

\$236,830,165



FannieMae®

**Guaranteed Pass-Through Certificates
Fannie Mae Trust 2016-51**

The Certificates

We, the Federal National Mortgage Association (Fannie Mae), will issue the classes of certificates listed in the chart on this cover.

Payments to Certificateholders

We will make monthly payments on the certificates. You, the investor, will receive

- interest accrued on the balance of your certificate (except in the case of the accrual class), and
- principal to the extent available for payment on your class.

We will pay principal at rates that may vary from time to time. We may not pay principal to certain classes for long periods of time.

The Fannie Mae Guaranty

We will guarantee that required payments of principal and interest on the certificates are available for distribution to investors on time.

The Trust and its Assets

The trust assets will be divided into two groups.

- Group 1 will consist of Fannie Mae MBS.
- Group 2 will consist of underlying certificates backed by Fannie Mae MBS.

The mortgage loans backing the Fannie Mae MBS are first lien, single-family, fixed rate loans.

The mortgage loans backing the Group 2 Underlying Certificates have loan-to-value ratios in excess of 125%.

Tax Treatment

- Group 1 will be treated as a REMIC for tax purposes.
- Group 2 will be treated as a grantor trust for tax purposes.

Class	Group	Original Class Balance	Principal Type(1)	Interest Rate	Interest Type(1)	CUSIP Number	Final Distribution Date
LG	1	\$177,872,000	PAC/AD	2.35%	FIX	3136ATET7	August 2046
LI	1	38,538,933(2)	NTL	3.00	FIX/IO	3136ATEU4	August 2046
ZA	1	41,128,000	SUP	3.00	FIX/Z	3136ATEV2	August 2046
S	2	17,830,165	SC/PT	(3)	INV	3136ATEW0	October 2043
R	1	0	NPR	0	NPR	3136ATEX8	August 2046
RL	1	0	NPR	0	NPR	3136ATEY6	August 2046

(1) See "Description of the Certificates—Class Definitions and Abbreviations" in the REMIC prospectus.

(2) Notional principal balance. This class is an interest only class. See page S-6 for a description of how its notional principal balance is calculated.

(3) Based on LIBOR.

Because the mortgage loans backing the Group 2 Underlying Certificates have loan-to-value ratios in excess of 125%, the Group 2 Class is not an eligible asset for a REMIC. See "Certain Additional Federal Income Tax Consequences" in this prospectus supplement and "Material Federal Income Tax Consequences—Special Tax Attributes" in the MBS Prospectus.

The dealer will offer the certificates from time to time in negotiated transactions at varying prices. We expect the settlement date to be July 29, 2016.

Carefully consider the risk factors starting on page 14 of the REMIC prospectus. Unless you understand and are able to tolerate these risks, you should not invest in the certificates.

You should read the REMIC prospectus as well as this prospectus supplement.

The certificates, together with interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any agency or instrumentality thereof other than Fannie Mae.

The certificates are exempt from registration under the Securities Act of 1933 and are "exempted securities" under the Securities Exchange Act of 1934.

Nomura

July 25, 2016

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AVAILABLE INFORMATION

You should purchase the certificates only if you have read and understood this prospectus supplement and the following documents (the “Disclosure Documents”):

- our Prospectus for Fannie Mae Guaranteed REMIC Pass-Through Certificates dated June 1, 2014 (the “REMIC Prospectus”);
- our Prospectus for Fannie Mae Guaranteed Pass-Through Certificates (Single-Family Residential Mortgage Loans) dated
 - June 1, 2016, for all MBS issued on or after June 1, 2016,
 - October 1, 2014, for all MBS issued on or after October 1, 2014 and prior to June 1, 2016,
 - March 1, 2013, for all MBS issued on or after March 1, 2013 and prior to October 1, 2014,
 - February 1, 2012, for all MBS issued on or after February 1, 2012 and prior to March 1, 2013,
 - July 1, 2011, for all MBS issued on or after July 1, 2011 and prior to February 1, 2012,
 - June 1, 2009, for all MBS issued on or after January 1, 2009 and prior to July 1, 2011,
 - April 1, 2008, for all MBS issued on or after June 1, 2007 and prior to January 1, 2009, or
 - January 1, 2006, for all other MBS(as applicable, the “MBS Prospectus”);
- if you are purchasing the Group 2 Class, the disclosure document relating to the underlying certificates (the “Underlying Disclosure Document”); and
- any information incorporated by reference in this prospectus supplement as discussed below and under the heading “Incorporation by Reference” in the REMIC Prospectus.

For a description of current servicing policies generally applicable to existing Fannie Mae MBS pools, see “Yield, Maturity, and Prepayment Considerations” in the MBS Prospectus dated June 1, 2016.

The MBS Prospectus and the Underlying Disclosure Document are incorporated by reference in this prospectus supplement. This means that we are disclosing information in those documents by referring you to them. Those documents are considered part of this prospectus supplement, so you should read this prospectus supplement, and any applicable supplements or amendments, together with those documents.

You can obtain copies of the Disclosure Documents by writing or calling us at:

Fannie Mae
MBS Helpline
3900 Wisconsin Avenue, N.W., Area 2H-3S
Washington, D.C. 20016
(telephone 800-2FANNIE).

In addition, the Disclosure Documents, together with the class factors, are available on our corporate Web site at www.fanniemae.com.

You also can obtain copies of the REMIC Prospectus, the MBS Prospectus and the Underlying Disclosure Document by writing or calling the dealer at:

Nomura Securities International, Inc.
Prospectus Department
Worldwide Plaza
309 West 49th Street
New York, NY 10019-7316
(telephone 1-212-667-1578)
mbstradesupport@us.nomura.com.

SUMMARY

This summary contains only limited information about the certificates. Statistical information in this summary is provided as of July 1, 2016. You should purchase the certificates only after reading this prospectus supplement and each of the additional disclosure documents listed on page S-3. In particular, please see the discussion of risk factors that appears in each of those additional disclosure documents.

Assets Underlying Each Group of Classes

<u>Group</u>	<u>Assets</u>
1	Group 1 MBS
2	Class 2013-103-KO Trust Certificate Class 2013-103-SK Trust Certificate

Group 1

Characteristics of the Group 1 MBS

<u>Approximate Principal Balance</u>	<u>Pass- Through Rate</u>	<u>Range of Weighted Average Coupons or WACs (annual percentages)</u>	<u>Range of Weighted Average Remaining Terms to Maturity or WAMs (in months)</u>
\$219,000,000	3.00%	3.25% to 5.50%	241 to 360

Assumed Characteristics of the Underlying Mortgage Loans

<u>Principal Balance</u>	<u>Original Term to Maturity (in months)</u>	<u>Remaining Term to Maturity (in months)</u>	<u>Loan Age (in months)</u>	<u>Interest Rate</u>
\$219,000,000	360	344	10	3.70%

The actual remaining terms to maturity, loan ages and interest rates of most of the mortgage loans underlying the Group 1 MBS will differ from those shown above, and may differ significantly. See “Risk Factors—Risks Relating to Yield and Prepayment—*Yields on and weighted average lives of the certificates are affected by actual characteristics of the mortgage loans backing the series trust assets*” in the REMIC Prospectus.

Group 2

Exhibit A describes the Group 2 Underlying Certificates, including certain information about the related mortgage loans. To learn more about the Group 2 Underlying Certificates, you should obtain from us the current class factors and the related disclosure document as described on page S-3.

Each of the mortgage loans backing the Group 2 Underlying Certificates has a loan-to-value ratio greater than 125%.

Settlement Date

We expect to issue the certificates on July 29, 2016.

Distribution Dates

We will make payments on the certificates on the 25th day of each calendar month, or on the next business day if the 25th day is not a business day.

Record Date

On each distribution date, we will make each monthly payment on the certificates to holders of record on the last day of the preceding month.

Book-Entry and Physical Certificates

We will issue the classes of certificates in the following forms:

<u>Fed Book-Entry</u>	<u>Physical</u>
All classes of certificates other than the R and RL Classes	R and RL Classes

Interest Rates

During each interest accrual period, the fixed rate classes will bear interest at the applicable annual interest rates listed on the cover of this prospectus supplement.

The initial interest rate listed below for the S Class is an assumed rate. During each subsequent interest accrual period, the S Class will bear interest based on the formula indicated below, but always subject to the specified maximum and minimum interest rates:

<u>Class</u>	<u>Assumed Initial Interest Rate</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate(1)</u>
S	5.441%(2)	5.92%	0.00%	5.92% – LIBOR

(1) We will establish LIBOR on the basis of the “ICE Method.”

(2) The actual initial interest rate for this class will be calculated on July 21, 2016, using the applicable formula.

Notional Class

The notional principal balance of the notional class will equal the percentage of the outstanding balance specified below immediately before the related distribution date:

<u>Class</u>	
LI	21.6666664793% of the LG Class

Distributions of Principal

For a description of the principal payment priorities, see “Description of the Certificates—Distributions of Principal” in this prospectus supplement.

Weighted Average Lives (years)*

<u>Group 1 Classes</u>	<u>PSA Prepayment Assumption</u>								
	<u>0%</u>	<u>100%</u>	<u>150%</u>	<u>200%</u>	<u>300%</u>	<u>550%</u>	<u>800%</u>	<u>1000%</u>	<u>1200%</u>
LG and LI	13.9	6.5	5.6	5.6	5.6	3.4	2.4	1.9	1.6
ZA	26.9	19.5	16.3	11.5	2.0	0.8	0.5	0.4	0.3

<u>Group 2 Class</u>	<u>PSA Prepayment Assumption</u>						
	<u>0%</u>	<u>100%</u>	<u>125%</u>	<u>200%</u>	<u>300%</u>	<u>400%</u>	<u>500%</u>
S	16.9	9.0	8.1	6.0	4.4	3.3	2.6

* Determined as specified under “Yield, Maturity and Prepayment Considerations—Weighted Average Lives and Final Distribution Dates” in the REMIC Prospectus.

DESCRIPTION OF THE CERTIFICATES

The material under this heading describes the principal features of the Certificates. You will find additional information about the Certificates in the other sections of this prospectus supplement, as well as in the additional Disclosure Documents and the Trust Agreement. If we use a capitalized term in this prospectus supplement without defining it, you will find the definition of that term in the applicable Disclosure Document or in the Trust Agreement.

General

Structure. We will create the Fannie Mae Trust specified on the cover of this prospectus supplement (the “Trust”) pursuant to a trust agreement dated as of May 1, 2010 and a supplement thereto dated as of July 1, 2016 (the “Issue Date”). The trust agreement and supplement are collectively referred to as the “Trust Agreement.” We will issue the Guaranteed Pass-Through Certificates (the “Certificates”) pursuant to the Trust Agreement. We will execute the Trust Agreement in our corporate capacity and as trustee (the “Trustee”).

The assets of the Trust will include:

- certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the “Group 1 MBS”), and
- one group of previously issued certificates (the “Group 2 Underlying Certificates”) issued from the related Fannie Mae trust (the “Underlying Trust”) as further described in Exhibit A.

The Group 2 Underlying Certificates evidence direct or indirect beneficial ownership interests in certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (together with the Group 1 MBS, the “MBS”).

Each MBS represents a beneficial ownership interest in a pool of first lien, one- to four-family (“single-family”), fixed-rate residential mortgage loans (the “Mortgage Loans”) having the characteristics described in this prospectus supplement.

The portion of the Trust that consists of the Group 1 MBS will include the “Lower Tier REMIC” and the “Upper Tier REMIC” as “real estate mortgage investment conduits” (each, a “REMIC”) under the Internal Revenue Code of 1986, as amended (the “Code”). The portion of the Trust that consists of the Group 2 Underlying Certificates will be treated as a grantor trust for tax purposes (the “Grantor Trust”).

The following chart contains information about the assets, the “regular interests” and the “residual interests” of each REMIC. The Group 1 Classes are collectively referred to as the “Regular Classes” or “Regular Certificates,” and the R and RL Classes are collectively referred to as the “Residual Classes” or “Residual Certificates.”

<u>REMIC Designation</u>	<u>Assets</u>	<u>Regular Interests</u>	<u>Residual Interest</u>
Lower Tier REMIC	Group 1 MBS	Interests in the Lower Tier REMIC other than the RL Class (the “Lower Tier Regular Interests”)	RL
Upper Tier REMIC	Lower Tier Regular Interests	Group 1 Classes	R

Fannie Mae Guaranty. For a description of our guaranties of the Certificates, the MBS and the Group 2 Underlying Certificates, see the applicable discussions appearing under the heading “Fannie Mae Guaranty” in the REMIC Prospectus, the MBS Prospectus and the Underlying Disclosure Document. Our guaranties are not backed by the full faith and credit of the United States.

Characteristics of Certificates. Except as specified below, we will issue the Certificates in book-entry form on the book-entry system of the U.S. Federal Reserve Banks. Entities whose names appear on the book-entry records of a Federal Reserve Bank as having had Certificates deposited in their accounts are “Holders” or “Certificateholders.”

We will issue the Residual Certificates in fully registered, certificated form. The “Holder” or “Certificateholder” of a Residual Certificate is its registered owner. A Residual Certificate can be transferred at the corporate trust office of the Transfer Agent, or at the office of the Transfer Agent in New York, New York. U.S. Bank National Association in Boston, Massachusetts will be the initial Transfer Agent. We may impose a service charge for any registration of transfer of a Residual Certificate and may require payment to cover any tax or other governmental charge. See also “—Characteristics of the Residual Classes” below.

Authorized Denominations. We will issue the Certificates in the following denominations:

<u>Classes</u>	<u>Denominations</u>
Interest Only and Inverse Floating Rate Classes	\$100,000 minimum plus whole dollar increments
All other Classes (except the R and RL Classes)	\$1,000 minimum plus whole dollar increments

Trust Agreement Amendments. The Trust Agreement provides that any amendment to the Trust Agreement that requires the consent of holders of the Group 2 Class will require the consent of all holders of the Group 2 Class. For a description of the required level of Certificateholder consent for amendments to the Trust Agreement affecting Classes other than the Group 2 Class, see “The Trust Documents—Amendment” in the REMIC Prospectus.

The Group 1 MBS

The Group 1 MBS provide that principal and interest on the related Mortgage Loans are passed through monthly. The Mortgage Loans underlying the Group 1 MBS are conventional, fixed-rate, fully-amortizing mortgage loans secured by first mortgages or deeds of trust on single-family residential properties. These Mortgage Loans have original maturities of up to 30 years.

In addition, the pools of mortgage loans backing the Group 1 MBS have been designated as pools that include “jumbo-conforming” or “high balance” mortgage loans as described further under “The Mortgage Loans—Mortgage Loans with Original Principal Balances Exceeding our Traditional Conforming Loan Limits” in the MBS Prospectus dated June 1, 2016. For periodic updates to that description, please refer to the Pool Prefix Glossary available on our Web site at www.fanniemae.com. For additional information about the particular pools underlying the Group 1 MBS, see the Final Data Statement for the Trust and the related prospectus supplement for each MBS. See also “Risk Factors—Risks Relating to Yield and Prepayment—*“Jumbo-conforming” mortgage loans, which have original principal balances that exceed our traditional conforming loan limits, may prepay at different rates than conforming balance mortgage loans generally*” in the MBS Prospectus dated June 1, 2016.

For additional information, see “Summary—Group 1—Characteristics of the Group 1 MBS” in this prospectus supplement and “The Mortgage Loan Pools” and “Yield, Maturity and Prepayment Considerations” in the MBS Prospectus.

The Group 2 Underlying Certificates

The Group 2 Underlying Certificates represent beneficial ownership interests in the related Underlying Trust. The assets of that trust consist of MBS (or beneficial ownership interests in MBS) having the general characteristics set forth in the MBS Prospectus. Each MBS evidences

beneficial ownership interests in a pool of conventional, fixed-rate, fully-amortizing mortgage loans secured by first mortgages or deeds of trust on single-family residential properties, as described under “The Mortgage Loan Pools” and “Yield, Maturity, and Prepayment Considerations” in the MBS Prospectus.

In addition, each Mortgage Loan underlying the Group 2 Underlying Certificates is a very high LTV loan with a loan-to-value ratio greater than 125%. Borrowers may be eligible to refinance very high LTV loans if we purchased those loans on or before May 31, 2009. For a description of very high LTV loans, see “The Mortgage Loans—High Loan-to-Value Mortgage Loans” and “Risk Factors—Risks Relating to Yield and Prepayment—*Mortgage loans with loan-to-value ratios greater than 125% may have different prepayment and default characteristics than conforming mortgage loans generally*” in the MBS Prospectus dated June 1, 2016.

Distributions on the Group 2 Underlying Certificates will be passed through monthly, beginning in the month after we issue the Certificates. The general characteristics of the Group 2 Underlying Certificates are described in the Underlying Disclosure Document. See Exhibit A for certain additional information about the Group 2 Underlying Certificates. Exhibit A is provided in lieu of a Final Data Statement with respect to the Group 2 Underlying Certificates.

For further information about the Group 2 Underlying Certificates, telephone us at 800-2FANNIE. Additional information about the Group 2 Underlying Certificates is also available at <https://mbsdisclosure.fanniemae.com/PoolTalk2/index.html>. There may have been material changes in facts and circumstances since the date we prepared the Underlying Disclosure Document. These may include changes in prepayment speeds, prevailing interest rates and other economic factors. As a result, the usefulness of the information set forth in that document may be limited.

Distributions of Interest

General. The Certificates will bear interest at the rates specified in this prospectus supplement. Interest to be paid on each Certificate (or added to principal, in the case of the Accrual Class) on a Distribution Date will consist of one month’s interest on the outstanding balance of that Certificate immediately prior to that Distribution Date. For a description of the Accrual Class, see “—*Accrual Class*” below.

The Inverse Floating Rate Class will bear interest at an interest rate based on LIBOR. We currently establish LIBOR on the basis of the “ICE Method” as generally described under “Description of the Certificates—Distributions on Certificates—*Interest Distributions—Indices for Floating Rate Classes and Inverse Floating Rate Classes*” in the REMIC Prospectus. For a description of recent developments affecting LIBOR calculations, see “Risk Factors—Risks Relating to Yield and Prepayment—*Intercontinental Exchange Benchmark Administration is the new LIBOR administrator*” in the REMIC Prospectus.

Delay Classes and No-Delay Class. The “Delay” Classes and “No-Delay” Class are set forth in the following table:

<u>Delay Classes</u>	<u>No-Delay Class</u>
Fixed Rate Classes	Inverse Floating Rate Class

See “Description of the Certificates—Distributions on Certificates—*Interest Distributions*” in the REMIC Prospectus.

Accrual Class. The ZA Class is an Accrual Class. Interest will accrue on the Accrual Class at the applicable annual rate specified on the cover of this prospectus supplement. However, we will not pay any interest on the Accrual Class. Instead, interest accrued on the Accrual Class will be added as principal to its principal balance on each Distribution Date. We will pay principal on the Accrual Class as described under “—Distributions of Principal” below.

Distributions of Principal

On the Distribution Date in each month, we will make payments of principal on the Classes of Certificates as described below.

- *Group 1*

The ZA Accrual Amount to LG to its Planned Balance, and thereafter to ZA. } Accretion
Directed/PAC
Class and
Accrual Class

The Group 1 Cash Flow Distribution Amount in the following priority:

1. To LG to its Planned Balance. } PAC Class
2. To ZA until retired. } Support Class
3. To LG until retired. } PAC Class

The “ZA Accrual Amount” is any interest then accrued and added to the principal balance of the ZA Class.

The “Group 1 Cash Flow Distribution Amount” is the principal then paid on the Group 1 MBS.

- *Group 2*

The Group 2 Principal Distribution Amount to S until retired. } Structured
Collateral/
Pass-Through
Class

The “Group 2 Principal Distribution Amount” is the principal then paid on the Group 2 Underlying Certificates.

Structuring Assumptions

Pricing Assumptions. Except where otherwise noted, the information in the tables in this prospectus supplement has been prepared based on the actual characteristics of each pool of Mortgage Loans backing the Group 2 Underlying Certificates, and the following assumptions (such characteristics and assumptions, collectively, the “Pricing Assumptions”):

- the Mortgage Loans underlying the Group 1 MBS have the original term to maturity, remaining term to maturity, loan age and interest rate specified under “Summary—Group 1—Assumed Characteristics of the Underlying Mortgage Loans” in this prospectus supplement;
- the Mortgage Loans prepay at the constant percentages of PSA specified in the related tables;
- the settlement date for the Certificates is July 29, 2016; and
- each Distribution Date occurs on the 25th day of a month.

The actual remaining terms to maturity, loan ages and interest rates of most of the mortgage loans underlying the Group 1 MBS will differ from the assumed characteristics shown in the Summary, and may differ significantly. See “Risk Factors—Risks Relating to Yield and Prepayment—Yields on and weighted average lives of the certificates are affected by actual characteristics of the mortgage loans backing the series trust assets” in the REMIC Prospectus.

Prepayment Assumptions. The prepayment model used in this prospectus supplement is PSA. For a description of PSA, see “Yield, Maturity and Prepayment Considerations—Prepayment Models” in the REMIC Prospectus. It is highly unlikely that prepayments will occur at any constant PSA rate or at any other constant rate.

Principal Balance Schedule. The Principal Balance Schedule for the LG Class is set forth beginning on page B-1 of this prospectus supplement. The Principal Balance Schedule was prepared based on the Pricing Assumptions and the assumption that the related Mortgage Loans prepay at a *constant* rate within the “Structuring Range” specified in the chart below. The “Effective Range” for the LG Class is the range of prepayment rates (measured by *constant* PSA rates) that would reduce the LG Class to its scheduled balance each month based on the Pricing Assumptions.

<u>Class</u>	<u>Structuring Range</u>	<u>Initial Effective Range</u>
LG Class Planned Balances	Between 150% and 300% PSA	Between 150% and 300% PSA

We cannot assure you that the balance of the LG Class will conform on any Distribution Date to the balance specified in the Principal Balance Schedule or that distributions of principal of the LG Class will begin or end on the Distribution Dates specified in the Principal Balance Schedule.

If you are considering the purchase of the LG Class, you should first take into account the considerations set forth below.

- We will distribute any excess of principal distributions over the amount necessary to reduce the LG Class to its scheduled balance in any month. As a result, the likelihood of reducing the LG Class to its scheduled balance each month will not be improved by the averaging of high and low principal distributions from month to month.
- Even if the related Mortgage Loans prepay at rates falling within the Structuring Range or Effective Range, principal distributions may be insufficient to reduce the LG Class to its scheduled balance each month if prepayments do not occur at a *constant* PSA rate.
- The actual Effective Range at any time will be based upon the actual characteristics of the related Mortgage Loans at that time, which are likely to vary (and may vary considerably) from the Pricing Assumptions. As a result, the actual Effective Range will likely differ from the Initial Effective Range specified above. For the same reason, the LG Class might not be reduced to its scheduled balance each month even if the related Mortgage Loans prepay at a *constant* PSA rate within the Initial Effective Range. This is so particularly if the rate falls at the lower or higher end of the range.
- The actual Effective Range may narrow, widen or shift upward or downward to reflect actual prepayment experience over time.
- The principal payment stability of the LG Class will be supported by the ZA Class. When the ZA Class is retired, the LG Class, if still outstanding, may no longer have an Effective Range, and will be much more sensitive to prepayments of the related Mortgage Loans.

Yield Tables

General. The tables below illustrate the sensitivity of the pre-tax corporate bond equivalent yields to maturity of the applicable Classes to various constant percentages of PSA and, where specified, to changes in the Index. **The tables below are provided for illustrative purposes only and are not intended as a forecast or prediction of the actual yields on the applicable Classes.** We calculated the yields set forth in the tables by

- determining the monthly discount rates that, when applied to the assumed streams of cash flows to be paid on the applicable Classes, would cause the discounted present values of the assumed streams of cash flows to equal the assumed aggregate purchase prices of those Classes, and
- converting the monthly rates to corporate bond equivalent rates.

These calculations do not take into account variations in the interest rates at which you could reinvest distributions on the Certificates. Accordingly, these calculations do not illustrate the return on any investment in the Certificates when reinvestment rates are taken into account.

We cannot assure you that

- the pre-tax yields on the applicable Certificates will correspond to any of the pre-tax yields shown here, or
- the aggregate purchase prices of the applicable Certificates will be as assumed.

In addition, it is unlikely that the Index will correspond to the levels shown here. Furthermore, because some of the Mortgage Loans are likely to have remaining terms to maturity shorter or longer than those assumed and interest rates higher or lower than those assumed, the principal payments (or notional principal balance reductions) on the Certificates are likely to differ from those assumed. This would be the case even if all Mortgage Loans prepay at the indicated constant percentages of PSA. Moreover, it is unlikely that

- the Mortgage Loans will prepay at a constant PSA rate until maturity,
- all of the Mortgage Loans will prepay at the same rate, or
- the level of the Index will remain constant.

The Fixed Rate Interest Only Class. The yield to investors in the LI Class will be very sensitive to the rate of principal payments (including prepayments) of the related Mortgage Loans. The Mortgage Loans generally can be prepaid at any time without penalty. On the basis of the assumptions described below, the yield to maturity on the LI Class would be 0% if prepayments of the related Mortgage Loans were to occur at the following constant rate:

<u>Class</u>	<u>% PSA</u>
LI	492%

If the actual prepayment rate of the related Mortgage Loans were to exceed the level specified for as little as one month while equaling that level for the remaining months, the investors in the LI Class would lose money on their initial investments.

The information shown in the following yield table has been prepared on the basis of the Pricing Assumptions and the assumption that the aggregate purchase price of the LI Class (expressed as a percentage of the original principal balance) is as follows:

<u>Class</u>	<u>Price*</u>
LI	11.00%

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

Sensitivity of the LI Class to Prepayments

		PSA Prepayment Assumption								
		50%	100%	150%	200%	300%	550%	800%	1000%	1200%
Pre-Tax Yields to Maturity	...	19.2%	14.6%	10.7%	10.7%	10.7%	(3.7)%	(21.0)%	(36.3)%	(53.1)%

The Inverse Floating Rate Class. The yield on the Inverse Floating Rate Class will be sensitive to the rate of principal payments (including prepayments) of the related Mortgage Loans and to the level of the Index. The Mortgage Loans generally can be

prepaid at any time without penalty. In addition, the rate of principal payments (including prepayments) of the related Mortgage Loans is likely to vary, and may vary considerably, from pool to pool. [As illustrated in the table below, it is possible that investors in the Inverse Floating Rate Class would lose money on their initial investments under certain Index and prepayment scenarios.]

Changes in the Index may not correspond to changes in prevailing mortgage interest rates. It is possible that lower prevailing mortgage interest rates, which might be expected to result in faster prepayments, could occur while the level of the Index increased.

The information shown in the following yield table has been prepared on the basis of the Pricing Assumptions and the assumptions that

- the interest rate for the Inverse Floating Rate Class for the initial Interest Accrual Period is the rate listed in the table under “Summary—Interest Rates” in this prospectus supplement and for each following Interest Accrual Period will be based on the specified levels of the Index, and
- the aggregate purchase price of that Class (expressed as a percentage of original principal balance) is as follows:

<u>Class</u>	<u>Price*</u>
S	105.50%

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

Sensitivity of the S Class to Prepayments and LIBOR (Pre-Tax Yields to Maturity)

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>						
	<u>50%</u>	<u>100%</u>	<u>125%</u>	<u>200%</u>	<u>300%</u>	<u>400%</u>	<u>500%</u>
0.2395%	5.0%	4.9%	4.8%	4.6%	4.2%	3.8%	3.4%
0.4790%	4.8%	4.7%	4.6%	4.4%	4.0%	3.6%	3.2%
2.4790%	2.9%	2.7%	2.7%	2.4%	2.1%	1.7%	1.3%
4.4790%	1.0%	0.8%	0.8%	0.6%	0.2%	(0.1)%	(0.5)%
5.9200%	(0.4)%	(0.5)%	(0.6)%	(0.8)%	(1.1)%	(1.5)%	(1.8)%

Weighted Average Lives of the Certificates

For a description of how the weighted average life of a Certificate is determined, see “Yield, Maturity and Prepayment Considerations—Weighted Average Lives and Final Distribution Dates” in the REMIC Prospectus.

In general, the weighted average lives of the Certificates will be shortened if the level of prepayments of principal of the related Mortgage Loans increases. However, the weighted average lives will depend upon a variety of other factors, including

- the timing of changes in the rate of principal distributions, and
- the priority sequence of distributions of principal of the Group 1 Classes.

See “—Distributions of Principal” above.

The effect of these factors may differ as to various Classes and the effects on any Class may vary at different times during the life of that Class. Accordingly, we can give no assurance as to the weighted average life of any Class. Further, to the extent the prices of the Certificates represent discounts or premiums to their original principal balances, variability in the weighted

average lives of those 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 balances of the specified Classes that would be outstanding after each date shown at various constant PSA rates, and the corresponding weighted average lives of those Classes. The tables have been prepared on the basis of the Pricing Assumptions.

In the case of the information set forth for each Class under 0% PSA, however, we assumed that the Mortgage Loans have the original and remaining terms to maturity and bear interest at the annual rates specified in the table below.

<u>Mortgage Loans Backing Trust Assets Specified Below</u>	<u>Original Terms to Maturity</u>	<u>Remaining Terms to Maturity</u>	<u>Interest Rates</u>
Group 1 MBS	360 months	360 months	5.50%
Group 2 Underlying Certificates	360 months	326 months	5.50%

It is unlikely that all of the Mortgage Loans will have the loan ages, interest rates, remaining terms to maturity or, if applicable, remaining interest only periods assumed, or that the Mortgage Loans will prepay at any *constant* PSA level.

In addition, the diverse remaining terms to maturity of the Mortgage Loans could produce slower or faster principal distributions than indicated in the tables at the specified constant PSA rates, even if the weighted average remaining term to maturity and the weighted average loan age of the Mortgage Loans are identical to the weighted averages specified in the Pricing Assumptions. This is the case because pools of loans with identical weighted averages are nonetheless likely to reflect differing dispersions of the related characteristics.

Percent of Original Principal Balances Outstanding

Date	LG and LI† Classes									ZA Class								
	PSA Prepayment Assumption									PSA Prepayment Assumption								
	0%	100%	150%	200%	300%	550%	800%	1000%	1200%	0%	100%	150%	200%	300%	550%	800%	1000%	1200%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
July 2017	98	93	91	91	91	91	89	80	72	103	103	103	94	77	34	0	0	0
July 2018	95	83	78	78	78	67	48	35	23	106	106	106	85	45	0	0	0	0
July 2019	93	74	66	66	66	44	24	14	6	109	109	109	78	21	0	0	0	0
July 2020	90	65	55	55	55	29	12	5	2	113	113	113	74	7	0	0	0	0
July 2021	87	56	45	45	45	19	6	2	*	116	116	116	73	1	0	0	0	0
July 2022	84	49	36	36	36	12	3	1	*	120	120	119	73	*	0	0	0	0
July 2023	81	41	29	29	29	8	2	*	*	123	123	119	72	*	0	0	0	0
July 2024	78	34	23	23	23	5	1	*	*	127	127	116	68	*	0	0	0	0
July 2025	74	27	18	18	18	3	*	*	*	131	131	111	64	*	0	0	0	0
July 2026	70	21	14	14	14	2	*	*	*	135	135	104	59	*	0	0	0	0
July 2027	67	15	11	11	11	1	*	*	*	139	139	97	54	*	0	0	0	0
July 2028	63	10	9	9	9	1	*	*	*	143	143	89	48	*	0	0	0	0
July 2029	58	7	7	7	7	1	*	*	*	148	135	80	43	*	0	0	0	0
July 2030	54	5	5	5	5	*	*	*	*	152	125	72	37	*	0	0	0	0
July 2031	49	4	4	4	4	*	*	*	0	157	114	64	33	*	0	0	0	0
July 2032	44	3	3	3	3	*	*	*	0	162	103	57	28	*	0	0	0	0
July 2033	39	3	3	3	3	*	*	*	0	166	92	50	24	*	0	0	0	0
July 2034	34	2	2	2	2	*	*	*	0	171	82	43	20	*	0	0	0	0
July 2035	28	1	1	1	1	*	*	*	0	177	72	37	17	*	0	0	0	0
July 2036	22	1	1	1	1	*	*	*	0	182	62	31	14	*	0	0	0	0
July 2037	16	1	1	1	1	*	*	0	0	188	53	26	11	*	0	0	0	0
July 2038	9	1	1	1	1	*	*	0	0	193	45	21	9	*	0	0	0	0
July 2039	3	*	*	*	*	*	*	0	0	199	37	17	7	*	0	0	0	0
July 2040	*	*	*	*	*	*	*	0	0	184	29	13	5	*	0	0	0	0
July 2041	*	*	*	*	*	*	*	0	0	157	22	9	4	*	0	0	0	0
July 2042	*	*	*	*	*	*	*	0	0	130	15	6	2	*	0	0	0	0
July 2043	*	*	*	*	*	*	0	0	0	100	9	4	1	*	0	0	0	0
July 2044	*	*	*	*	*	*	0	0	0	68	4	1	1	*	0	0	0	0
July 2045	0	0	0	0	0	0	0	0	0	35	0	0	0	0	0	0	0	0
July 2046	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average																		
Life (years)**	13.9	6.5	5.6	5.6	5.6	3.4	2.4	1.9	1.6	26.9	19.5	16.3	11.5	2.0	0.8	0.5	0.4	0.3

Date	S Class						
	PSA Prepayment Assumption						
	0%	100%	125%	200%	300%	400%	500%
Initial Percent	100	100	100	100	100	100	100
July 2017	98	92	90	86	80	74	68
July 2018	97	84	81	74	64	55	47
July 2019	95	77	73	63	51	41	32
July 2020	93	70	66	54	41	30	22
July 2021	91	64	59	46	32	22	15
July 2022	89	58	53	39	26	16	10
July 2023	86	53	47	33	20	12	7
July 2024	84	48	42	28	16	9	5
July 2025	81	43	37	24	13	6	3
July 2026	79	39	33	20	10	5	2
July 2027	76	35	29	17	8	3	1
July 2028	73	31	25	14	6	2	1
July 2029	70	27	22	12	5	2	1
July 2030	66	24	19	10	4	1	*
July 2031	63	21	16	8	3	1	*
July 2032	59	18	14	6	2	1	*
July 2033	55	15	12	5	2	*	*
July 2034	51	13	10	4	1	*	*
July 2035	47	11	8	3	1	*	*
July 2036	42	9	6	2	1	*	*
July 2037	37	7	5	2	*	*	*
July 2038	32	5	4	1	*	*	*
July 2039	26	4	2	1	*	*	*
July 2040	21	2	1	*	*	*	*
July 2041	14	1	1	*	*	*	*
July 2042	8	*	*	*	*	*	*
July 2043	1	0	0	0	0	0	0
July 2044	0	0	0	0	0	0	0
July 2045	0	0	0	0	0	0	0
July 2046	0	0	0	0	0	0	0
Weighted Average							
Life (years)**	16.9	9.0	8.1	6.0	4.4	3.3	2.6

* Indicates an outstanding balance greater than 0% and less than 0.5% of the original principal balance.

** Determined as specified under “Yield, Maturity and Prepayment Considerations—Weighted Average Lives and Final Distribution Dates” in the REMIC Prospectus.

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

Characteristics of the Residual Classes

A Residual Certificate will be subject to certain transfer restrictions. See “Description of the Certificates—Special Characteristics of the Residual Certificates” and “Material Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates” in the REMIC Prospectus.

Treasury Department regulations (the “Regulations”) provide that a transfer of a “noneconomic residual interest” will be disregarded for all federal tax purposes unless no significant purpose of the transfer is to impede the assessment or collection of tax. A Residual Certificate will constitute a noneconomic residual interest under the Regulations. Having a significant purpose to impede the assessment or collection of tax means that the transferor of a Residual Certificate had “improper knowledge” at the time of the transfer. See “Description of the Certificates—Special Characteristics of the Residual Certificates” in the REMIC Prospectus. You should consult your own tax advisor regarding the application of the Regulations to a transfer of a Residual Certificate.

CERTAIN ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES

The Certificates and payments on the Certificates are not generally exempt from taxation. Therefore, you should consider the tax consequences of holding a Certificate before you acquire one. The tax discussions below do not purport to deal with all federal tax consequences applicable to all categories of beneficial owners, some of which may be subject to special rules. In addition, these discussions may not apply to your particular circumstances for one of the reasons explained in the REMIC Prospectus and the MBS Prospectus. You should consult your own tax advisors regarding the federal income tax consequences of holding and disposing of Certificates as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

The discussions under the captions “—REMIC Elections and Special Tax Attributes,” “—Taxation of Beneficial Owners of Regular Certificates” and “—Taxation of Beneficial Owners of Residual Certificates” supplement the discussion under the caption “Material Federal Income Tax Consequences” in the REMIC Prospectus. When read together, these discussions describe the current federal income tax treatment of beneficial owners of Certificates of the Group 1 Class and the Residual Classes. For a discussion of the current federal income tax treatment of beneficial owners of Certificates of the Group 2 Class, see “—Taxation of Beneficial Owners of Grantor Trust Certificates” below.

REMIC Elections and Special Tax Attributes

We will make a REMIC election with respect to each REMIC set forth in the table under “Description of the Certificates—General—*Structure*.” The Regular Classes will be designated as “regular interests” and the Residual Classes will be designated as the “residual interests” in the REMICs as set forth in that table. Thus, the Certificates (other than the Group 2 Class) generally will be treated as “regular or residual interests in a REMIC” for domestic building and loan associations, as “real estate assets” for real estate investment trusts, and, except for the Residual Classes, as “qualified mortgages” for other REMICs. See “Material Federal Income Tax Consequences—REMIC Election and Special Tax Attributes” in the REMIC Prospectus.

Taxation of Beneficial Owners of Regular Certificates

The Notional Class and the Accrual Class will be issued with original issue discount (“OID”), and certain other Classes of Regular Certificates may be issued with OID. If a Class is issued with OID, a beneficial owner of a Certificate of that Class generally must recognize some taxable income in advance of the receipt of the cash attributable to that income. See “Material Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Treatment of Original Issue Discount*” in the REMIC Prospectus. In addition, certain Classes of Regular Certificates may be treated as having been issued at a premium. See “Material Federal Income Tax

Consequences—Taxation of Beneficial Owners of Regular Certificates—*Regular Certificates Purchased at a Premium*” in the REMIC Prospectus.

The Prepayment Assumption that will be used in determining the rate of accrual of OID will be 200% PSA. See “Material Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Treatment of Original Issue Discount*” in the REMIC Prospectus. No representation is made as to whether the Mortgage Loans underlying the Group 1 MBS will prepay at that rate or at any other rate. See “Description of the Certificates—Weighted Average Lives of the Certificates” in this prospectus supplement and “Yield, Maturity and Prepayment Considerations—Weighted Average Lives and Final Distribution Dates” in the REMIC Prospectus.

Taxation of Beneficial Owners of Residual Certificates

The Holder of a Residual Certificate will be considered to be the holder of the “residual interest” in the related REMIC. Such Holder generally will be required to report its daily portion of the taxable income or net loss of the REMIC to which that Certificate relates. In certain periods, a Holder of a Residual Certificate may be required to recognize taxable income without being entitled to receive a corresponding amount of cash. Pursuant to the Trust Agreement, we will be obligated to provide to the Holder of a Residual Certificate (i) information necessary to enable it to prepare its federal income tax returns and (ii) any reports regarding the Residual Class that may be required under the Code. See “Material Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates” in the REMIC Prospectus.

Taxation of the Grantor Trust

Dechert LLP, special tax counsel to Fannie Mae, will deliver its opinion that, assuming compliance with the Trust Agreement, the Grantor Trust will be classified as a grantor trust under subpart E, part I of subchapter J of the Code and not as an association taxable as a corporation. A beneficial owner of a Certificate of the Group 2 Class will be treated as owning an undivided interest in the related Underlying Certificates, and that Class will not be treated as a regular or residual interest in a REMIC.

Taxation of Beneficial Owners of Grantor Trust Certificates

General. A beneficial owner of a Certificate of the Group 2 Class (each, a “Grantor Trust Certificate”) will be treated as owning, pursuant to section 1286 of the Code, “stripped bonds” to the extent of its share of principal payments and “stripped coupons” to the extent of its share of interest payments, as applicable. See “—Stripped Bonds and Stripped Coupons” below for a discussion of the application of section 1286 to a beneficial owner’s share of principal and interest payments. Fannie Mae intends to treat each Grantor Trust Certificate as a single debt instrument representing rights to future cashflows from the related Group 2 Underlying Certificates for purposes of information reporting. You should consult your own tax advisor as to the proper treatment of a Grantor Trust Certificate in this regard.

Stripped Bonds and Stripped Coupons. Under section 1286 of the Code, a beneficial owner of a Grantor Trust Certificate must treat the stripped bonds and stripped coupons represented by the Certificate as a debt instrument originally issued on the date the owner acquires it and as having OID equal to the excess, if any, of the “stated redemption price at maturity” of the stripped bonds and stripped coupons over the price paid by the owner to acquire such stripped bonds and stripped coupons. The stated redemption price at maturity of stripped bonds and stripped coupons represented by a Grantor Trust Certificate generally is equal to the sum of all distributions to be made on the stripped bonds and stripped coupons represented by the Certificate. For information reporting purposes, we intend to treat all principal and interest to be distributed on each Grantor Trust Certificate as included in the stated redemption price at maturity and, as a result, each Grantor Trust Certificate will be treated as if issued with OID.

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

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

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

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

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

over

- the sum of the present values of all the distributions of principal and interest remaining to be made on that Certificate as of the beginning of the accrual period.

The present values of the remaining distributions of principal and interest with respect to a Grantor Trust Certificate are calculated based on the following:

- an assumption that the Mortgage Loans underlying the related MBS prepay at a specified rate (the “Prepayment Assumption”),
- the yield to maturity of the stripped bonds and stripped coupons backing the Certificate giving effect to the Prepayment Assumption,
- events (including actual prepayments) that have occurred prior to the end of the accrual period, and
- in the case of a Certificate bearing a variable rate of interest, an assumption that the value of the index upon which the variable rate is based remains the same as its value on the settlement date.

Each beneficial owner of a Grantor Trust Certificate must determine its yield to maturity based on its purchase price for the Certificate. For a particular beneficial owner of a Grantor Trust Certificate, it is not clear whether the Prepayment Assumption used for calculating OID would be one determined at the time that Certificate is acquired or would be the original Prepayment Assumption for that Certificate. For information reporting purposes, we will use the original yield to maturity of that Certificate, calculated based on the original Prepayment Assumption. You should consult your own tax advisor regarding the proper method for accruing OID on a Grantor Trust Certificate.

The Code requires that the Prepayment Assumption be determined in the manner prescribed in Treasury Regulations. To date, no such regulations have been promulgated. For information reporting purposes, we will assume a Prepayment Assumption equal to 125% PSA for the Mortgage Loans underlying the Group 2 Underlying Certificates. We make no representation, however,

that the related Mortgage Loans will prepay at that rate or at any other rate. You must make your own decision as to the appropriate prepayment assumption to be used in deciding whether or not to purchase a Grantor Trust Certificate.

If a Grantor Trust Certificate entitles the holder to payments of principal and interest, the IRS could contend that the interest payments on that Certificate should be treated as payments of “qualified stated interest” within the meaning of the OID Regulations. In that case, a beneficial owner would be required to include such payments in income, in accordance with its method of accounting, rather than to accrue OID with respect to such payments. If the beneficial owner in that case had acquired the Certificate for less than its principal amount, such beneficial owner generally would have market discount with respect to the Certificate. For a discussion of the market discount rules, see “Material Federal Income Tax Consequences—Application of Revenue Ruling 84-10—*Market Discount*” in the MBS Prospectus. Further, if the beneficial owner had purchased the Certificate for an amount (net of accrued interest) greater than the outstanding principal amount of the Certificate, the beneficial owner generally would have premium with respect to the Certificate in the amount of the excess. Such a purchaser may elect, under section 171(c)(2) of the Code, to treat the premium as “amortizable bond premium.”

If a beneficial owner makes this election, the beneficial owner must reduce the amount of any payment of qualified stated interest that must be included in the beneficial owner’s income for a period by the portion of the premium allocable to the period based on the Certificate’s yield to maturity. Correspondingly, the beneficial owner must reduce its basis in the Certificate by the amount of premium applied to reduce any interest income. The election will also apply to all bonds the interest on which is not excludible from gross income (“fully taxable bonds”) held by the beneficial owner at the beginning of the first taxable year to which the election applies and to all fully taxable bonds that it acquires after the beginning of that taxable year. A beneficial owner may revoke the election only with the consent of the IRS.

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

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

Expenses of the Grantor Trust. Each beneficial owner of a Grantor Trust Certificate will be required to include in income its allocable share of the expenses paid by the Grantor Trust. Each beneficial owner of a Grantor Trust Certificate can deduct its allocable share of such expenses as provided in section 162 or section 212 of the Code, consistent with its method of accounting. Fannie Mae intends to allocate expenses to beneficial owners in each monthly period in proportion to the respective amounts of income (including any OID) accrued for each Grantor Trust Certificate. A beneficial owner’s ability to deduct its share of these expenses is limited under section 67 of the Code in the case of (i) estates and trusts, and (ii) individuals owning an interest in a Grantor Trust Certificate directly or through an investment in a “pass-through entity” (other than in connection with such individual’s trade or business). Pass-through entities include partnerships, S corporations, grantor trusts, certain limited liability companies and non-publicly offered regulated investment companies, but do not include estates, non-grantor trusts, cooperatives, real estate investment trusts and publicly offered regulated investment companies. Subject to limitations, such a beneficial owner can deduct its share of these costs only to the extent that these costs, when aggregated with certain of the beneficial owner’s other miscellaneous itemized deductions, exceed 2% of the beneficial owner’s adjusted gross income. For this purpose, an estate or nongrantor trust

computes adjusted gross income in the same manner as in the case of an individual, except that deductions for administrative expenses of the estate or trust that would not have been incurred if the property were not held in the trust or estate are treated as allowable in arriving at adjusted gross income. In addition, section 68 of the Code may provide for certain limitations on certain itemized deductions otherwise allowable for a beneficial owner who is an individual. Further, a beneficial owner may not be able to deduct any portion of these costs in computing its alternative minimum tax liability.

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

Special Tax Attributes. Several sections of the Code provide beneficial treatment to certain taxpayers that invest in mortgage loans of the type that back or comprise the Grantor Trust Certificates. With respect to these Code sections, no specific legal authority exists regarding whether the character of the Grantor Trust Certificates will be the same as that of the mortgage loans that back or comprise the related MBS. Although the characterization of the Grantor Trust Certificates for these purposes is not entirely clear, to the extent that a Mortgage Loan underlying the related MBS has a loan-to-value ratio in excess of 100% (that is, the principal balance of the mortgage loan exceeds the fair market value of the real property securing the loan), the interest income on the portion of the Mortgage Loan in excess of the value of the real property will not be interest on obligations secured by mortgages on real property within the meaning of section 856(c)(3)(B) of the Code and such excess portion will not be a real estate asset within the meaning of section 856(c)(5)(B) of the Code. The excess portion should represent a "Government security" within the meaning of section 856(c)(4)(A) of the Code. A holder of a Grantor Trust Certificate that is a real estate investment trust should consult its tax advisor concerning the treatment of such excess portion.

It is not certain whether or to what extent a mortgage loan with a loan-to-value ratio in excess of 100% qualifies as a loan secured by an interest in real property for purposes of section 7701(a)(19)(C)(v) of the Code. Even if the property securing the mortgage loan does not meet this test, the certificates will be treated as "obligations of a corporation which is an instrumentality of the United States" within the meaning of section 7701(a)(19)(C)(ii) of the Code. Thus, a Grantor Trust Certificate will be a qualifying asset for a domestic building and loan association.

A mortgage loan with a loan-to-value ratio in excess of 125% is not a "qualified mortgage" within the meaning of section 860G(a)(3) of the Code. Accordingly, a Grantor Trust Certificate will not be an eligible asset for a REMIC. For a discussion of the special tax characteristics of certain types of mortgage loans, see "Material Federal Income Tax Consequences—Special Tax Attributes" in the MBS Prospectus.

Information Reporting and Backup Withholding for Grantor Trust Certificates. For each distribution, we will post on our Corporate Web site information that will allow beneficial owners

to determine (i) the portion of such distribution allocable to principal and to interest, (ii) the amount, if any, of OID and market discount and (iii) the administrative expenses allocable to such distribution.

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

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

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

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

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

made on an IRS Form W-8BEN or W-8BEN-E or a substantially similar substitute form. The beneficial owner or financial institution holding on behalf of the beneficial owner must inform the withholding agent of any change in the information on the statement within 30 days of such change.

Tax Audit Procedures

The Bipartisan Budget Act of 2015, which was enacted on November 2, 2015, repeals and replaces the rules applicable to certain administrative and judicial proceedings regarding a REMIC's tax affairs, effective beginning with the 2018 taxable year. Under the new rules, a partnership, including for this purpose a REMIC, appoints one person to act as its sole representative in connection with IRS audits and related procedures. In the case of a REMIC, the representative's actions, including the representative's agreeing to adjustments to taxable income, will bind Residual Owners to a greater degree than would actions of the tax matters partner ("TMP") under current rules. See *"Material Federal Income Tax Consequences—Reporting and Other Administrative Matters"* in the REMIC Prospectus for a discussion of the TMP. Further, an adjustment to the REMIC's taxable income following an IRS audit may have to be taken into account by those Residual Owners in the year in which the adjustment is made rather than in the year to which the adjustment relates, and otherwise in different and potentially less advantageous ways than under current rules. In some cases, a REMIC could itself be liable for taxes on income adjustments, although it is anticipated that each REMIC will seek to follow procedures in the new rules to avoid entity-level liability to the extent it otherwise may be imposed. The new rules, which will apply to both existing and future REMICs, are complex and likely will be clarified and possibly revised before going into effect. Residual Owners should discuss with their own tax advisors the possible effect of the new rules on them.

Foreign Investors

In IRS Notice 2015-66, the IRS announced on September 18, 2015 its intention to push back the start date of FATCA withholding on gross proceeds from the sale or other disposition of any property of a type that can produce interest from U.S. sources. Under this published guidance, a 30-percent United States withholding tax ("FATCA withholding") will apply to gross proceeds from the sale or other disposition of a Regular Certificate or Grantor Trust Certificate beginning on January 1, 2019 that are paid to a non-U.S. entity that is a "financial institution" and fails to comply with certain reporting and other requirements or to a non-U.S. entity that is not a "financial institution" but fails to disclose the identity of its direct or indirect "substantial U.S. owners" or to certify that it has no such owners. FATCA withholding currently applies to payments treated as interest on a Regular Certificate or Grantor Trust Certificate paid to such persons. Various exceptions may apply. You should consult your own tax advisor regarding the potential application and impact of this withholding tax based on your particular circumstances. See *"Material Federal Income Tax Consequences—Foreign Investors"* in the REMIC Prospectus.

PLAN OF DISTRIBUTION

We are obligated to deliver the Certificates to Nomura Securities International, Inc. (the "Dealer") in exchange for the Group 1 MBS and the Group 2 Underlying Certificates. The Dealer 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 these transactions to or through other dealers.

CREDIT RISK RETENTION

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

LEGAL MATTERS

Katten Muchin Rosenman LLP will provide legal representation for Fannie Mae. Cleary Gottlieb Steen & Hamilton LLP will provide legal representation for the Dealer.

Exhibit A

Group 2 Underlying Certificates

Underlying REMIC Trust	Class	Date of Issue	CUSIP Number	Interest Rate	Interest Type(1)	Final Distribution Date	Principal Type(1)	Original Principal or Notional Principal Balance of Class	July 2016 Class Factor	Principal or Notional Principal Balance in the Trust	Approximate Weighted Average WAC	Approximate Weighted Average WAM (in months)	Approximate Weighted Average WALA (in months)
2013-103	KO	September 2013	3136AGMW9	0.0%	PO	October 2043	PT	\$70,512,265	0.83533217	\$17,830,165.17	3.786%	306	41
2013-103	SK	September 2013	3136AGMV1	(2)	INV/IO	October 2043	NTL	60,439,084	0.83533217	17,830,165.17	3.786	306	41

(1) See “Description of the Certificates—Class Definitions and Abbreviations” in the REMIC Prospectus.

(2) This Class bears interest as described in the Underlying Disclosure Document.

Note: For any pool of Mortgage Loans backing an underlying Certificate, if a preliminary calculation indicated that the sum of the WAM and WALA for that pool exceeded the longest original term to maturity of any Mortgage Loan in the pool, the WALA used in determining the information shown in the related table was reduced as necessary to insure that the sum of the WAM and WALA does not exceed such original term to maturity.

Principal Balance Schedule

LG Class Planned Balances

<u>Distribution Date</u>	<u>Planned Balance</u>	<u>Distribution Date</u>	<u>Planned Balance</u>	<u>Distribution Date</u>	<u>Planned Balance</u>
Initial Balance	\$177,872,000.00	March 2021	\$ 86,297,012.85	November 2025	\$ 29,991,772.00
August 2016	176,800,134.05	April 2021	84,846,492.18	December 2025	29,412,616.31
September 2016	175,674,418.24	May 2021	83,407,471.43	January 2026	28,844,125.99
October 2016	174,495,462.42	June 2021	81,979,851.02	February 2026	28,286,110.52
November 2016	173,263,917.40	July 2021	80,563,532.16	March 2026	27,738,382.72
December 2016	171,980,474.40	August 2021	79,158,416.85	April 2026	27,200,758.66
January 2017	170,645,864.29	September 2021	77,764,407.89	May 2026	26,673,057.66
February 2017	169,260,856.94	October 2021	76,381,408.85	June 2026	26,155,102.18
March 2017	167,826,260.42	November 2021	75,009,324.09	July 2026	25,646,717.82
April 2017	166,342,920.14	December 2021	73,648,058.75	August 2026	25,147,733.20
May 2017	164,811,718.06	January 2022	72,297,518.71	September 2026	24,657,979.97
June 2017	163,233,571.67	February 2022	70,957,610.63	October 2026	24,177,292.71
July 2017	161,609,433.09	March 2022	69,633,927.02	November 2026	23,705,508.92
August 2017	159,940,288.02	April 2022	68,334,091.11	December 2026	23,242,468.93
September 2017	158,227,154.69	May 2022	67,057,683.17	January 2027	22,788,015.89
October 2017	156,471,082.74	June 2022	65,804,290.78	February 2027	22,341,995.69
November 2017	154,673,152.09	July 2022	64,573,508.62	March 2027	21,904,256.93
December 2017	152,834,471.77	August 2022	63,364,938.41	April 2027	21,474,650.87
January 2018	150,956,178.65	September 2022	62,178,188.76	May 2027	21,053,031.37
February 2018	149,039,436.23	October 2022	61,012,875.07	June 2027	20,639,254.88
March 2018	147,085,433.31	November 2022	59,868,619.41	July 2027	20,233,180.34
April 2018	145,147,243.88	December 2022	58,745,050.37	August 2027	19,834,669.21
May 2018	143,224,733.58	January 2023	57,641,803.02	September 2027	19,443,585.35
June 2018	141,317,769.13	February 2023	56,558,518.74	October 2027	19,059,795.03
July 2018	139,426,218.35	March 2023	55,494,845.12	November 2027	18,683,166.88
August 2018	137,549,950.10	April 2023	54,450,435.88	December 2027	18,313,571.82
September 2018	135,688,834.30	May 2023	53,424,950.74	January 2028	17,950,883.06
October 2018	133,842,741.91	June 2023	52,418,055.34	February 2028	17,594,976.05
November 2018	132,011,544.96	July 2023	51,429,421.10	March 2028	17,245,728.40
December 2018	130,195,116.47	August 2023	50,458,725.16	April 2028	16,903,019.91
January 2019	128,393,330.52	September 2023	49,505,650.28	May 2028	16,566,322.49
February 2019	126,606,062.17	October 2023	48,569,884.71	June 2028	16,236,750.12
March 2019	124,833,187.52	November 2023	47,651,122.12	July 2028	15,912,958.84
April 2019	123,074,583.64	December 2023	46,749,061.52	August 2028	15,595,246.69
May 2019	121,330,128.60	January 2024	45,863,407.14	September 2028	15,283,503.68
June 2019	119,599,701.47	February 2024	44,993,868.35	October 2028	14,977,621.79
July 2019	117,883,182.26	March 2024	44,140,159.58	November 2028	14,677,494.87
August 2019	116,180,451.98	April 2024	43,302,000.23	December 2028	14,383,018.68
September 2019	114,491,392.58	May 2024	42,479,114.58	January 2029	14,094,090.79
October 2019	112,815,886.96	June 2024	41,671,231.71	February 2029	13,810,610.61
November 2019	111,153,818.98	July 2024	40,878,085.42	March 2029	13,532,479.29
December 2019	109,505,073.42	August 2024	40,099,414.12	April 2029	13,259,599.77
January 2020	107,869,535.99	September 2024	39,334,960.82	May 2029	12,991,876.68
February 2020	106,247,093.33	October 2024	38,584,472.98	June 2029	12,729,216.35
March 2020	104,637,632.98	November 2024	37,847,702.45	July 2029	12,471,526.76
April 2020	103,041,043.41	December 2024	37,124,405.43	August 2029	12,218,717.52
May 2020	101,457,213.97	January 2025	36,414,342.35	September 2029	11,970,699.85
June 2020	99,886,034.89	February 2025	35,717,277.85	October 2029	11,727,386.53
July 2020	98,327,397.32	March 2025	35,032,980.63	November 2029	11,488,691.89
August 2020	96,781,193.26	April 2025	34,361,223.45	December 2029	11,254,531.79
September 2020	95,247,315.58	May 2025	33,701,783.05	January 2030	11,024,823.57
October 2020	93,725,658.04	June 2025	33,054,440.03	February 2030	10,799,486.04
November 2020	92,216,115.23	July 2025	32,418,978.86	March 2030	10,578,439.45
December 2020	90,718,582.59	August 2025	31,795,187.74	April 2030	10,361,605.47
January 2021	89,232,956.43	September 2025	31,182,858.60	May 2030	10,148,907.15
February 2021	87,759,133.86	October 2025	30,581,786.98	June 2030	9,940,268.92

LG Class continued

<u>Distribution Date</u>	<u>Planned Balance</u>	<u>Distribution Date</u>	<u>Planned Balance</u>	<u>Distribution Date</u>	<u>Planned Balance</u>
July 2030	\$ 9,735,616.55	July 2035	\$ 2,591,033.73	July 2040	\$ 506,403.44
August 2030	9,534,877.13	August 2035	2,530,224.28	August 2040	489,929.58
September 2030	9,337,979.03	September 2035	2,470,656.98	September 2040	473,835.07
October 2030	9,144,851.92	October 2035	2,412,308.19	October 2040	458,112.24
November 2030	8,955,426.71	November 2035	2,355,154.68	November 2040	442,753.55
December 2030	8,769,635.54	December 2035	2,299,173.68	December 2040	427,751.60
January 2031	8,587,411.75	January 2036	2,244,342.80	January 2041	413,099.15
February 2031	8,408,689.88	February 2036	2,190,640.07	February 2041	398,789.07
March 2031	8,233,405.64	March 2036	2,138,043.95	March 2041	384,814.40
April 2031	8,061,495.87	April 2036	2,086,533.26	April 2041	371,168.28
May 2031	7,892,898.55	May 2036	2,036,087.21	May 2041	357,843.99
June 2031	7,727,552.76	June 2036	1,986,685.41	June 2041	344,834.95
July 2031	7,565,398.67	July 2036	1,938,307.83	July 2041	332,134.69
August 2031	7,406,377.51	August 2036	1,890,934.82	August 2041	319,736.87
September 2031	7,250,431.58	September 2036	1,844,547.06	September 2041	307,635.27
October 2031	7,097,504.19	October 2036	1,799,125.63	October 2041	295,823.80
November 2031	6,947,539.67	November 2036	1,754,651.92	November 2041	284,296.47
December 2031	6,800,483.34	December 2036	1,711,107.68	December 2041	273,047.41
January 2032	6,656,281.52	January 2037	1,668,474.99	January 2042	262,070.86
February 2032	6,514,881.47	February 2037	1,626,736.26	February 2042	251,361.18
March 2032	6,376,231.39	March 2037	1,585,874.23	March 2042	240,912.83
April 2032	6,240,280.43	April 2037	1,545,871.94	April 2042	230,720.38
May 2032	6,106,978.64	May 2037	1,506,712.76	May 2042	220,778.49
June 2032	5,976,276.94	June 2037	1,468,380.37	June 2042	211,081.96
July 2032	5,848,127.18	July 2037	1,430,858.74	July 2042	201,625.64
August 2032	5,722,482.03	August 2037	1,394,132.12	August 2042	192,404.53
September 2032	5,599,295.03	September 2037	1,358,185.10	September 2042	183,413.68
October 2032	5,478,520.55	October 2037	1,323,002.50	October 2042	174,648.26
November 2032	5,360,113.79	November 2037	1,288,569.46	November 2042	166,103.55
December 2032	5,244,030.73	December 2037	1,254,871.37	December 2042	157,774.87
January 2033	5,130,228.16	January 2038	1,221,893.90	January 2043	149,657.69
February 2033	5,018,663.64	February 2038	1,189,622.99	February 2043	141,747.53
March 2033	4,909,295.51	March 2038	1,158,044.84	March 2043	134,040.00
April 2033	4,802,082.82	April 2038	1,127,145.90	April 2043	126,530.81
May 2033	4,696,985.41	May 2038	1,096,912.87	May 2043	119,215.74
June 2033	4,593,963.79	June 2038	1,067,332.70	June 2043	112,090.66
July 2033	4,492,979.23	July 2038	1,038,392.59	July 2043	105,151.53
August 2033	4,393,993.66	August 2038	1,010,079.96	August 2043	98,394.35
September 2033	4,296,969.72	September 2038	982,382.49	September 2043	91,815.25
October 2033	4,201,870.72	October 2038	955,288.06	October 2043	85,410.39
November 2033	4,108,660.61	November 2038	928,784.80	November 2043	79,176.04
December 2033	4,017,304.03	December 2038	902,861.06	December 2043	73,108.53
January 2034	3,927,766.23	January 2039	877,505.37	January 2044	67,204.25
February 2034	3,840,013.09	February 2039	852,706.54	February 2044	61,459.67
March 2034	3,754,011.13	March 2039	828,453.52	March 2044	55,871.34
April 2034	3,669,727.43	April 2039	804,735.51	April 2044	50,435.86
May 2034	3,587,129.72	May 2039	781,541.91	May 2044	45,149.91
June 2034	3,506,186.28	June 2039	758,862.30	June 2044	40,010.22
July 2034	3,426,865.97	July 2039	736,686.46	July 2044	35,013.61
August 2034	3,349,138.22	August 2039	715,004.38	August 2044	30,156.94
September 2034	3,272,973.01	September 2039	693,806.21	September 2044	25,437.14
October 2034	3,198,340.86	October 2039	673,082.29	October 2044	20,851.20
November 2034	3,125,212.84	November 2039	652,823.17	November 2044	16,396.17
December 2034	3,053,560.54	December 2039	633,019.55	December 2044	12,069.16
January 2035	2,983,356.05	January 2040	613,662.31	January 2045	7,867.34
February 2035	2,914,571.99	February 2040	594,742.50	February 2045	3,787.91
March 2035	2,847,181.46	March 2040	576,251.35	March 2045 and	
April 2035	2,781,158.05	April 2040	558,180.23	thereafter	0.00
May 2035	2,716,475.85	May 2040	540,520.71		
June 2035	2,653,109.41	June 2040	523,264.50		

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

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

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\$236,830,165



**Guaranteed
Pass-Through Certificates
Fannie Mae Trust 2016-51**

PROSPECTUS SUPPLEMENT

Nomura

July 25, 2016