-3 Classes to the extent described under “Description of the Certificates—*Fannie Mae Guaranty*”. In the event any Realized Losses are incurred, the allocation thereof to the Subordinate Classes delays the time, if any, at which the Subordination Fraction would otherwise equal the Trigger Percentage and, thereby, extends the period during which the Senior Percentage will be 100% and maintains the principal distributions on the Certificates at a higher level.

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

In the event a Mortgagor is required to pay any Yield Maintenance Charge or any Prepayment Premium, to the extent such payments are actually collected and received by Fannie Mae, Fannie Mae will distribute such payments on the Distribution Date in the month next succeeding the month of such collection and receipt as follows: (i) the amount of such payments of Yield Maintenance Charge will be distributed in respect of each of the A-1, A-2, A-3 Class and the XS Class, to the extent described below, for so long as it is outstanding and (ii) the amount of such payments of Prepayment Premium will be distributed in respect of the XS Class for so long as it is outstanding, and, in each case, thereafter, to the Subordinate Classes. For a description of Prepayment Premiums and Yield



Maintenance Charges, see “Description of the Mortgage Pool—Certain Terms and Conditions of the Mortgage Loans—*Prepayment Provisions*” herein.

For any Distribution Date, with respect to any particular Yield Maintenance Charge actually received in respect of a Mortgage Loan during the calendar month preceding the month in which such Distribution Date occurs, the A-1 Class, the A-2 Class and the A-3 Class Holders are entitled to distributions in the amount of the product of (a) a fraction (not greater than one), the numerator of which is the A-1 Certificate Rate, the A-2 Certificate Rate or the lesser of the A-3 Certificate Rate or the Mortgage Rate, as applicable, less the discount rate used in calculating such Yield Maintenance Charge (see “Description of the Mortgage Pool—Certain Terms and Conditions of the Mortgage Loans—*Prepayment Provisions*” herein), and the denominator of which is the Mortgage Rate of the applicable Mortgage Loan, less such discount rate, multiplied by (b) the appropriate Class Prepayment Percentage multiplied by (c) the amount of such Yield Maintenance Charge received. On each Distribution Date, the XS Class Holders are entitled to receive any remaining portion of such Yield Maintenance Charge received until the notional principal balance thereof has been reduced to zero. In the event the relevant discount rate is greater than the A-1, A-2, A-3 Certificate Rate, as applicable, the A-1 Class, A-2 Class or A-3 Class, as applicable, will not be entitled to receive distributions of any such Yield Maintenance Charge, and the applicable portion of the Yield Maintenance Charge will be distributed to the XS Class Holders then eligible for distributions. For any Distribution Date, the “Class Prepayment Percentage” means, for the A-1 Class, A-2 Class and A-3 Class, the ratio, expressed as a percentage, of (i) the amount of principal to be distributed on such Distribution Date on the A-1 Class, A-2 Class and/or A-3 Class to (ii) the aggregate amount of principal to be distributed on such Distribution Date on all such Classes.

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

## Structuring Assumptions

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

- (i) scheduled interest and principal payments on the Mortgage Loans are received in a timely manner;

(ii) Mortgage Loans representing approximately 90.9% of the Issue Date Pool Balance are subject to a Lock-Out Period as specified on Exhibit A hereto during which time no voluntary prepayments will be made with respect to each such Mortgage Loan; following any applicable Lock-Out Period with respect to any such Mortgage Loan, and at any time with respect to any Mortgage Loan which does not provide for a Lock-Out Period, prepayments will be made on each Mortgage Loan at the indicated percentages of CPR. The information in the tables under “—Yield Considerations” and “—Decrement Tables” has been prepared assuming the Lock-Out Periods for the ARM Loans run from the first Monthly Payment date (on which principal and interest is payable) to the expiration of their respective Lock-Out Periods;

(iii) there are no repurchases of Mortgage Loans and none of Fannie Mae, the Master Servicer, the Special Servicer or the Subordinate Directing Holder exercises its right of optional termination of the Trust described herein;

(iv) no modifications, extensions, waivers or amendments regarding the payment by the Mortgagors of principal and interest on the Mortgage Loans occur;

(v) each Distribution Date occurs on the 25th day of each month, and the first Distribution Date occurs in December, 1995;

(vi) there are no defaults, losses or delinquencies on the Mortgage Loans;

(vii) the closing date for the sale of the Certificates is the Settlement Date;

(viii) the Due Date for each Mortgage Loan is the first day of each month;

(ix) all Mortgage Loans bear interest on the basis of a 360-day year consisting of twelve 30-day months;

(x) no Prepayment Premiums or Yield Maintenance Charges are received; and

(xi) the Mortgage Rate on each ARM Loan initially will be its current Mortgage Rate and will adjust on the first adjustment date to a Mortgage Rate equal to the minimum Mortgage Rate for such ARM Loan and will remain constant at such rate.

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

## **Yield Considerations**

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

There can be no assurance that prepayments due to a default under a Mortgage Loan or a casualty or condemnation with respect to a Mortgaged Property will not occur during a Lock-Out Period. There can be no assurance that, following any applicable Lock-Out Periods, the Mortgage Loans will prepay at any of the rates assumed herein, or at any other particular rate. The rate and timing of principal payments on the Certificates will be primarily based on the rate and timing of principal

payments (including principal prepayments) on the Mortgage Loans. See “Description of the Certificates—Distributions of Principal—*Principal Distribution Amount*” herein.

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

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

When the Subordination Fraction is less than the Trigger Percentage, or the Subordination Fraction is equal to or greater than the Trigger Percentage (but the Subordinate Balance is \$2,500,000 or less), 100% of the distributions of principal (including prepayments) will be made on the Senior Certificates. When the Subordination Fraction is at least equal to the Trigger Percentage and the Subordinate Balance is more than \$2,500,000, generally 85% of distributions of principal will be made on the Senior Certificates and the balance on the Subordinate Certificates. See “—Distributions of Principal—*Principal Distribution Amount*.” To the extent that no principal or a disproportionately small percentage of principal is distributed on the Subordinate Certificates, the subordination afforded to the Senior Certificates by the Subordinate Certificates is preserved, in the absence of offsetting Realized Losses allocated thereto. As a result, the average lives of the Senior Certificates will be shorter than otherwise would be the case, and the performance characteristics of the Senior Certificates will be different from other mortgage pass through certificates that do not disproportionately allocate principal payments (including prepayments) on Mortgage Loans according to certificate class.

The rate of prepayment on the Mortgage Loans will depend on a variety of factors, including the characteristics of such Mortgage Loans, the level of prevailing interest rates, the application of Lock-Out Periods or the assessment of Prepayment Premiums or Yield Maintenance Charges and other economic, geographic and social factors. 44 of the Mortgage Loans representing approximately 95.3% of the Issue Date Pool Balance provide for Balloon Payments; 41 of the Mortgage Loans representing approximately 90.9% of the Issue Date Pool Balance provide for Lock-Out Periods. See “Description of the Mortgage Pool—Certain Terms and Conditions of the Mortgage Loans—*Prepayment Provisions*” herein. The required payment of Prepayment Premiums or Yield Maintenance Charges may not be a sufficient disincentive to prevent the voluntary prepayment of the Mortgage Loans and, even if collected, allocation thereof to any Class may be insufficient to offset fully the adverse effects on the anticipated yield thereon arising out of the corresponding principal prepayment.

See “The Trust Agreement—Termination” for the rights of Fannie Mae, and “The Sale and Servicing Agreement—Termination” for the rights of Fannie Mae, the Master Servicer, the Special Servicer and the Subordinate Directing Holder to purchase the Mortgage Loans and any REO Properties and, thereby, effect an early termination of the Trust.

### *The Interest Only Class*

The table below indicates the sensitivity of the pre-tax corporate bond equivalent yields to maturity of the XS Class to various constant percentages of CPR. The yields set forth in the table were calculated by determining the monthly discount rates that, when applied to the assumed streams of cash flows to be paid on the applicable Class, would cause the discounted present value of such assumed streams of cash flows to equal the assumed aggregate purchase price of such Class and converting such monthly rates to corporate bond equivalent rates. Such calculations do not take into account variations that may occur in the interest rates at which investors may be able to reinvest funds received by them as distributions on the Certificates and consequently do not purport to reflect the return on any investment in the Certificates when such reinvestment rates are considered.

As indicated in the table below, the yield to investors in the Notional Class will be sensitive to the rate of principal payments (including prepayments) of the Mortgage Loans. 41 of the Mortgage Loans representing approximately 90.9% of the Issue Date Pool Balance provide for Lock-Out Periods during which voluntary prepayments of such Mortgage Loans are prohibited, and Mortgage Loans not in their Lock-Out Periods permit prepayment generally subject to the payment during specified periods of Prepayment Premiums or Yield Maintenance Charges. There can be no assurance that such Prepayment Premiums or Yield Maintenance Charges will reduce the actual rate of prepayments of the Mortgage Loans following the applicable Lock-Out Periods. Furthermore, prepayments due to a default under a Mortgage Loan or a casualty or condemnation with respect to a Mortgaged Property or a repurchase or a purchase of such a Mortgage Loan out of the Lower Tier REMIC may occur during a Lock-Out Period. Any Prepayment Premiums or Yield Maintenance Charges actually received will be allocated to the XS Class in the manner described above. See “Allocation of Prepayment Premiums and Yield Maintenance Charges” herein. Such allocation may be insufficient to offset fully the adverse effects on the anticipated yield arising out of the corresponding principal prepayment. In addition, any early termination of the Trust as described herein may adversely affect the yield to the Certificateholders of the XS Class.

On the basis of the assumptions described below (including the assumption that no Prepayment Premiums or Yield Maintenance Charges are received), the yield to maturity on the XS Class would be 0% if prepayments were to occur at a constant rate of approximately 61% CPR. If the actual prepayment rate of the Mortgage Loans were to exceed the foregoing level for as little as one month while equaling such level for the remaining months, the investors in the XS Class would not fully recoup their initial investments. There can be no assurance that the Mortgage Loans will prepay at any of the rates assumed herein or at any other particular rate, that the pre-tax yield on the XS Class will correspond to any of the pre-tax yields shown herein or that the aggregate purchase price of the XS Class will be as assumed below.

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

<u>Class</u>	<u>Price*</u>
XS .....	9.0601920%

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



**Sensitivity of the XS Class to Prepayments  
(Pre-Tax Yields to Maturity\*)**

<u>Class</u>	<u>CPR Prepayment Assumption</u>				
	<u>0%</u>	<u>3%</u>	<u>6%</u>	<u>9%</u>	<u>12%</u>
XS .....	8.3%	7.6%	6.9%	6.2%	5.7%

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

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

**Weighted Average Lives of the Certificates**

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

In general, the weighted average lives of the Certificates will be shortened if the level of prepayments of principal of the Mortgage Loans increases. However, the weighted average lives will depend upon a variety of other factors, including the timing of changes in such rate of principal payments and the priority sequence of distributions of principal of the Certificates and the Subordinate Classes. See “Description of the Certificates—Distributions of Principal,” “—Subordination,” “—Realized Losses” and “—Yield Considerations.”

The Trust Agreement permits Modifications (as hereinafter defined), including extensions, of the Mortgage Loans under certain circumstances. Any extension of a Mortgage Loan is likely to cause an extension of the weighted average life of a Certificate. In addition, failure of a Mortgagor to timely make a Balloon Payment is also likely to cause an extension of the expected weighted average lives of the Certificates. See “The Trust Agreement—Servicing of the Mortgage Loans—*Modifications, Waivers and Amendments.*”

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

## Decrement Tables

The following tables indicate the percentages of original principal balance of the specified Classes that would be outstanding after each of the dates shown at various *constant* CPR levels and the corresponding weighted average lives of such Classes. It is unlikely, however, that prepayments of the Mortgage Loans will conform to any level of CPR, or that the events described in the Pricing Assumptions will conform to the assumptions with respect thereto and no representation is made that the Mortgage Loans will prepay at the CPRs shown or at any other *constant* prepayment rate or that such events will so conform. Prepayments due to a default under a Mortgage Loan or a casualty or condemnation with respect to a Mortgaged Property or a repurchase or a purchase of a Mortgage Loan out of the Lower Tier REMIC may occur during a Lock-Out Period. The table has been prepared on the basis of the Pricing Assumptions.

### Percent of Original Principal Balances Outstanding

Date	A-1 Class					A-2 Class					A-3 Class					XS† Class				
	CPR Prepayment Assumption					CPR Prepayment Assumption					CPR Prepayment Assumption					CPR Prepayment Assumption				
	0%	3%	6%	9%	12%	0%	3%	6%	9%	12%	0%	3%	6%	9%	12%	0%	3%	6%	9%	12%
Initial Percent .....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
November 1996 .....	97	96	95	94	93	100	100	100	100	100	100	100	100	100	100	99	99	99	98	98
November 1997 .....	93	91	89	87	86	100	100	100	100	100	100	100	100	100	100	98	98	97	97	96
November 1998 .....	89	86	84	81	79	100	100	100	100	100	100	100	100	100	100	97	96	96	95	94
November 1999 .....	85	81	78	75	72	100	100	100	100	100	100	100	100	100	100	96	95	94	93	92
November 2000 .....	81	76	72	69	66	100	100	100	100	100	100	100	100	100	100	95	94	92	92	91
November 2001 .....	76	70	66	62	59	100	100	100	100	100	100	100	100	100	100	93	92	91	90	89
November 2002 .....	67	60	54	48	43	100	100	100	100	100	100	100	100	100	100	91	89	87	86	85
November 2003 .....	53	37	23	10	0	100	100	100	100	99	100	100	100	100	100	87	83	79	76	72
November 2004 .....	47	24	3	0	0	100	100	100	92	84	100	100	100	100	100	86	79	74	69	64
November 2005 .....	0	0	0	0	0	13	9	6	4	2	100	100	100	100	100	24	22	20	19	18
November 2006 .....	0	0	0	0	0	0	0	0	0	0	96	85	77	69	63	16	14	13	12	11
November 2007 .....	0	0	0	0	0	0	0	0	0	0	91	79	68	59	52	15	13	11	10	9
November 2008 .....	0	0	0	0	0	0	0	0	0	0	85	71	59	49	41	14	12	10	8	7
November 2009 .....	0	0	0	0	0	0	0	0	0	0	76	61	49	39	31	13	10	8	7	5
November 2010 .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)** .....	7.4	6.7	6.2	5.8	5.5	9.9	9.8	9.8	9.7	9.5	14.2	13.6	13.1	12.7	12.3	9.9	9.6	9.4	9.1	8.9

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

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

## Characteristics of the R and RL Classes

The R and RL Classes will not have principal balances and will not bear interest. The Holder of the R Class will be entitled to receive the proceeds of the remaining assets of the Trust, if any, after the principal balances of all Classes of Certificates and all Subordinate Classes have been reduced to zero and all interest due on the Certificates has been paid in full. The Holder of the RL Class will be entitled to receive the proceeds of the remaining assets of the Lower Tier REMIC, if any, after the principal balances of the Lower Tier Regular Interests have been reduced to zero. It is not anticipated that there will be any material assets remaining in either such circumstance.

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

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

## THE TRUST AGREEMENT

The following summary descriptions of certain provisions set forth in the Trust Agreement do not purport to be complete and are subject to, and qualified in their entirety by reference to, the provisions of the Trust Agreement.

### Servicing of the Mortgage Loans

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

Substantially all of the Mortgage Loans also have “due-on-encumbrance” clauses generally providing that each such Mortgage Loan may at the mortgagee’s option become due and payable upon the creation of any additional lien or other encumbrance on the Mortgaged Property that is not permitted by the related Mortgage. The right of the related Mortgagor to grant subordinate mortgages on the Mortgaged Property is subject to the satisfaction of certain conditions and generally to the consent of the holder of the Mortgage Note (which consent generally may not be unreasonably withheld). If the Mortgage Loan permits subordinate financing but requires the consent of the

mortgagee to any such subordinate financing and, pursuant to applicable law or the provisions of the Mortgage Loan, such consent must not be unreasonably withheld, then the Trust Agreement permits Fannie Mae to consider requests by a Mortgagor to permit subordinate financing subject to the satisfaction of certain conditions. The Trust Agreement permits Fannie Mae to consent to any subordinate financing with respect to Cooperative Properties even though prohibited by the Mortgage Loan, subject to the satisfaction of certain conditions.

*Modifications, Waivers and Amendments.* The Trust Agreement permits Fannie Mae to agree to any modification, waiver or amendment (each, a “Modification”) of any term of any Mortgage Loan without the consent of any Certificateholder, subject to compliance with the REMIC Provisions and the other limitations set forth in the Trust Agreement, certain of which are described below.

Subject to certain conditions, the Trust Agreement permits Fannie Mae to agree to the forbearance and forgiveness of interest either prior to a Maturity Date or in connection with an extension on such Mortgage Loan. The extension of the maturity of a Mortgage Loan is subject to the following limitations, among others: (i) any such extension may not result in a final scheduled payment date that is more than 12 months beyond the date on which it was previously due or that is more than a total of 36 months beyond its original stated maturity date; and (ii) in the event that there is no agreement to forbear interest in connection with an extension, the contract interest rate (coupon rate) and the Monthly Payment for each month during the extension period shall not be less than the contract interest rate (coupon rate) and the Monthly Payment, respectively, due on such Mortgage Loan in the month prior to the month in which the final payment was originally scheduled to be due thereon, not taking into account any prior forbearance of interest.

The Trust Agreement does not permit the waiver or modification of any payment of any applicable Prepayment Premium or Yield Maintenance Charge due to be paid under the terms of any Mortgage Loan, unless (A) there is a determination that the Mortgage Loan is in default due to bona fide cash flow deficiencies and not an effort to avoid payment of a Prepayment Premium or Yield Maintenance Charge, or (B) there is a substantial risk that the Prepayment Premium or Yield Maintenance Charge provisions would be found unenforceable by a court with jurisdiction of the action, or (C) the prepayment of the Mortgage Loan is made due to a casualty loss or a condemnation.

If the Mortgagor reasonably requests a partial release of a Mortgaged Property, the Trust Agreement permits Fannie Mae to grant such a partial release provided that, among other conditions, (i) the Mortgagor pays, for application to the unpaid principal balance of the related Mortgage Loan(s), an amount equal to the appraised value of the released portion of the Mortgaged Property, (ii) the lien of the related Mortgage(s) on the remaining property is not adversely affected and the remaining property can, practically and economically, continue to be used for its intended purposes, (iii) the income of the Mortgaged Property is not adversely affected by such release, and (iv) the resulting Loan-to-Value Ratio would be no higher than the Loan-to-Value Ratio at the Issue Date.

*Realization Upon Defaulted Mortgage Loans.* The Trust Agreement permits Fannie Mae (i) to sell an REO Property or (ii) to sell a Defaulted Mortgage Loan or to foreclose upon or otherwise comparably convert the ownership of the related Mortgaged Property or Properties, if no satisfactory arrangements can be made for collection of delinquent payments, subject to the limitations described below. Fannie Mae has the right to purchase any Defaulted Mortgage Loan and to bid on any REO Property at a price not less than the Purchase Price.

Promptly after any Mortgage Loan becomes a Specially Serviced Mortgage Loan, then with respect to any payment default or performance default (other than a payment default) by the Mortgagor thereunder, the Trust Agreement permits Fannie Mae, subject to the foregoing, to initiate a dialogue with the related Mortgagor, including with respect to any Modification requested thereby and to commence the foreclosure process. Promptly upon commencement of a foreclosure action the Trust Agreement permits the taking of action to obtain control of the rents and other revenues of each related Mortgaged Property and the Mortgaged Property for the benefit of Certificateholders.



The Trust Agreement does not permit the initiation of foreclosure proceedings, or obtaining title to a Mortgaged Property in lieu of foreclosure or otherwise, or taking any other action with respect to any Mortgaged Property, if, as a result of any such action, the Trustee, on behalf of Certificateholders and the holders of the Subordinate Classes, would be considered to hold title to, to be a “mortgagee-in-possession” of, or to be an “owner” or “operator” of such Mortgaged Property within the meaning of CERCLA or any comparable law, unless there has been a determination, based on a current or currently updated environmental assessment, meeting the standards to be prescribed by Fannie Mae, of such Mortgaged Property, that each of the following conditions has been satisfied (or that the taking of action to achieve satisfaction thereof is reasonably likely to produce a greater recovery on a present value basis than not taking such actions and refraining from initiating foreclosure proceedings): (i) the Mortgaged Property is in compliance with applicable environmental laws, and (ii) there are no circumstances or conditions present at the Mortgaged Property relating to any hazardous, toxic or dangerous waste, substance or material which could require investigation, testing, monitoring, containment, clean-up or remediation under any applicable environmental laws and regulations.

If the environmental testing described above establishes that either of the foregoing environmental conditions has not been satisfied, Fannie Mae may take such action as it deems in the best economic interest of the Trust, including selling the related Defaulted Mortgage Loan. The cost of any remedial, corrective or other further action related to an environmental condition will be an expense of the Trust.

Fannie Mae is required to sell any such REO Property within two years after the Lower Tier REMIC acquires ownership of such REO Property, unless Fannie Mae either (i) is granted an extension of time (an “REO Extension”) by the Internal Revenue Service to sell such REO Property or (ii) obtains for the benefit of it and the Trust an opinion of counsel to the effect that the holding of such REO Property subsequent to the second anniversary of such acquisition will not result in the imposition of taxes on “prohibited transactions” of the Trust as defined in Section 860F of the Code or cause the Trust to fail to qualify as a REMIC at any time that any Certificates or Subordinate Classes are outstanding.

*Treatment of REO Properties.* Notwithstanding that a Mortgaged Property securing any Mortgage Loan may be acquired on behalf of the Lower Tier REMIC as REO Property, such Mortgage Loan (after the date of such acquisition, an “REO Loan”) will, for purposes of determining amounts payable (including the Required Senior Principal Distribution Amount) on the Certificates and the Subordinate Classes and losses allocable to Subordinate Classes, be treated as having remained outstanding until such REO Property is liquidated, and each such REO Loan will be deemed to have the same terms and conditions as its predecessor Mortgage Loan. An unpaid principal balance, as well as Stated Principal Balance, will continue to be calculated for each REO Loan.

See “The Sale and Servicing Agreement—General” for a general description of the Sale and Servicing Agreement and the allocation by Fannie Mae to the Master Servicer and the Special Servicer, as independent contractors to Fannie Mae, of the foregoing servicing responsibilities with respect to the Mortgage Loans, subject to certain retained consent rights of Fannie Mae described below.

### **Certain Rights of the Subordinate Directing Holder**

Pursuant to the Trust Agreement and the Sale and Servicing Agreement, the Subordinate Directing Holder has the right to appoint a special servicer (a “Special Servicer”), to direct the course of action to be followed by the Special Servicer with respect to any Specially Serviced Mortgage Loans, to purchase Defaulted Mortgage Loans and to bid on REO Properties at a price no less than the Purchase Price and to effect a termination of the Trust by purchasing the Mortgage Loans and the REO Properties remaining in the Lower Tier REMIC. See “—Servicing of the Mortgage Loans” and “The Sale and Servicing Agreement—General—*Special Servicer*” and “—Termination.” Notwithstanding the foregoing, during any Final Control Period for a Mortgage Loan or REO Property,

Fannie Mae will have the right, but not the obligation, (i) in the case of a Defaulted Mortgage Loan, to direct the course of action to be followed by the Special Servicer with respect to the relevant default, (ii) in the case of a Mortgage Loan with a due-on-sale clause, to approve any transferee of the related Mortgaged Property, (iii) in the case of any Mortgage Loan with a due-on-encumbrance clause, to consent to allowance of any subordinate financing, (iv) to consent to any action to be taken by the Special Servicer with respect to any Mortgaged Property in the event of the existence of certain environmental conditions with respect to such Mortgaged Property; (v) to evaluate and determine the advisability of certain extensions to such Mortgage Loan, (vi) to consent to Modifications to such Mortgage Loan and (vii) to consent to the acquisition or sale of an REO Property or the sale of a Defaulted Mortgage Loan. Fannie Mae has the right to terminate the Special Servicer, with or without cause, during the Final Control Period and to terminate the Special Servicer at any other time with cause. See the “Glossary.”

In the Trust Agreement, Fannie Mae covenants not to enter into an amendment to the Sale and Servicing Agreement that materially and adversely affects the rights of the Subordinate Directing Holder, without the consent of the Subordinate Directing Holder.

The Trust Agreement provides that Fannie Mae will not be liable for any act or omission of any Special Servicer appointed by the Subordinate Directing Holder.

### **Termination**

Pursuant to the Trust Agreement, Fannie Mae, in its corporate capacity, is entitled to purchase all of the Mortgage Loans and any REO Properties remaining in the Lower Tier REMIC and effect an early termination of the Lower Tier REMIC and the Trust at any time that the aggregate Stated Principal Balance of all of the Mortgage Loans and REO Loans remaining in the Lower Tier REMIC is five percent or less of the Issue Date Pool Balance, for a purchase price equal to the aggregate Purchase Price for all of the Mortgage Loans (including the REO Loans) remaining in the Lower Tier REMIC.

There also may be an early termination of the Trust in the event the Master Servicer, the Special Servicer or the Subordinate Directing Holder purchases the Mortgage Loans and any REO Properties in the Lower Tier REMIC. See “The Sale and Servicing Agreement—Termination” herein.

## **THE SALE AND SERVICING AGREEMENT**

Fannie Mae, as purchaser, the Mortgage Loan Sellers, and NCB as master servicer (the “Master Servicer”) and initial Special Servicer, are parties to a Sale and Servicing Agreement, dated as of November 1, 1995, pursuant to which Fannie Mae acquired the Mortgage Loans from the Mortgage Loan Sellers and, pursuant to its powers under the Trust Agreement, Fannie Mae engaged the Master Servicer and the Special Servicer, as an independent contractor to Fannie Mae, to service the Mortgage Loans, subject to the right of the Subordinate Directing Holder to appoint the Special Servicer and direct the course of action thereof with respect to Specially Serviced Mortgage Loans. See “The Trust Agreement—Certain Rights of the Subordinate Directing Holder.”

The Sale and Servicing Agreement is a contract solely between Fannie Mae and the other parties thereto and neither the Certificateholders nor the holders of the Subordinate Classes are deemed to be parties thereto or, except as provided under “The Trust Agreement—Certain Rights of the Subordinate Directing Holder” above, have any claims, rights, obligations, duties or liabilities with respect to the Sale and Servicing Agreement or the parties thereto.

### **General**

The Sale and Servicing Agreement sets forth the standards and the detailed procedures to be followed by, and the rights and obligations of, the Master Servicer and the Special Servicer with respect to servicing the Mortgage Loans.

### *Master Servicer*

In general, the Master Servicer is responsible for (i) making determinations with respect to the enforcement of due-on-sale and due-on-encumbrance clauses, as well as consents to permitted subordinate financing, as described under “The Trust Agreement—Servicing of the Mortgage Loans—*Due-on-Sale Clauses; Due-on-Encumbrance Clauses; Subordinate Financing*,” (ii) making determinations with respect to a partial release of a Mortgaged Property as described under “Trust Agreement—Servicing of the Mortgage Loans—*Modifications, Waivers and Amendments*,” (iii) making Advances, and (iv) the collection of payments on the Mortgage Loans (other than the REO Loans) and the maintenance of various accounts with respect thereto. Notwithstanding the foregoing, during any Final Control Period, Fannie Mae shall have the right, but not the obligation, to approve the course of action to be taken by the Master Servicer under clauses (i) and (ii) of the preceding sentence. Subject to the consent right of Fannie Mae during the Final Control Period, the Master Servicer has the right to purchase any Defaulted Mortgage Loan and to bid on any REO Property at a price no less than the Purchase Price.

### *Special Servicer*

In general, the Special Servicer is responsible for (i) the servicing and administering the Specially Serviced Mortgage Loans and any REO Loans, including the management and operation of any REO Properties, including taking the actions with respect to defaulted Mortgage Loans described under “The Trust Agreement—Servicing of the Mortgage Loans—*Realization Upon Defaulted Mortgage Loans*,” and (ii) negotiating and determining whether to approve of a Modification described under “The Trust Agreement—Servicing of the Mortgage Loans—*Modifications, Waivers and Amendments*.” See “The Trust Agreement—Certain Rights of the Subordinate Directing Holder” for a description of the right, but not the obligation, of Fannie Mae to direct, approve of, or consent to, the actions of the Special Servicer described in the preceding sentence during the Final Control Period. Subject to the consent right of Fannie Mae during the Final Control Period, the Special Servicer has the right to purchase any Defaulted Mortgage Loan and to bid on any REO Property at a price no less than the Purchase Price.

## **Representations, Warranties and Covenants; Repurchases**

In the Sale and Servicing Agreement, the Mortgage Loan Sellers will make certain customary representations, warranties and covenants for the benefit of Fannie Mae with respect to the Mortgage Loans being sold by the Mortgage Loan Sellers. In the Trust Agreement, Fannie Mae will assign or cause to be assigned to the Trustee all such representations, warranties and covenants given to Fannie Mae with respect to the Mortgage Loans and shall also give the Trustee the right to directly enforce the remedies set forth in the Sale and Servicing Agreement with respect to a breach of any such representations, warranties and covenants. The representations, warranties and covenants in the Sale and Servicing Agreement will continue in effect throughout the term of the Sale and Servicing Agreement. Following the discovery of a breach of any of such representations, warranties and covenants that is determined to materially and adversely affect the value of a Mortgage Loan, the Mortgage Loan Sellers may be required to purchase the affected Mortgage Loan from the Lower Tier REMIC at the applicable Purchase Price. See the “Glossary” herein.

## **Amendment**

The Sale and Servicing Agreement may be amended from time to time by the mutual agreement of Fannie Mae, the Mortgage Loan Sellers, the Master Servicer, and the Special Servicer, without the consent of any of the Certificateholders; provided, however, that such parties acknowledge and agree in the Sale and Servicing Agreement that certain provisions thereof expressly grant rights or benefits

to the Subordinate Directing Holder, and that the Subordinate Directing Holder is a third party beneficiary of such provisions.

## **Termination**

The obligations and responsibilities created by the Sale and Servicing Agreement will terminate upon payment (or provision for payment) to the Certificateholders and the holders of the Subordinate Classes of all amounts held by or on behalf of the Trustee and required under the Trust Agreement to be so paid on the Distribution Date following the earlier to occur of (i) the purchase by Fannie Mae, the Master Servicer, the Special Servicer or the Subordinate Directing Holder of all of the Mortgage Loans and REO Properties remaining in the Lower Tier REMIC in the event the aggregate Stated Principal Balance of the Mortgage Loans and any REO Loans remaining in the Lower Tier REMIC as of the date of such election is five percent or less of the Issue Date Pool Balance and (ii) the final payment (or any advance with respect thereto) on or other liquidation of the last Mortgage Loan or REO Property remaining in the Lower Tier REMIC. The purchase price payable by Fannie Mae, the Master Servicer, the Special Servicer or the Subordinate Directing Holder pursuant to clause (i) of the preceding sentence will be equal to the aggregate Purchase Price of all of the Mortgage Loans (including, without limitation, all of the REO Loans) then remaining in the Lower Tier REMIC. See the “Glossary.”

## **DESCRIPTION OF THE MORTGAGE POOL**

### **General**

The Lower Tier REMIC will consist of 52 Mortgage Loans with an aggregate Issue Date Balance of \$109,902,485, (the “Issue Date Pool Balance”), subject to a permitted variance of plus or minus 5%. The “Issue Date Balance” of each Mortgage Loan is the unpaid principal balance thereof as of the Issue Date, after application of all payments of principal due on or before such date, whether or not received.

Each Mortgage Loan is evidenced by a note, bond or other evidence of indebtedness (a “Mortgage Note”). Each Mortgage Loan is generally secured by a single mortgage, deed of trust or other similar security instrument (each, a “Mortgage”) that creates a first mortgage lien on a multifamily project (a “Mortgaged Property”) consisting of a Cooperative Property or a Multifamily Rental Property. The Mortgage Pool comprises 49 Mortgage Loans representing approximately 97.5% of the Issue Date Pool Balance that are secured by Cooperative Properties (“Cooperative Loans”) and three Mortgage Loans representing approximately 2.5% of the Issue Date Pool Balance that are secured by Multifamily Rental Property (“Multifamily Rental Loans”). However, 8 of the Mortgaged Properties securing approximately 11.1% of the Issue Date Pool Balance also secure additional indebtedness and are subject to a mortgage, deed of trust or similar security instrument that creates a second mortgage lien thereon. Each Mortgage covers a Mortgagor’s entire interest in the Mortgaged Property. None of the Mortgage Loans is insured or guaranteed by the United States, any governmental agency or any private mortgage insurer.

Substantially all of the Mortgage Loans were originated in 1994 and 1995 by the Mortgage Loan Sellers and will be acquired by Fannie Mae from the Mortgage Loan Sellers on or before the Settlement Date pursuant to the Sale and Servicing Agreement.

The information with respect to the Mortgage Loans set forth in “Description of the Mortgage Pool” and on Exhibit A hereto has been collected and summarized by the Mortgage Loan Sellers and provided to Fannie Mae. Fannie Mae has made no independent verification of such information and, therefore, does not warrant its truth or accuracy and shall not be responsible therefor.



## **Cooperative Properties**

Generally, in a typical housing cooperative, a Cooperative Apartment Building is owned by a Cooperative. Accordingly, the Cooperative owns all the apartment units and common areas in such building. 45 of the Mortgage Loans representing approximately 84.5% of the Issue Date Pool Balance are secured by Cooperative Apartment Buildings owned by Cooperatives. Four of the Mortgage Loans are secured by Condominium Units.

However, an apartment building and the land thereunder may be submitted to the condominium form of ownership, and thereby be divided into two or more condominium units. Generally, in such instances, the Cooperative does not own the entire apartment building and the land under the building, but rather owns a single Condominium Unit that generally comprises the residential portions of such apartment building. The other condominium units in such apartment building will generally comprise commercial space and will generally be owned by persons or entities other than the Cooperative. In instances where an apartment building has been submitted to the condominium form of ownership, certain of the common areas in such building may be owned by the Cooperative and other common areas (often including the land under the building) may constitute common elements of the condominium, which common elements are owned in common by the Cooperative and the owners of the other condominium units. Four of the Mortgage Loans representing approximately 13.0% of the Issue Date Pool Balance are secured by Condominium Units.

Generally, in a Cooperative Apartment Building, the Cooperative is directly responsible for building management and payment of real estate taxes and hazard and liability insurance premiums. Where the apartment building has been submitted to the condominium form of ownership, each condominium unit owner will be directly responsible for the payment of real estate taxes on such owner's unit, but certain specified maintenance and other obligations, including hazard and liability insurance premiums, may not be the direct responsibility of the Cooperative but rather will be the responsibility of the condominium board of managers.

Each Cooperative's ability to pay its debt service obligations on the Mortgage Loan and its expenses is dependent primarily upon the receipt of maintenance payments from the tenant-stockholders, as well as any rental income from units or commercial areas that the Cooperative owns. Unanticipated expenditures may in some cases have to be paid by special assessments on the tenant-stockholders. In addition, where the building has been submitted to the condominium form of ownership, the ability of the condominium board of managers to pay certain expenses of the building will be dependent upon the payment by all condominium unit owners of common charges assessed by the condominium board of managers. Each Cooperative's ability to pay the Balloon Payment of a Mortgage Loan at maturity depends primarily on its ability to refinance the Mortgage Loan or to levy against each unit, and collect from the tenant-stockholders who own the Cooperative, a special assessment. The Mortgage Loan Sellers will have no obligation to provide refinancing for the Mortgage Loans.

Tenant-stockholders own a Cooperative through ownership of stock, shares or membership certificates in the Cooperative. Tenant-stockholders receive proprietary leases or occupancy agreements which confer exclusive rights to occupy specific apartments or units. Generally, a tenant-stockholder of a Cooperative must make a monthly payment to the Cooperative representing such tenant-stockholder's pro rata share of the debt service obligations on the Mortgage Loan and the expenses of the Cooperative. Such payments are in addition to any payments of principal and interest the tenant-stockholder must make on any loans of the tenant-stockholder secured by its shares in the Cooperative.

In a typical cooperative conversion plan, the owner of a rental apartment building contracts to sell the building to a newly formed Cooperative. Under a typical non-eviction plan, shares are allocated to each apartment unit by the owner or sponsor, and the current tenants have a certain period to subscribe at prices discounted from the prices to be offered to the public after such period. As part of the consideration for the sale, the owner or sponsor receives all the unsold shares of the Cooperative.

Each purchaser of shares in the Cooperative generally enters into a long-term proprietary lease which provides the stockholder with the right to occupy the apartment. However, a tenant at the time of conversion who chooses not to purchase shares is entitled to reside in the unit, as a subtenant from the owner of the shares allocated to such apartment unit. The subtenant would continue to be protected by any applicable rent control and rent stabilization laws, may be entitled to renew its lease indefinitely and would be protected from rent increases by the stockholder above those permitted by any applicable rent control and rent stabilization laws. The stockholder is responsible for the maintenance payments to the Cooperative without regard to its receipt or non-receipt of rent from the subtenant, which may be lower than maintenance payments on the units. Newly-formed Cooperatives typically have the greatest concentration of non-tenant stockholders.

In general, a tenant-stockholder of a “cooperative housing corporation” (as defined in the Code) is allowed a deduction for amounts paid or accrued within its taxable year to the Cooperative to the extent of its proportionate share of certain interest expenses and certain real estate taxes allowable as a deduction to the Cooperative. Because qualification as a “cooperative housing corporation” is made on a year-to-year basis, there can be no assurance that Cooperatives relating to the Mortgage Loans will so qualify for any particular year. In the event that such a Cooperative fails to qualify for one or more years, the value of the Mortgaged Property securing the related Mortgage Loan could be significantly impaired because no deduction would be allowable to tenant-stockholders with respect to those years.

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

*Due Dates.* Monthly Payments under the Mortgage Loans will be due on the first day of each month. See Exhibit A hereto. As of the Settlement Date, no Monthly Payment on any Mortgage Loan will be more than 30 days past due. The first Monthly Payment on one Mortgage Loan representing approximately 8.6% of the Issue Date Pool Balance is due in January of 1996. See Exhibit A.

*Mortgage Rates.* 45 of the Mortgage Loans (the “Fixed Rate Mortgage Loans”), which represent 94.7% of the Issue Date Pool Balance, bear interest at Mortgage Rates which are in each case, as of the Issue Date, fixed for the particular Mortgage Loan’s remaining term to stated maturity. Seven of the Mortgage Loans (the “ARM Loans”), which represent the remaining 5.3% of the Issue Date Pool Balance, bear interest at Mortgage Rates which are in each case subject to periodic adjustments following the Issue Date by adding a specified number of basis points (a “Gross Margin”) to the applicable value of a base index (an “Index”). The Index for six of the ARM Loans with an aggregate Issue Date Balance of \$4,878,390 is the 5-Year Treasury Index and the Index for the other ARM Loan with an Issue Date Balance of \$905,272 is the 3-Year Treasury Index. The “5-Year Treasury Index” and the “3-Year Treasury Index” are the current weekly average yields for United States Treasury Securities, adjusted to a constant maturity of five years or three years, respectively, as published as of a day, ranging from 1 to 45 days, preceding the applicable adjustment date, or, if such day falls on a weekend or legal holiday, the next business day following such day, in document H. 15 (519) published by the Board of Governors of the Federal Reserve System and entitled “Federal Reserve Statistical Release,” or its successor publication, generally rounded up to the nearest ⅛ of one percent. Should the 5-Year or 3-Year Treasury Index become unavailable, Fannie Mae will select an alternative Index, as dictated by the terms of the Mortgage Loan.

The following table sets forth the minimum and maximum Mortgage Rates for the ARM Loans, the Gross Margins and the Net Margins (i.e., the applicable Gross Margin less the Servicing Fee Rate

and the Fannie Mae Fee Rate) for such ARM Loans, and the first calendar month following the Issue Date during which such Mortgage Rates are subject to adjustment.

Property Name	Issue Date Balance of Mortgage Loans	Index	Minimum Mortgage Rate	Maximum Mortgage Rate	Frequency of Adjustment (mos.)	Gross Margin	Net Margin	Next Coupon Adjustment Date
Centrentset .....	\$2,183,351	5 year Treasury	7.00%	*	60	3.25%	2.85%	4/1/98
1820 Clydesdale Coop	905,272	3 year Treasury	8.75	16.25%	36	3.00	2.47	9/1/96
Pomeroy Green .....	813,612	5 year Treasury	8.16	*	60	3.50	2.97	5/1/99
510 Groveland Coop ..	727,783	5 year Treasury	7.25	*	60	3.25	2.72	5/1/98
Mix It Studios Coop ..	570,852	5 year Treasury	3.50	*	60	3.50	2.97	1/1/98
San Tomas Estates ...	312,453	5 year Treasury	7.63	*	60	3.50	2.97	4/1/99
1915 16th Street Coop	270,339	5 year Treasury	7.50	*	60	3.25	2.72	7/1/98

\* These Mortgage Loans do not have a maximum Mortgage Rate.

*Monthly Payments.* All of the Mortgage Loans provide for monthly payments of interest and monthly payments of principal based on amortization schedules ranging from 10 to 60 years, which in the case of 44 Mortgage Loans representing approximately 95.3% of the Issue Date Pool Balance are significantly longer than the remaining terms of such Mortgage Loans (each, a “Balloon Mortgage Loan”), thereby leaving substantial principal amounts due and payable (each such payment, a “Balloon Payment”) on their respective stated maturity dates, unless prepaid prior thereto.

*Prepayment Provisions.* 41 Mortgage Loans representing approximately 90.9% of the Issue Date Pool Balance have a period during which voluntary principal prepayments are prohibited (a “Lock-Out Period”).

The Lock-Out Period for Fixed Rate Mortgage Loans that have original terms to maturity of 10 years and represent approximately 70.8% of the Issue Date Pool Balance is generally approximately seven (7) years, and the Lock-Out Period for Fixed Rate Mortgage Loans that have original terms to maturity of 15 years and represent approximately 15.7% of the Issue Date Pool Balance is generally approximately 10 years. However, 10 Fixed Rate Mortgage Loans representing approximately 8.3% of the Issue Date Pool Balance may be voluntarily prepaid at any time but generally require the payment of a Yield Maintenance Charge (unless prepayment resulted from condemnation of, or casualty on, the related Mortgaged Property). Generally, there is a period, ranging from 45 to 90 days immediately prior to the Maturity Date for the Fixed Rate Mortgage Loans during which a principal prepayment of such a Mortgage Loan need not be accompanied by a Yield Maintenance Charge or Prepayment Premium. The “Yield Maintenance Charge” will be computed on the basis of a formula specified in the related Mortgage Note. See the “Glossary.” Generally, the ARM Loans may only be prepaid during the 45-day period prior to each adjustment date or the Maturity Date and any prepayment during such period generally need not be accompanied by a Yield Maintenance Charge or Prepayment Premium. The “Maturity Date” of a Mortgage Loan is the stated maturity date thereof. See Exhibit A hereto.

After any applicable Lock-Out Period, certain of the Mortgage Loans provide that any principal prepayment must be accompanied by a Yield Maintenance Charge or Prepayment Premium (unless the prepayment resulted from a condemnation of, or casualty on, the related Mortgaged Property). Generally, upon making a permitted voluntary prepayment of a Fixed Rate Mortgage Loan, the applicable Mortgagor must pay a Prepayment Premium equal to 2% of the unpaid principal balance of the Mortgage Loan.

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

Unless the Mortgage Loan to be prepaid is relatively near its Maturity Date or unless the sale price or the amount of the proceeds of a refinancing of the related Mortgaged Property is considerably

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

The Special Servicer will not be permitted to waive or modify any term of a Mortgage Loan that requires the payment of a Prepayment Premium or a Yield Maintenance Charge in connection with any principal prepayment thereon except in certain circumstances. See “Trust Agreement—Servicing of the Mortgage Loans—*Modifications, Waivers and Amendments*” herein. If and to the extent received, Prepayment Premiums are distributable to the XS Class and Yield Maintenance Charges are distributable to the A-1, A-2, A-3 and XS Classes as described herein under “Description of the Certificates—Allocation of Prepayment Premiums and Yield Maintenance Charges.” Certain state laws limit the amounts that a lender may collect from a borrower as an additional charge in connection with the prepayment of a mortgage loan. Furthermore, the enforceability, under the laws of a number of states, of provisions providing for Prepayment Premiums or Yield Maintenance Charges upon an involuntary prepayment is unclear. No assurance can be given that, at the time a Prepayment Premium or a Yield Maintenance Charge is required to be made on a Mortgage Loan in connection with an involuntary prepayment, the obligation to pay such Prepayment Premium or Yield Maintenance Charge will be enforceable under applicable state law. See “Maturity and Prepayment Considerations and Risks—Early Repayment of Mortgage Loans” in the Multifamily REMIC Prospectus.

*Section 8 Mortgage Loans.* Two of the Mortgage Loans representing approximately 1.5% of the Issue Date Pool Balance are secured by Mortgaged Properties that have the benefit of subsidies paid by the Department of Housing and Urban Development (“HUD”) pursuant to a Housing Assistance Payment Contract (a “HAP Contract”). Generally, the Mortgaged Properties that have the benefit of a HAP Contract are subject to various restrictions in the related deeds or separate regulatory agreements, including with respect to limitations on the income levels of tenants. In the event any such Mortgaged Property becomes an REO Property, any such deed or regulatory agreement restrictions would survive.

### **Additional Mortgage Loan Information**

The Mortgage Loans and Mortgaged Properties are expected to have the following additional characteristics as of the Issue Date. The figures in the columns titled “Aggregate Issue Date Balance” in the tables below are based on the Issue Date Balances of the related Mortgage Loans. The sum in any column of the following tables, or in the table set forth on Exhibit A hereto, may not equal the indicated total due to rounding.

Following the issuance of the Certificates, Fannie Mae will make available in electronic form certain data specific to the Certificates and certain information with respect to the underlying Mortgage Loans, in each case as of the Issue Date, including the information set forth on Exhibit A hereto and will make available certain other information relating to the Mortgage Loans and Mortgaged Properties. To obtain this information in electronic form, call Fannie Mae at 1-800-752-6440 or 202-752-6000.

The following table sets forth the range of Mortgage Rates on the Mortgage Loans as of the Issue Date.

**Mortgage Rates for the Mortgage Loans as of the Issue Date (1)**

<u>Range of Mortgage Rates (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Issue Date Balance</u>	<u>Percent of Issue Date Pool Balance</u>
7.250% – 7.499% .....	1	\$ 3,492,143	3.18%
7.500% – 7.749% .....	5	18,948,451	17.24
7.750% – 7.999% .....	5	10,619,064	9.66
8.000% – 8.249% .....	10	32,216,233	29.31
8.250% – 8.499% .....	5	10,605,350	9.65
8.500% – 8.749% .....	8	10,088,437	9.18
8.750% – 8.999% .....	4	7,154,248	6.51
9.000% – 9.249% .....	3	792,356	.72
9.250% – 9.499% .....	3	5,256,271	4.78
9.500% – 9.749% .....	4	8,375,899	7.62
9.750% – 9.999% .....	2	1,037,199	.94
10.000% – 10.249% .....	1	825,696	.75
10.500% – 10.749% .....	1	491,136	.45
Total .....	<u>52</u>	<u>\$109,902,486</u>	<u>100.00%</u>

Weighted Average Mortgage Rate: 8.32% per annum

(1) The ARM Loans are reflected at their respective Mortgage Rates as of the Issue Date.

The following table sets forth the range of Net Mortgage Rates on the Mortgage Loans as of the Issue Date.

**Net Mortgage Rates for the Mortgage Loans as of the Issue Date (1)**

<u>Range of Net Mortgage Rates (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Issue Date Balance</u>	<u>Percent of Issue Date Pool Balance</u>
7.000% – 7.249% .....	4	\$ 17,391,048	15.82%
7.250% – 7.499% .....	7	11,658,917	10.61
7.500% – 7.749% .....	7	18,941,456	17.24
7.750% – 7.999% .....	8	25,539,652	23.23
8.000% – 8.249% .....	7	10,707,419	9.74
8.250% – 8.499% .....	5	7,997,775	7.28
8.500% – 8.749% .....	3	1,680,017	1.53
8.750% – 8.999% .....	3	5,256,271	4.78
9.000% – 9.249% .....	4	6,196,483	5.64
9.250% – 9.499% .....	3	4,042,312	3.68
10.000% – 10.249% .....	1	491,136	.45
Total .....	<u>52</u>	<u>\$109,902,486</u>	<u>100.00%</u>

Weighted Average Net Mortgage Rate: 7.90% per annum

(1) The ARM Loans are reflected at their respective Net Mortgage Rates as of the Issue Date.



The following table sets forth the range of Issue Date Balances of the Mortgage Loans.

### Issue Date Balances for the Mortgage Loans

<u>Range of Issue Date Balances (\$)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Issue Date Balance</u>	<u>Percent of Issue Date Pool Balance</u>
\$ 200,001 – \$ 400,000 .....	7	\$ 2,004,162	1.82%
400,001 – 600,000 .....	2	1,061,988	.97
600,001 – 800,000 .....	6	4,187,188	3.81
800,001 – 1,000,000 .....	6	5,315,065	4.84
1,000,001 – 2,000,000 .....	10	14,461,741	13.16
2,000,001 – 3,000,000 .....	10	27,029,392	24.59
3,000,001 – 4,000,000 .....	6	21,058,480	19.16
4,000,001 – 5,000,000 .....	1	4,998,633	4.55
5,000,001 – 10,000,000 .....	4	29,785,837	27.10
Total .....	<u>52</u>	<u>\$109,902,486</u>	<u>100.00%</u>

Average Issue Date Balance: \$2,113,509

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

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

<u>Original Terms (in Months)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Issue Date Balance</u>	<u>Percent of Issue Date Pool Balance</u>
120 .....	33	\$ 81,595,251	74.24%
180 .....	17	24,849,659	22.61
181 .....	1	2,469,240	2.25
186 .....	<u>1</u>	<u>988,335</u>	<u>.90</u>
Total .....	<u>52</u>	<u>\$109,902,486</u>	<u>100.00%</u>

Weighted Average Original Term to Stated Maturity: 135.5 months

**Remaining Terms to Stated Maturity (In Months) for the  
Mortgage Loans as of the Issue Date**

<b>Range of Remaining Terms (in Months)</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Issue Date Balance</b>	<b>Percent of Issue Date Pool Balance</b>
78 – 84 .....	1	\$ 905,272	.82%
85 – 90 .....	2	2,754,202	2.51
91 – 96 .....	1	270,339	.25
97 – 102 .....	1	813,612	.74
103 – 114 .....	4	10,878,963	9.90
115 – 120 .....	24	57,378,134	52.21
121 – 132 .....	1	9,500,000	8.64
144 – 156 .....	1	727,783	.66
157 – 168 .....	4	2,175,348	1.98
169 – 180 .....	12	22,029,591	20.05
181+ .....	1	2,469,240	2.25
Total .....	<u>52</u>	<u>\$109,902,486</u>	<u>100.00%</u>

Weighted Average Remaining Term to Stated Maturity: 131.3 months

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

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

<b>Years</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Issue Date Balance</b>	<b>Percent of Issue Date Pool Balance</b>
2002 .....	1	\$ 905,272	.82%
2003 .....	3	3,024,542	2.75
2004 .....	1	813,612	.74
2005 .....	29	77,757,098	70.75
2008 .....	1	727,783	.66
2009 .....	5	2,666,484	2.43
2010 .....	<u>12</u>	<u>24,007,695</u>	<u>21.85</u>
Total .....	<u>52</u>	<u>\$109,902,486</u>	<u>100.00%</u>

The following tables set forth the range of (i) Issue Date LTV Ratios of all of the Mortgage Loans as though they were secured by Multifamily Rental Property, and (ii) the Issue Date LTV Ratios of the Mortgage Loans that are secured by the 45 Mortgaged Properties which are Cooperative Properties. See Exhibit A for the description of four Cooperative Loans as to which appraised values at origination are available only as Multifamily Rental Properties. An “Issue Date LTV Ratio” is a fraction, expressed as a percentage, the numerator of which is the Issue Date Balance of a Mortgage Loan, and the denominator of which is the appraised value of the related Mortgaged Property as a Multifamily Rental Property or Cooperative Property, as applicable, in each case as determined by the appraisal made in connection with the origination of such Mortgage Loan. The Issue Date LTV Ratio is typically calculated based on each such appraisal because in the event of a foreclosure or the acceptance of a deed in lieu of foreclosure with respect to a Cooperative Property it could be operated as a Multifamily Rental Property. An Issue Date LTV Ratio, because it is based on the appraised value of a Mortgaged Property determined as of loan origination, is not necessarily a reliable measure of the Mortgagor’s current equity, if any, in that Mortgaged Property. In evaluating the Mortgage Loans, Fannie Mae used a different methodology for calculating loan to value ratios than that

described herein. Application of such different methodology with regard to certain Mortgage Loans produced results which differ from those set forth in the following table and on Exhibit A.

**Issue Date LTV Ratios for the Mortgage Loans  
as Multifamily Rental Property**

<b>Range of Issue Date LTV Ratios ( %) (1)</b>	<b>Number of Mortgage Loans</b>	<b>Aggregate Issue Date Balance</b>	<b>Percent of Issue Date Pool Balance</b>
5.00% or less . . . . .	1	\$ 312,453	.28%
5.01% – 10.00% . . . . .	1	988,335	.90
10.01% – 15.00% . . . . .	3	5,854,728	5.33
15.01% – 20.00% . . . . .	7	7,235,606	6.58
20.01% – 25.00% . . . . .	5	11,441,938	10.41
25.01% – 30.00% . . . . .	7	17,842,221	16.24
30.01% – 35.00% . . . . .	5	16,873,426	15.35
35.01% – 40.00% . . . . .	6	19,447,818	17.70
40.01% – 45.00% . . . . .	3	7,385,437	6.72
45.01% – 50.00% . . . . .	1	4,998,633	4.55
50.01% – 55.00% . . . . .	2	5,386,675	4.90
55.01% – 60.00% . . . . .	5	7,261,552	6.61
60.01% – 65.00% . . . . .	2	1,550,504	1.41
65.01% – 70.00% . . . . .	2	1,728,851	1.57
70.01% – 75.00% . . . . .	2	1,594,310	1.45
Total . . . . .	<u>52</u>	<u>\$109,902,486</u>	<u>100.00%</u>

Weighted Average Issue Date LTV Ratio as Multifamily Rental Properties was approximately 34.8%.

(1) The Issue Date LTV Ratios were calculated using the appraised values of the Mortgaged Properties at the time of origination of the related Mortgage Loans. All of the Mortgage Loans were originated in 1994 and 1995, except five Mortgage Loans representing approximately 4.2% of the Issue Date Pool Balance were originated between 1987 and 1993.

**Issue Date LTV Ratios for Cooperative Loans  
as Cooperative Properties**

<b>Range of Issue Date LTV Ratios ( %)</b>	<b>Number of Mortgage Loans (1)</b>	<b>Aggregate Issue Date Balance</b>	<b>Percentage of Issue Date Pool Balance</b>
5.00% or less . . . . .	1	\$ 312,453	.28%
5.01% – 10.00% . . . . .	5	7,167,156	6.52
10.01% – 15.00% . . . . .	11	17,959,886	16.34
15.01% – 20.00% . . . . .	5	17,215,876	15.67
20.01% – 25.00% . . . . .	6	18,594,749	16.92
25.01% – 30.00% . . . . .	5	17,280,803	15.72
30.01% – 35.00% . . . . .	6	17,099,519	15.56
35.01% – 40.00% . . . . .	4	6,139,689	5.59
55.01% – 60.00% . . . . .	1	2,469,240	2.25
75.01% – 80.00% . . . . .	1	825,696	.75
Rental . . . . .	3	2,708,504	2.46
Not Available(1) . . . . .	4	2,128,915	1.94
Total . . . . .	<u>52</u>	<u>\$109,902,486</u>	<u>100.00%</u>

Weighted Average Issue Date LTV Ratio of the Cooperative Loans as Cooperative Properties was approximately 23.4%.

(1) Four Cooperative Properties securing Mortgage Loans representing approximately 1.9% of the Issue Date Pool Balance were appraised as Multifamily Rental Properties and not as Cooperative Properties.

The following table sets forth the percentage of sponsor-held units in the Cooperative Properties.

**Sponsor Percentage of Units  
in Cooperative Properties**

<u>Sponsor-Held Units (%) (1)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Issue Date Balance</u>	<u>Percentage of Issue Date Pool Balance</u>
0.00% .....	30	\$ 54,193,843	49.31%
0.01% – 10.00% .....	2	4,438,203	4.04
10.01% – 20.00% .....	4	8,698,114	7.91
20.01% – 30.00% .....	6	17,204,887	15.66
30.01% – 40.00% .....	5	14,481,158	13.18
40.01% – 50.00% .....	2	8,177,777	7.44
Rental .....	<u>3</u>	<u>2,708,504</u>	<u>2.46</u>
Total .....	<u>52</u>	<u>\$109,902,486</u>	<u>100.00%</u>

As of the Issue Date, the weighted average percentage of sponsor-held units in the Cooperative Properties was approximately 14.4%.

(1) The percentage of sponsor-held units is as of the date of origination of the related Mortgage Loans. See Exhibit A.

The following table sets forth the year of conversion of each applicable Mortgaged Property to a Cooperative Property.

**Year Converted to Cooperative**

<u>Year Converted</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Issue Date Balance</u>	<u>Percentage of Issue Date Pool Balance</u>
Rental . . . . .	3	\$ 2,708,504	2.46%
1921 . . . . .	1	346,996	.32
1934 . . . . .	1	712,159	.65
1943 . . . . .	1	2,900,000	2.64
1946 . . . . .	1	727,783	.66
1947 . . . . .	1	988,335	.90
1956 . . . . .	1	3,780,148	3.44
1961 . . . . .	2	1,384,464	1.26
1964 . . . . .	1	312,453	.28
1970 . . . . .	1	1,498,904	1.36
1971 . . . . .	1	2,891,575	2.63
1972 . . . . .	1	2,799,226	2.55
1976 . . . . .	1	648,003	.59
1977 . . . . .	2	1,723,695	1.57
1979 . . . . .	2	5,041,116	4.59
1980 . . . . .	5	14,645,903	13.33
1981 . . . . .	5	14,007,317	12.75
1982 . . . . .	1	2,897,343	2.64
1983 . . . . .	2	5,690,486	5.18
1984 . . . . .	2	4,900,000	4.46
1985 . . . . .	4	2,646,243	2.41
1986 . . . . .	2	11,098,114	10.10
1987 . . . . .	1	1,550,000	1.41
1988 . . . . .	4	9,119,553	8.30
1989 . . . . .	2	10,998,171	10.01
1994 . . . . .	3	1,416,756	1.29
1995 . . . . .	1	2,469,240	2.25
Total . . . . .	<u>52</u>	<u>\$109,902,486</u>	<u>100.00%</u>



35 of the Mortgage Loans are secured by Mortgaged Properties located in the state of New York. The following table sets forth the states in which the Mortgaged Properties are located.

**Geographic Distribution of the Mortgaged Properties (by State)**

<u>State</u>	<u>Number of Mortgaged Properties</u>	<u>Aggregate Issue Date Balance</u>	<u>Percent of Issue Date Pool Balance</u>
California .....	3	\$ 1,838,224	1.67%
Georgia .....	3	1,416,756	1.29
Illinois .....	1	988,335	.90
Massachusetts .....	2	3,040,092	2.77
Minnesota .....	2	1,553,479	1.41
Missouri .....	1	1,059,368	.96
New Jersey .....	1	3,788,561	3.45
New York			
Bronxville .....	2	3,546,996	3.23
Brooklyn .....	3	3,857,251	3.51
Islip .....	1	5,286,202	4.81
Manhattan .....	25	69,633,728	63.36
Queens .....	2	5,378,262	4.89
Bronx .....	1	2,992,269	2.72
Yorktown .....	1	2,698,218	2.46
Texas .....	2	1,649,135	1.50
Washington, DC .....	2	1,175,611	1.07
Total .....	<u>52</u>	<u>\$109,902,486</u>	<u>100.00%</u>

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

### Years in Which the Mortgaged Properties were Built

<u>Year of Construction</u>	<u>Number of Mortgaged Properties</u>	<u>Aggregate Issue Date Balance</u>	<u>Percent of Issue Date Pool Balance</u>
Prior to 1876 .....	2	\$ 2,047,605	1.86%
1887 .....	1	1,749,546	1.59
1889 .....	1	324,094	.30
1890 .....	1	699,600	.64
1900 .....	3	3,579,899	3.26
1905 .....	1	215,676	.20
1907 .....	2	1,911,394	1.74
1908 .....	1	1,550,000	1.41
1910 .....	1	2,200,000	2.00
1920 .....	1	2,469,240	2.25
1921 .....	1	346,996	.32
1922 .....	2	6,099,226	5.55
1923 .....	3	1,908,316	1.74
1924 .....	2	4,547,144	4.14
1926 .....	2	4,219,926	3.84
1927 .....	1	4,998,633	4.55
1928 .....	1	750,000	.68
1938 .....	1	3,200,000	2.91
1940 .....	4	11,178,250	10.17
1948 .....	1	1,700,000	1.55
1950 .....	1	6,999,635	6.37
1954 .....	2	4,680,148	4.26
1955 .....	1	325,040	.30
1957 .....	1	2,992,269	2.72
1959 .....	1	2,897,343	2.64
1962 .....	1	5,286,202	4.81
1963 .....	4	12,623,692	11.49
1964 .....	1	9,500,000	8.64
1967 .....	1	882,151	.80
1968 .....	1	1,498,904	1.36
1970 .....	2	2,063,271	1.88
1972 .....	1	2,698,218	2.46
1982 .....	1	209,565	.19
1983 .....	1	491,136	.45
1994 .....	1	1,059,368	.96
Total .....	<u>52</u>	<u>\$109,902,486</u>	<u>100.00%</u>

### Changes in Mortgage Pool Characteristics

The description herein of the Mortgage Pool and the Mortgaged Properties is based upon the Mortgage Pool as expected to be constituted at the time the Certificates and the Subordinate Classes are issued, as adjusted for the scheduled principal payments due on or before the Issue Date. Prior to the issuance of the Certificates, a Mortgage Loan may be removed from the Mortgage Pool if a Mortgage Loan Seller deems such removal necessary or appropriate or if it is prepaid. A limited number of other mortgage loans may be included in the Mortgage Pool prior to the issuance of the

Certificates, unless the inclusion of such mortgage loans would materially alter the characteristics of the Mortgage Pool as described herein. The Mortgage Loan Sellers believe that the information set forth herein will be representative of the characteristics of the Mortgage Pool as it will be constituted at the time the Certificates are issued, although the range of Mortgage Rates and maturities, as well as the other characteristics of the Mortgage Loans described herein, may vary. The Issue Date Pool Balance will be subject to a permitted variance of plus or minus 5%.

## **CERTAIN ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES**

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

### **REMIC Election and Special Tax Attributes**

Elections will be made to treat the Trust and the Lower Tier REMIC as REMICs for federal income tax purposes. The Certificates (other than the R Class and the RL Class) and the Subordinate Classes will be designated as the “regular interests,” and the R Class will be designated as the “residual interest,” in the REMIC constituted by the Trust. The Lower Tier Regular Interests will be designated as the “regular interests,” and the RL Class will be designated as the “residual interest,” in the Lower Tier REMIC.

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

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

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

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

Under the Regulations, neither the R Class nor the RL Class will have significant value. As a result, an organization to which section 593 of the Code applies and which is the beneficial owner of an R or RL Certificate may not use its allowable deductions to offset any “excess inclusions” with respect to such Certificate. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*” in the Multifamily REMIC Prospectus.

For purposes of determining the portion of the taxable income of the Trust that generally will not be treated as excess inclusions, the rate to be used is 7.67% (which is 120% of the “federal long-term rate”). See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*” and “—Foreign Investors—*Residual Certificates*” in the Multifamily REMIC Prospectus. The federal income tax consequences of any consideration paid to a transferee on the transfer of an R or RL Certificate are unclear; any transferee receiving such consideration should consult its own tax advisors.

## **PLAN OF DISTRIBUTION**

The Mortgage Loan Sellers will receive the Certificates in exchange for the Mortgage Loans pursuant to a Fannie Mae commitment. The Dealer, on behalf of the Mortgage Loan Sellers, proposes to offer the Certificates directly to the public from time to time in negotiated transactions at varying prices to be determined at the time of sale. The Dealer may effect such transactions to or through dealers.

## **LEGAL MATTERS**

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

## GLOSSARY

**A-1 Class:** As defined herein on the Prospectus Supplement cover page.

**A-2 Class:** As defined herein on the Prospectus Supplement cover page.

**A-3 Class:** As defined herein on the Prospectus Supplement cover page.

**A-1 Class Balance:** The outstanding principal balance of such Class.

**A-2 Class Balance:** The outstanding principal balance of such Class.

**A-3 Class Balance:** The outstanding principal balance of such Class.

**Advance:** A Delinquency Advance, Servicing Advance or Fannie Mae Fee Advance.

**Aggregate Principal Distribution Amount:** As defined herein under “Description of the Certificates—Distributions of Principal—*Principal Distribution Amount*” on page S-11.

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

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

**Assumed Payment:** With respect to any Balloon Mortgage Loan that is delinquent and still outstanding in respect of its Balloon Payment, and including any REO Loan as to which the related Mortgage Note provided for a Balloon Payment which would have been past due, an amount deemed to be due for such Balloon Mortgage Loan on the related Due Date, which shall be equal to the Monthly Payment that would have been due on such Mortgage Loan on such Due Date had such Balloon Payment not become due.

**Balloon Mortgage Loan:** As defined herein under “Description of the Mortgage Pool—Certain Terms and Conditions of the Mortgage Loans—*Monthly Payments*” on page S-27.

**Balloon Payment:** As defined herein under “Description of the Mortgage Pool—Certain Terms and Conditions of the Mortgage Loans—*Monthly Payments*” on page S-27.

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

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

**Certificate Rate:** The Certificate Rate of the A-1, A-2, A-3 and XS Classes as set forth on the Prospectus Supplement cover page.



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

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

**Class:** Collectively with respect to the Certificates, all of the Certificates bearing the same alphabetical and, if applicable, numerical class designation.

**Class Balance:** With respect to the Certificates (other than the R and RL Classes) and the Subordinate Certificates, the Class Balance outstanding at any time represents the maximum amount that the Holders of such Certificates or the holders of such Subordinate Certificates, respectively, are entitled to receive as distributions allocable to principal from the cash flow on the Mortgage Loans.

**Class Notional Amount:** The aggregate notional principal amount on which the Class XS Certificates accrue interest which is equal to the outstanding aggregate Class Balances of the A-1, A-2 and A-3 Classes.

**Class Prepayment Percentage:** As defined herein under “Description of the Certificates—Allocation of Prepayment Premiums and Yield Maintenance Charges” on page S-13.

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

**Cooperative:** As defined herein under “Certain Aspects of Multifamily REMIC Pass-Through Certificates—2. *Certain Risks Associated with Cooperative Apartment Buildings*” on page S-6.

**Cooperative Property:** As defined herein under “Certain Aspects of Multifamily REMIC Pass-Through Certificates—2. *Certain Risks Associated with Cooperative Apartment Buildings*” on page S-6.

**Cooperative Loan:** As defined herein under “Description of the Mortgage Pool—General” on page S-24.

**CPR:** As defined herein under “Description of the Certificates—Structuring Assumptions—*CPR Assumptions*” on page S-14.

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

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

**Deficient Valuation:** With respect to any Mortgage Loan, the amount of principal thereof that is forgiven due to a valuation of the related Mortgaged Property by a court of competent jurisdiction in an amount less than the then outstanding principal balance of the Mortgage Loan, which valuation is made in a proceeding initiated under the federal Bankruptcy Code. The determination of the Deficient Valuation and the application thereof as a Realized Loss shall not be made until the date of the discharge of such principal amount by the court.

**Delay Classes:** As defined herein under “Description of the Certificates—Distributions of Interest—*Interest Accrual Period*” on page S-10.

**Delinquency Advance:** An advance by the Master Servicer of principal of, or interest on, Certificates and one or more Subordinate Classes, in each case in accordance with, and subject to the limitations in, the Sale and Servicing Agreement.

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

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

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

**Due Period:** With respect to any Distribution Date, the period commencing on and including the second day of the month preceding the month in which such Distribution Date occurs and ending on and including the first day of the month in which such Distribution Date occurs.

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

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

**Fannie Mae Fee:** With respect to each Mortgage Loan and REO Loan, the fee payable to Fannie Mae in respect of its guaranty and the performance of its other obligations under the Trust Agreement.

**Fannie Mae Fee Advance:** An advance by the Master Servicer of the Fannie Mae Fee.

**Fannie Mae Fee Rate:** The rate per annum specified in the Trust Agreement at which the Fannie Mae Fee accrues.

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

**Final Control Period:** With respect to any Mortgage Loan or REO Property, as of any date of determination, any period during which (i) the Senior Balance is greater than zero and the Subordinate Balance is equal to or less than one percent (1%) of the Issue Date Pool Balance, or (ii) the Senior Balance exceeds 99% of the aggregate Assigned Asset Value of all of the Mortgage Loans and REO Properties; provided, however, that for purposes of this determination: (i) the Senior Balance shall reflect all distributions of principal made on the Certificates on the Distribution Date immediately preceding such date of determination; and (ii) the Stated Principal Balance of the Mortgage Loans shall reflect all reductions to be made thereto on the Distribution Date immediately preceding such date of determination.

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

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

**Final Recovery Determination:** A determination by the Master Servicer based upon information produced by the Special Servicer with respect to any Defaulted Mortgage Loan or REO Property (other than a Mortgage Loan or REO Property, as the case may be, that was purchased by (i) a Mortgage Loan Seller as described under “The Sale and Servicing Agreement—Representations, Warranties and Covenants; Repurchases,” (ii) by Fannie Mae as described under “The Trust Agreement—Termination” or by (iii) Fannie Mae, the Master Servicer, the Special Servicer or the Subordinate Directing Holder as summarized under “The Sale and Servicing Agreement—Termination”) that there has been a recovery of all insurance proceeds, liquidation proceeds and other payments or recoveries that the Master Servicer, in its reasonable and good faith judgment, exercised without regard to any obligation of the Master Servicer to make payments from its own funds to cover certain deductible amounts under insurance policies covering the Mortgaged Property or REO Property, expects to be ultimately recoverable.

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

**Gross Margin:** As defined herein under “Description of the Mortgage Pool—Certain Terms and Conditions of the Mortgage Loans—*Mortgage Rates*” on page S-26.

**HAP Contract:** As defined herein under “Description of the Mortgage Pool—Certain Terms and Conditions of the Mortgage Loans—*Section 8 Mortgage Loans*” on page S-28.

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

**HUD:** As defined herein under “Description of the Mortgage Pool—Certain Terms and Conditions of the Mortgage Loans—*Section 8 Mortgage Loans*” on page S-28.

**Index:** As defined herein under “Description of the Mortgage Pool—Certain Terms and Conditions of the Mortgage Loans—*Mortgage Rates*” on page S-26.

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

**Interest Accrual Period:** As defined herein under “Description of the Certificates—Distributions of Interest—*Interest Accrual Period*” on page S-10.

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

**Issue Date Balance:** As defined herein under “Description of the Mortgage Pool—General” on page S-24.

**Issue Date Cooperative LTV Ratio:** As defined herein under “Reference Sheet—*Characteristics of Mortgage Loans in the Mortgage Pool*” on page S-5.

**Issue Date Pool Balance:** As defined herein under “Description of the Mortgage Pool—General” on page S-24.

**Issue Date Rental LTV Ratio:** As defined herein under “Reference Sheet—*Characteristics of Mortgage Loans in the Mortgage Pool*” on page S-5.

**Liquidation Event:** With respect to any Mortgage Loan, any of the following events: (i) such Mortgage Loan is paid in full; (ii) a Final Recovery Determination is made with respect to such Mortgage Loan; or (iii) such Mortgage Loan is repurchased by (A) a Mortgage Loan Seller as summarized under “The Sale and Servicing Agreement—Representations, Warranties and Covenants; Repurchases” or (B) by Fannie Mae, the Master Servicer, the Special Servicer or the Subordinate Directing Holder as summarized under “The Sale and Servicing Agreement—Termination” or (C) Fannie Mae as summarized under “The Trust Agreement—Termination”. With respect to any REO Property (and the related REO Loan), any of the following events: (i) a Final Recovery Determination is made with respect to such REO Property; or (ii) such REO Property is purchased by the Master Servicer, the Special Servicer or the Subordinate Directing Holder as summarized under “Description of the Sale and Servicing Agreement—Termination” or Fannie Mae as summarized under “The Trust Agreement—Termination.”

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

**Lock-Out Period:** As defined herein under “Description of the Mortgage Pool—Certain Terms and Conditions of the Mortgage Loans—*Prepayment Provisions*” on page S-27.

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

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

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

**Master Servicer:** As defined under “The Sale and Servicing Agreement” on page S-23.

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

**Maturity Date:** As defined herein under “Description of the Mortgage Pool—Certain Terms and Conditions of the Mortgage Loans—*Prepayment Provisions*” on page S-27.

**Modification:** As defined herein under “The Trust Agreement—Servicing of the Mortgage Loans—*Modifications, Waivers and Amendments*” on page S-20.

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

**Mortgage:** As defined herein under “Description of the Mortgage Pool—General” on page S-24.

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

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

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

**Mortgage Loan Schedule:** The mortgage loan schedule or schedules attached to the Trust Agreement, which lists the Mortgage Loans transferred to the Lower Tier REMIC.

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

**Mortgage Note:** As defined herein under “Description of the Mortgage Pool—General” on page S-24.

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

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

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

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

**Multifamily Rental Loan:** As defined herein under “Description of the Mortgage Pool—General” on page S-24.

**Multifamily Rental Property:** As defined herein under “Certain Aspects of Multifamily REMIC Pass-Through Certificates—5. *Other Risks of Multifamily Lending*” on page S-7.

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

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

**Net Mortgage Rate:** For any Mortgage Loan or REO Loan, as of any date of determination, the rate per annum equal to (i) the applicable Mortgage Rate (without regard to any modification thereof made in connection with a bankruptcy proceeding or in connection with a default or a threatened default) minus (ii) the sum of the applicable Servicing Fee Rate and the Fannie Mae Fee Rate. For information as to the Net Mortgage Rates applicable to the Mortgage Loans, see Exhibit A.

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

**Percentage Interest:** With respect to any Certificate (other than the R or RL Certificate) or Subordinate Certificate, the portion of the relevant Class evidenced by such Certificate, expressed as a percentage, the numerator of which is the Certificate Balance of such Certificate (other than the R or RL Certificate) or Subordinate Certificate as of the Settlement Date, as specified on the face thereof, and the denominator of which is the original Class Balance of the relevant Class. With respect to a Class R or Class RL Certificate, the percentage interest in distributions to be made with respect to such Class, as stated on the face of such Class R or Class RL Certificate.

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

**Pricing Assumptions:** As defined herein under “Description of the Certificates—Structuring Assumptions—*Pricing Assumptions*” on page S-13.

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

**Purchase Price:** With respect to any Mortgage Loan or REO Loan, a price equal to the Mortgage Loan Principal Balance of such Mortgage Loan or REO Loan as of the date of purchase, together with (a) all accrued and unpaid interest on such Mortgage Loan or REO Loan at the related Mortgage Rate in effect from time to time to but not including the Due Date in the month following the month of purchase, any unpaid interest on unreimbursed Delinquency Advances with respect to such Mortgage Loan or REO Loan, (b) all related unreimbursed Servicing Advances, plus any unpaid interest on such Servicing Advances and without taking into account any reduction in principal or



change in the Mortgage Rate permitted by the Trust Agreement and the Sale and Servicing Agreement and (c) to the extent not included in any of the foregoing, all unreimbursed Fannie Mae Fee Advances.

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

**Realized Loss:** With respect to any Distribution Date, the amount, if any, by which (a) the sum of the aggregate Certificate Balance of the Certificates (other than the Class Notional Amount) and the Subordinate Classes, after giving effect to distributions which reduce Certificate Balances made on such Distribution Date, exceeds (b) an amount equal to (i) the aggregate Stated Principal Balance of the Mortgage Loans, after giving effect to distributions made on such Distribution Date, minus (ii) the excess, if any, of the aggregate of all amounts payable to the Master Servicer on such Distribution Date for all unreimbursed Advances made by the Master Servicer in respect of defaulted Mortgage Loans and/or REO Properties as to which a Final Recovery Determination was made during or prior to the related Due Period and all unpaid accrued interest on all unreimbursed Advances over the increase in the amount of Subordinated Principal Shortfall for such Distribution Date from the amount of Subordinated Principal Shortfall for the immediately preceding Distribution Date.

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

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

**Regulations:** As defined herein under “Description of the Certificates—Characteristics of the R and RL Classes” on page S-19.

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

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

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

**REO Acquisition:** The acquisition of an REO Property in accordance with the procedures summarized under “The Trust Agreement—Servicing of the Mortgage Loans—*Realization Upon Defaulted Mortgage Loans*” on page S-20.

**REO Extension:** As defined herein under “The Trust Agreement—Servicing of the Mortgage Loans—*Realization Upon Defaulted Mortgage Loans*” on page S-20.

**REO Loan:** As defined herein under “The Trust Agreement — Servicing of the Mortgage Loans—*Treatment of REO Properties*” on page S-21.

**REO Property:** A Mortgaged Property acquired on behalf of the Lower Tier REMIC through foreclosure, acceptance of a deed in lieu of foreclosure or otherwise in connection with a default or imminent default of a Mortgage Loan.

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

**Required Senior Principal Distribution Amount:** As defined herein under “Description of the Certificates—Distributions of Principal—*Principal Distribution Amount*” on page S-11.

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

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

**Sale and Servicing Agreement:** As defined herein under “The Sale and Servicing Agreement” on page S-22.

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

**Senior Balance:** The aggregate of the Class Balances of the A-1, A-2 and A-3 Classes.

**Senior Certificate:** A Certificate of the A-1 Class, A-2 Class, A-3 or XS Class.

**Senior Percentage:** On each Distribution Date, the percentage determined in accordance with the provisions set forth in “Description of the Certificates—Distributions of Principal—*Principal Distribution Amount*” on page S-11.

**Seriously Delinquent Loan:** Any Mortgage Loan that is at least 90 days delinquent in respect of its Balloon Payment or any other Scheduled Payment (such delinquency to be determined without regard to any grace period permitted by the related Mortgage(s) or Mortgage Note), provided that no suitable arrangements have been made for the collection of the delinquent payments as summarized under “The Trust Agreement—Servicing of the Mortgage Loans—*Modifications, Waivers and Amendments*” on page S-20.

**Servicing Advances:** All customary, reasonable and necessary “out-of-pocket” costs and expenses (including attorneys’ fees and expenses and fees of real estate brokers) incurred by the Master Servicer in connection with the servicing and administering of (a) a Mortgage Loan in respect of which a default, delinquency or other unanticipated event has occurred (without regard to any grace or cure period available to the applicable Mortgagor) or as to which a default is imminent or (b) an REO Property; however “Servicing Advance” will not include any cost or expense that the Master Servicer is expressly required by the Sale and Servicing Agreement to bear out of its own funds or without right of reimbursement or that the Sale and Servicing Agreement expressly states is not to be borne by Fannie Mae or the Trust or is not a Servicing Advance.

**Servicing Fee:** With respect to each Mortgage Loan and REO Loan, the fee payable to the Master Servicer and the Special Servicer pursuant to the Sale and Servicing Agreement, as calculated using the Servicing Fee Rate.

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

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

**Special Servicer:** As defined under “The Trust Agreement—Certain Rights of the Subordinate Directing Holder” on page S-21.

**Specially Serviced Mortgage Loan:** Any Mortgage Loan as to which (a) the Master Servicer or the Special Servicer knows or has been notified that a Balloon Payment has become past due or any other payment has become more than thirty (30) days past due; provided, however, with respect to such other payment, such Mortgage Loan shall not be a Specially Serviced Mortgage Loan if the Master Servicer determines that the reason for the default is administrative error or a temporary cash flow problem and the Master Servicer expects that the default will be cured within sixty (60) days of the date of default; (b) the Master Servicer or Special Servicer knows or has been notified that the related Mortgagor has entered into or consented to bankruptcy, appointment of a receiver or conservator or similar insolvency or other proceeding, or the related Mortgagor has become the subject

of a decree or order for such a proceeding which shall have remained in force for a period of sixty (60) days; (c) the Master Servicer or the Special Servicer shall have received notice of the foreclosure or proposed foreclosure of any lien on the related Mortgaged Property other than the lien of the Mortgage; (d) in the judgment of the Master Servicer or the Special Servicer, an event of default under the Mortgage Loan documents has occurred or is reasonably foreseeable and is not likely to be cured by the Mortgagor within thirty (30) days after the overdue payment was or will be first due without giving effect to any grace periods or cure periods; provided, however, such Mortgage Loan shall not be a Specially Serviced Mortgage Loan if the Master Servicer determines that the reason for the default is administrative error or a temporary cash flow problem and the Master Servicer expects that the default will be cured within sixty (60) days of the date of default; or (e) the Master Servicer or Special Servicer has been notified that the related Mortgagor admits in writing its inability to pay its debts generally as they become due, files a petition to take advantage of any applicable insolvency or reorganization statute, makes an assignment for the benefit of its creditors, or voluntarily suspends payments of its obligations or takes any corporate action in furtherance of the above.

**Stated Principal Balance:** At the time of any determination, the Issue Date Balance of a Mortgage Loan reduced, without duplication, by all amounts representing principal received or advanced by the Master Servicer with respect to such Mortgage Loan and by any Deficient Valuation and with respect to an REO Loan, a principal amount that is initially equal to the Stated Principal Balance of the predecessor Mortgage Loan as of the date of the related REO Acquisition reduced, without duplication, by all amounts representing principal received or advanced by the Master Servicer with respect to such REO Loan. Upon a Final Recovery Determination with respect to any Mortgage Loan or REO Loan, after the allocation of all net insurance proceeds, net liquidation proceeds and other payments or recoveries that constitute a recovery of principal, the Stated Principal Balance of such Mortgage Loan or REO Loan shall be reduced to zero.

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

**Subordinate Balance:** The aggregate of the Class Balances of all the Subordinate Classes.

**Subordinate Certificate:** A certificate of a Subordinate Class.

**Subordinate Class Termination Date:** The date on which the Class Balances of all of the Subordinate Classes have been reduced to zero.

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

**Subordinate Directing Holder:** The person (if any) which is (a) the holder of at least 51% of the aggregate Class Balance of the second most senior of the Subordinate Classes or (b) the holder of at least 51% of the aggregate Class Balance of the most senior of the Subordinate Class either (x) after the aggregate Class Balance of the second most senior of the Subordinate Classes is not greater than one percent (1%) of the Issue Date Pool Balance or (y) no person is the holder of at least 51% of the aggregate Class Balance of the second most senior Subordinate Class; provided that such person shall not be a Subordinate Directing Holder (a) unless the Class Balance of the Class of Subordinate Certificates 51% of which (by Certificate Balance) are held by such person, as of the date such person would otherwise first become Subordinate Directing Holder, is greater than one percent (1%) of the Issue Date Pool Balance and (b) by virtue of a particular Class of Subordinate Certificates, once the Class Balance of such Class of Subordinate Certificates, 51% of which (by Certificate Balance) are held by such person, as of any date, is equal to or less than one percent (1%) of the Issue Date Pool Balance. The determination of the “most senior” and “second most senior” of the Subordinate Classes is made on the Issue Date and one Subordinate Class is more senior to another Subordinate Class in the event the first-mentioned Subordinate Class has a priority as to distributions of principal over the second-mentioned Subordinate Class.

**Subordination Fraction:** As defined herein under “Description of the Certificates—Distributions of Principal—*Principal Distribution Amount*” on page S-11.

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

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

**Trigger Percentage:** As defined herein under “Description of the Certificates—Distributions of Principal—*Principal Distribution Amount*” on page S-11.

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

**Trust Account:** The one or more trust accounts created pursuant to the Trust Agreement into which will be deposited all distributions on the Certificates and Subordinate Classes and all investments of, and investment income from, such moneys.

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

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

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

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

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

## Exhibit A

Property Name	City	State	Original Balance	Issue Date Balance	Mortgage Rate	Net Mortgage Rate	First Monthly Payment Date	Maturity Date	Original Amortization Term (months)	Original Term (months)	Mortgage Loan Age (months)	Current Pre-Payment Status (1)	Remaining Lock-out Period (months) (1)	Prepayment Code (1) (8)	Issue Date Coop LTV Ratio (9)	Issue Date Rental LTV Ratio	Sponsor Held Units
Newport East (4)	Manhattan	NY	\$ 9,500,000	\$ 9,500,000	7.550%	7.145%	01/01/96	12/01/05	480	120	0	L/O	84	2% 18 mos; 1% 15 mos	17.09%	26.42%	29%
401 E. 74th Owners Corp.(6)	Manhattan	NY	8,000,000	8,000,000	8.070	7.665	12/01/95	11/01/10	300	180	0	L/O	120	2% Yr 11-15	26.67	36.36	0
Fairmont Tenants Corp.	Manhattan	NY	7,000,000	6,999,635	8.160	7.755	11/01/95	10/01/05	720	120	1	L/O	71	3% Yr 7; 2% Yr 8, 9 & 10	21.21	31.82	38
The Woodlands	Islip	NY	5,300,000	5,286,202	8.200	7.795	08/01/95	07/01/05	360	120	4	L/O	80	2% Yr 8-10	32.83	40.88	48
425 Park South	Manhattan	NY	5,000,000	4,998,633	8.160	7.755	11/01/95	10/01/05	480	120	1	L/O	83	2% Yr 8-10	32.04	49.49	0
Plateau Gardens	Ft. Lee	NJ	3,800,000	3,788,561	9.500	9.095	06/01/95	05/01/05	360	120	6	L/O	78	2% Yr 8-10	34.76	54.12	4
Roosevelt Terrace	Queens	NY	3,800,000	3,780,148	9.260	8.855	06/01/95	05/01/10	300	180	6	L/O	114	Greater of YM or 2% Yr 10-15	17.50	21.72	0
301 E. 78th Street	Manhattan	NY	3,500,000	3,497,628	7.950	7.545	11/01/95	10/01/05	360	120	1	L/O	83	3% Yr 8; 2% Yr 9; 1% Yr 10	13.38	19.22	0
50 Riverside Tenants Corp.	Manhattan	NY	3,500,000	3,492,143	7.490	7.085	09/01/95	08/01/05	360	120	3	L/O	81	2% Yr 8-10	6.65	13.28	0
230 Apartment Corp.	Manhattan	NY	3,300,000	3,300,000	7.730	7.325	12/01/95	11/01/05	480	120	0	L/O	84	2% Yr 8-10	21.29	37.16	0
Sunnybrook Gardens	Bronxville	NY	3,200,000	3,200,000	8.250	7.845	12/01/95	11/01/05	360	120	0	L/O	84	2% Yr 8-10	27.59	38.10	17
215 West 75th Street(6)	Manhattan	NY	3,000,000	2,998,171	8.470	8.065	11/01/95	10/01/05	360	120	1	L/O	83	2% Yr 8-10	24.78	30.91	40
2575 Owners Corp.	Bronx	NY	3,000,000	2,992,269	8.250	7.845	08/01/95	07/01/05	360	120	4	L/O	79	2% Yr 8-10	18.88	33.25	26
20 E. 74th Street Inc.	Manhattan	NY	2,900,000	2,900,000	7.610	7.205	12/01/95	11/01/05	720	120	0	L/O	84	2% Yr 8-10	12.89	27.36	0
Rutherford Tenants Corp.	Manhattan	NY	2,900,000	2,897,343	7.800	7.395	09/01/95	08/01/05	480	120	3	L/O	81	2% Yr 8-10	21.15	22.46	22
763 Ocean Parkway	Brooklyn	NY	2,900,000	2,891,575	9.670	9.265	06/01/95	05/01/05	360	120	6	L/O	78	2% Yr 8-10	38.55	57.83	44
1349 Tenants Corp.	Manhattan	NY	2,800,000	2,799,226	8.780	8.375	05/01/95	04/01/05	720	120	7	L/O	77	None	14.00	23.33	0
Old Yorktown Village Owner	Yorktown	NY	2,700,000	2,698,218	8.080	7.675	11/01/95	10/01/10	360	180	1	L/O	119	2% Yr 11-15	26.66	39.68	0
Artist Bldg. at 300 Summer(6)	Boston	MA	2,469,240	2,469,240	8.810	8.405	12/01/95	11/30/10	360	181	0	YM	0	Yield Maintenance	57.42	59.50	0
50 West Owners Corp.	Manhattan	NY	2,200,000	2,200,000	7.960	7.555	12/01/95	11/01/10	360	180	0	L/O	144	2% Yr 13-15	14.67	25.35	15
Centrentset	Manhattan	NY	2,230,000	2,183,351	8.500	8.095(5)	05/01/93	04/01/03	360	120	31	L/O	88	(3)	25.20	31.81	32
Alexandria House	Manhattan	NY	1,750,000	1,749,546	7.720	7.315	08/01/95	07/01/05	720	120	4	L/O	80	2% Yr 8-10	12.63	23.97	0
221 East 78th Street	Manhattan	NY	1,700,000	1,700,000	7.830	7.425	12/01/95	11/01/05	480	120	0	L/O	84	2% Yr 8-10	23.84	31.72	15
Ketcham Street Tenants	Queens	NY	1,600,000	1,598,114	8.650	8.245	10/01/95	09/01/05	360	120	2	L/O	82	2% Yr 8-10	36.49	54.54	15
St. John Court Owners Corp.	Manhattan	NY	1,550,000	1,550,000	8.630	8.225	12/01/95	11/01/05	360	120	0	L/O	84	2% Yr 8-10	31.00	38.75	38
145 Tenants Corp.	Manhattan	NY	1,550,000	1,548,973	8.060	7.655	11/01/95	10/01/05	360	120	1	L/O	83	2% Yr 8-10	7.48	11.78	0
45 West 10 Owners Corp.	Manhattan	NY	1,500,000	1,498,904	7.580	7.175	11/01/95	10/01/05	360	120	1	L/O	83	2% Yr 8-10	10.65	18.17	0
Hudson Mews	Manhattan	NY	1,400,000	1,399,602	8.720	8.315	05/01/95	04/01/05	720	120	7	L/O	77	2% Yr 8-10	14.73	28.86	0
Spice Lofthouse Corp.	Manhattan	NY	1,200,000	1,199,235	8.250	7.845	11/01/95	10/01/05	360	120	1	L/O	83	2% Yr 8-10	26.65	43.45	0
Cornerstone/Cascade, Inc.(2)(7)	Mesquite	TX	1,160,000	1,157,999	8.990	8.585	10/01/95	09/01/10	300	180	2	YM	0	Yield Maintenance	NAP	68.12	NAP
Metropolitan Housing L.P.(2)(7)	Kansas City	MO	1,070,621	1,059,368	8.740	8.335	08/01/95	07/01/10	180	180	4	YM	0	Yield Maintenance	NAP	64.20	NAP
227-237 East Delaware Place	Chicago	IL	1,000,000	988,335	8.010	7.480	02/01/95	07/01/10	180	186	10	YM	0	Yield Maintenance	5.22	9.91	0
1820 Clydesdale Coop	Washington	DC	1,260,000	905,272	9.420	8.890(5)	10/01/87	09/01/02	360	180	98	None	0	None	33.71	28.98	0
4-10 Bogardus Place	Manhattan	NY	900,000	900,000	8.690	8.160	12/01/95	11/01/05	480	120	0	L/O	84	2% Yr 8-10	38.14	41.47	29
Tanglewood Garden Coop(7)	Atlanta	GA	885,000	882,151	9.690	9.160	07/01/95	06/01/10	300	180	5	YM	0	Yield Maintenance	NAV	74.76	0
Lowertown Lofts(6)	St. Paul	MN	835,000	825,696	10.000	9.470	10/01/94	09/01/09	300	180	14	YM	0	Yield Maintenance	76.81	58.03	0
Pomeroy Green	Santa Clara	CA	900,000	813,612	9.660	9.130(5)	06/01/94	05/01/04	120	120	18	L/O	101	(3)	5.59	10.23	0
2 Marine Avenue Owner's Corp.	Brooklyn	NY	750,000	750,000	8.710	8.180	12/01/95	11/01/05	360	120	0	L/O	84	2% Yr 8-10	35.38	56.39	39
510 Groveland Cooperative	Minneapolis	MN	800,000	727,783	8.750	8.220(5)	06/01/93	05/01/08	180	180	30	L/O	149	(3)	16.39	27.54	0
Univ. Students Coop	Berkeley	CA	750,000	712,159	9.760	9.230	05/01/94	04/01/09	180	180	19	YM	0	Greater of YM or 2%	NAV	71.43	0
66 E. 83rd Street Owners Corp.	Manhattan	NY	700,000	699,600	8.020	7.490	10/01/95	09/01/05	480	120	2	L/O	82	2% Yr 8-10	24.99	37.83	23
314 Tenants Corp.	Manhattan	NY	650,000	649,642	8.150	7.620	10/01/95	09/01/05	480	120	2	L/O	82	2% Yr 8-10	11.50	18.05	6
Gunther Building 1873 Corp.	Manhattan	NY	650,000	648,003	8.500	7.970	07/01/95	06/01/05	360	120	5	L/O	79	2% Yr 8-10	11.19	17.51	0
Mix It Studios Coop Corp.	Somerville	MA	590,000	570,852	9.380	8.850(5)	02/01/93	01/01/03	300	120	34	L/O	85	(3)	33.03	69.69	0
Cornerstone/Windridge, Inc.(2)(7)	Mesquite	TX	495,000	491,136	10.610	10.080	01/01/95	12/01/09	300	180	11	YM	0	Yield Maintenance	NAP	64.20	NAP
Pondfield Court Apts.	Bronxville	NY	350,000	346,996	8.190	7.660	09/01/95	08/01/10	180	180	3	L/O	117	2% Yr 11-15	11.49	18.71	0
Belvedere Point	DeKalb Co.	GA	330,000	325,040	9.810	9.280	06/01/94	05/01/09	300	180	18	YM	0	Yield Maintenance	NAV	55.09	0
Lafayette Lofts Incorporated	Manhattan	NY	325,000	324,094	7.860	7.330	08/01/95	07/01/05	360	120	4	L/O	80	2% Yr 8-10	9.40	17.07	0
San Tomas Estates	San Jose	CA	330,000	312,453	9.130	8.600(5)	05/01/94	04/01/09	180	180	19	L/O	160	(3)	2.86	4.76	0
1915 16th Street Cooperative	Washington	DC	275,000	270,339	9.000	8.470(5)	08/01/93	07/01/03	360	120	28	L/O	91	(3)	11.76	16.50	0
541 8th Street Owners	Brooklyn	NY	217,500	215,676	8.450	7.920	09/01/95	08/01/10	180	180	3	L/O	117	2% Yr 11-15	16.11	24.03	25
The Columns at East Hill(7)	Atlanta	GA	210,000	209,565	9.240	8.710	09/01/95	08/01/10	300	180	3	YM	0	Yield Maintenance	NAV	29.94	0
Total:			<u>\$110,682,361</u>	<u>\$109,902,485</u>													

(1) L/O: Lock out; 84: 84 months remaining lock out period; 2% Yr 8-10: after the lock out period expires, the loan may be prepaid with a penalty of 2% of the principal balance during years eight, nine and ten.

(2) Rental property.

(3) Loan is prepayable for 45 days preceding adjustment date and maturity date.

(4) This Mortgage Loan was originated in November 1995 while the Trust was being established, therefore the first month's payment of principal and interest will be due in January 1996.

(5) For additional information regarding the interest rates applicable to the ARM Loans, see "Description of the Mortgage Pool—Certain Terms and Conditions of the Mortgage Loans—Mortgage Rates" on page S-26.

(6) These Mortgaged Properties consist of condominium units, owned by the cooperative, which generally comprise the residential portion of mixed residential and commercial buildings.

(7) These Mortgage Loans bear interest on the basis of a 360-day year and actual days elapsed.

(8) There is a period, ranging from 45 to 90 days immediately prior to the Maturity Date for the Fixed Rate Mortgage Loans during which a principal prepayment need not be accompanied by a Yield Maintenance Charge or Prepayment Premium, except that the Fixed Rate Mortgage Loans known as Cornerstone/Cascade, Inc. and Cornerstone/Windridge, Inc. do not provide for any such window period and the Fixed Rate Mortgage Loan known as 227-237 East Delaware Place provides for a six (6) month window period.

(9) The entry "NAV" means that the appraised value at origination of the related Mortgaged Property as a Cooperative Property is not available; and the entry "NAP" means that the related Mortgaged Property is a Multifamily Rental Property.

NOTE: The information with respect to the Mortgage Loans set forth on this Exhibit A has been collected and summarized by the related Mortgage Loan Sellers and provided to Fannie Mae. In evaluating the Mortgage Loans, Fannie Mae used a different methodology for calculating loan-to-value ratios than that described in the Prospectus Supplement under "Description of the Mortgage Pool—Additional Mortgage Loan Information" on page S-28. Application of such different methodology with respect to certain Mortgage Loans produced results which differ from those set forth on this Exhibit A.



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No dealer, salesman or other person has been authorized to give any information or to make any representations in connection with this offering other than those contained in this Prospectus Supplement, the Multifamily REMIC Prospectus, and the Information Statement and, if given or made, such information or representations must not be relied upon as having been authorized. This Prospectus Supplement and the aforementioned documents do not constitute an offer to sell or a solicitation of an offer to buy any of the Certificates offered hereby in any state to any person to whom it is unlawful to make such offer or solicitation in such state. The delivery of this Prospectus Supplement and the aforementioned documents at any time does not imply that the information contained herein or therein is correct as of any time subsequent to the date hereof or thereof.

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**\$105,396,000**  
(Approximate)

## Federal National Mortgage Association



## Guaranteed REMIC Pass-Through Certificates

## Fannie Mae Multifamily REMIC Trust 1995-M4

## *PROSPECTUS SUPPLEMENT*



November 27, 1995