FEDERAL NATIONAL MORTGAGE ASSOCIATION

ISSUE SUPPLEMENT
Dated as of February 1, 2016

TO REMIC MASTER TRUST AGREEMENT
Dated as of May 1, 2010
for
GUARANTEED REMIC PASS-THROUGH CERTIFICATES

Series Designation: 2016-11
Issue Date: February 1, 2016

THIS ISSUE SUPPLEMENT accompanies and supplements a certain REMIC Master Trust Agreement, dated as of May 1, 2010 (the “Trust Agreement”), published by the Federal National Mortgage Association (“Fannie Mae”). Unless otherwise specified, certain words and phrases appearing herein, characterized by initial capital letters, are defined in such Trust Agreement and will have the meanings so defined.

The collective terms of such Trust Agreement and this Issue Supplement will govern the composition of the Trust Fund, the beneficial ownership of which is evidenced by the Series of Certificates having the above designation, and have no applicability to any other trust fund. If any provision of this Issue Supplement conflicts with or contradicts a provision of the Trust Agreement, the provisions of this Issue Supplement will control.

By its publication of this Issue Supplement, Fannie Mae will be deemed to have declared its intent that the related Single Tier REMIC formed under the Trust Agreement and this Issue Supplement will constitute, and the affairs of such Single Tier REMIC will be conducted so as to qualify as, a REMIC pursuant to Section 860D of Subchapter M of Chapter 1 of the Internal Revenue Code. The date designated as the “startup day” of such REMIC within the meaning of Section 860G(a)(9) of the Internal Revenue Code will be the Settlement Date.

With respect to the Series of Guaranteed Pass-Through Certificates having the above designation, Fannie Mae has deposited into the Trust Fund the Mortgage-Backed Securities specified in the Mortgage-Backed Security Schedule, and intends to issue hereunder the Classes of Certificates specified in the Prospectus Supplement.
Section 1. Applicable Trust Agreement Provisions

The following terms defined in Section 1.01 of the Trust Agreement will have the following meanings for the Series of Certificates authorized hereby:

Certificate or REMIC Certificate: A guaranteed pass-through certificate, (i) in the case of any Certificate other than the Residual Certificate, issued in book-entry form and maintained in the name of a record owner as an entry on the books of the Fiscal Agent under a designation specifying the Class and denomination thereof; and (ii) in the case of the Residual Certificate, issued in fully registered, certificated form as authorized by this Trust Agreement.

Estimated Funding: Amounts transferred to the Certificate Account or the Grantor Trust Account by the Guarantor pursuant to Section 5.05(c) that are consistent with Section 1.860G-2(c)(3)(iii) of the Regulations.

Issue Date: February 1, 2016.

Prospectus Supplement: The Prospectus Supplement dated February 24, 2016, relating to the Guaranteed Pass Through Certificates, Fannie Mae Trust 2016-11, as the same may be amended or supplemented from time to time.


Settlement Date: February 29, 2016

Single Tier REMIC: The portion of the Trust Fund as to which a REMIC election is made that consists of (i) the Mortgage-Backed Securities other than the Group 8 MBS and all proceeds thereof and (ii) the Certificate Account and all amounts held therein or credited thereto.

Trust Fund: The assets of the Trust, consisting of (i) the Mortgage-Backed Securities and all proceeds thereof, (ii) the Certificate Account and all amounts held therein or credited thereto, (iii) the Grantor Trust Account and all amounts held therein or credited thereto, and (iv) the right to receive payments under the Guaranty, but excluding any interest earnings or other investment earnings on any of the assets of the Trust when held pursuant to the Trust Agreement in any account established under the Trust Agreement.

Section 2. Additional Defined Terms

Whenever used in this Issue Supplement, the following phrases shall have the following meanings:

Grantor Trust Account: The account designated as such and created and maintained pursuant to Section 5.01A of the Trust Documents.

Group 8 Classes: As specified in the Prospectus Supplement.

Group 8 MBS: The Mortgage-Backed Securities underlying the Group 8 Classes.

Section 3. Additional Provisions.
The following provisions are hereby added to the Trust Agreement solely in connection with the Series of Certificates authorized by this Issue Supplement.

(a) Subsection 2.03(b)(ii)(B) of the Trust Agreement is hereby deleted and replaced in its entirety by the following:

“proceeds of any conversion, voluntary or involuntary, of those Mortgage-Backed Securities and amounts into cash, instruments, securities or other property (other than interest earnings and other investment earnings on the Certificate Account or the Grantor Trust Account).”

(b) The first sentence of Section 2.12 of the Trust Agreement is hereby deleted and replaced in its entirety by the following:

“For its services to the Trust, Fannie Mae will be entitled to a fee payable as provided in Section 5.02 from interest earnings and other investment earnings on the Certificate Account and the Grantor Trust Account.”

(c) Subsection 2.14(a) of the Trust Agreement is hereby deleted and replaced in its entirety by the following:

“(a) The Issuer hereby declares its intent that the portion of the Trust consisting of the Mortgage-Backed Securities and all proceeds thereof (other than the Group 8 MBS and all proceeds thereof) and the Certificate Account and all amounts held therein or credited thereto will constitute, and the affairs of such portion of the Trust will be conducted so as to qualify as, one or more REMICs pursuant to Section 860D of Subchapter M of Chapter 1 of the Code. The R Class Certificate is hereby designated as the sole “residual interest” in the Single Tier REMIC within the meaning of Section 860G(a)(2) of the Code, and each remaining Class of Regular Certificates (other than the Group 8 Classes) is hereby designated as a “regular interest” in the Single Tier REMIC within the meaning of Section 860G(a)(1) of the Code. The date designated as the “startup day” of the REMIC within the meaning of Section 860G(a)(9) of the Code will be the Settlement Date. In addition, for federal income tax purposes, the remaining portion of the Trust, including the Group 8 MBS and all proceeds thereof and the Grantor Trust Account and all amounts held therein or credited thereto, will be treated as a grantor trust under Subpart E, Part I of Subchapter J of the Code and not as an association taxable as a corporation. The Trustee shall have no power to vary the investment of the remaining portion of the Trust. The Trustee and the Holders of the Certificates will take any action necessary to create and maintain the status of the remaining portion of the Trust as a grantor trust for federal income tax purposes and will assist one another as necessary to create and maintain such status.”
(d) The second sentence of Subsection 4.03(a) of the Trust Agreement is hereby deleted in its entirety and replaced by the following:

“On or before each Distribution Date, the Trustee will withdraw and deliver to the applicable Paying Agent, or cause to be withdrawn and so delivered, funds from the Certificate Account in the amount of the portion of the Certificate Distribution Amount payable on such Distribution Date on the Classes of Certificates other than the Group 8 Classes (or if sufficient funds are not then available in the Certificate Account, as much as is available). On or before each Distribution Date, the Trustee will withdraw and deliver to the applicable Paying Agent, or cause to be withdrawn and so delivered, funds from the Grantor Trust Account in the amount of the portion of the Certificate Distribution Amount payable on such Distribution Date on the Group 8 Classes (or if sufficient funds are not then available in the Grantor Trust Account, as much as is available).”

(e) Section 4.03(b) of the Trust Agreement is hereby deleted in its entirety and replaced by the following:

“To the extent the amount withdrawn from the Certificate Account and the Grantor Trust Account pursuant to Subsection 4.03(a) and delivered to the applicable Paying Agent on any Distribution Date is insufficient to pay the Certificate Distribution Amount for that Distribution Date, the Paying Agent will receive funds pursuant to the Guaranty as described in Section 5.05.”

(f) Section 5.01(c) of the Trust Agreement is hereby deleted in its entirety and replaced by the following:

“Deposits to Certificate Account. The Trustee will deposit all Security Distributions on the Mortgaged-Backed Securities (other than the Group 8 MBS) received by it hereunder into the Certificate Account. All Security Distributions deposited from time to time in the Certificate Account, and all investments made with such funds, excluding interest earnings and other investment earnings, will be held in trust the Certificate Account for the benefit of the Holders of the Classes other than the Group 8 Classes as herein provided, subject to withdrawal by the Trustee for the purposes set forth in Section 5.04.”

(g) The following text is hereby added immediately following Section 5.01(c) of the Trust Agreement:

“Section 5.01A. Grantor Trust Account.

(a) On or before the issuance of the Certificates, the Trustee will open with an Eligible Depository one or more accounts in the name of the Trustee (or its designee) (collectively, the “Grantor Trust Account”) to hold funds for the benefit of the Holders of the Group 8 Classes.
(b) The manner in which the Grantor Trust Account is maintained may at any time be changed without notice to, or the approval of, the Holders of the Group 8 Classes, so long as (i) the Grantor Trust Account is maintained with an Eligible Depository and (ii) funds held in the Grantor Trust Account by, or for the account of, the Trustee are at all times identified.

(c) The Trustee will deposit all Security Distributions on the Group 8 MBS received by it hereunder into the Grantor Trust Account. All such Security Distributions deposited from time to time in the Grantor Trust Account, and all investments made with such funds, excluding interest earnings and other investment earnings, will be held in trust in the Grantor Trust Account for the benefit of the Holders of the Group 8 Classes as herein provided, subject to withdrawal by the Trustee for the purposes set forth in Section 5.04.

(d) The Grantor Trust Account will not be part of any REMIC created hereby. No payments from the Grantor Trust Account to the Holders of the Group 8 Classes will be payments with respect to a “regular interest” in a REMIC within the meaning of Section 860G(a)(1) of the Code.

(h) Section 5.02 of the Trust Agreement is hereby deleted and replaced in its entirety by the following:

“All or a portion of the amounts on deposit in the Certificate Account or the Grantor Trust Account may be invested and reinvested in one or more investments that, at the time of their acquisition, are Eligible Investments maturing not later than the applicable Distribution Date or, if funds in the Certificate Account are to be transferred to another Certificate Account, by the expected date of transfer. Holders will have no right to interest earnings or other investment earnings on funds held in the Certificate Account or the Grantor Trust Account and such earnings will not be part of the Trust Fund. Earnings on the investments in the Certificate Account or the Grantor Trust Account will be applied to the payment of the Trust Administration Fee unless otherwise agreed by Fannie Mae.”

(i) Section 5.03 of the Trust Agreement is hereby deleted and replaced in its entirety by the following:

“If, with respect to any investment held in the Certificate Account or the Grantor Trust Account, both (i) the rating accorded by the applicable rating agency to the issuer of an investment or to the investment declines by two rating levels after acquisition of the investment and, (ii) as a result of the decline, the investment ceases to be an Eligible Investment, then the Trustee will cause that nonconforming investment to be sold as soon as practicable. Otherwise, except in the case of investments made in violation of this Trust Agreement, no investment may be sold prior to its maturity while in the Certificate Account or the Grantor Trust Account.”
(j) Section 5.04 of the Trust Agreement is hereby deleted and replaced in its entirety by the following:

“(a) Amounts credited to the Certificate Account and to the Grantor Trust Account on any Distribution Date will be withdrawn pursuant to Subsection 4.03(a) by the Trustee for application towards the distributions required by the Trust Documents. The Trustee may consolidate funds in one or more Certificate Accounts or Grantor Trust Accounts prior to transfer to the applicable Paying Agent.

(b) At any time, the Trustee is authorized to withdraw or direct the withdrawal from the Certificate Account or the Grantor Trust Account for the following purposes (in each case, to the extent not previously paid or retained) to the extent funds for such purpose have been deposited to either such account:

(i) to the Guarantor, amounts to reimburse the Guarantor for funding or payments made by it with respect to amounts that are subsequently recovered by the Trust and transferred to the Certificate Account or the Grantor Trust Account but are not required for payment to Holders;

(ii) to the Trustee, to the extent of interest earnings and other investment earnings on the funds held in the Certificate Account or the Grantor Trust Account, for payment of the Trust Administration Fee;

(iii) to the Trustee, any Additional Trust Expenses that are then due and payable; and

(iv) to remove amounts that were not required to be deposited pursuant to Subsection 5.01(c) or Subsection 5.01A(c), and any excess Estimated Funding.

(c) In the event that amounts remain in the Certificate Account or the Grantor Trust Account in any month following (A) distribution of the Certificate Distribution Amount for such month and (B) payment of amounts due pursuant to Subsection 5.04(b), such amounts may be withdrawn by the Trustee and retained by it as compensation for its administrative obligations hereunder but only to the extent such withdrawn amounts are not needed to make payment of the Certificate Distribution Amount in future periods. Any amount so withdrawn will no longer be a part of the Trust Fund.”

(k) The first sentence of Subsection 5.05(a) of the Trust Agreement is hereby deleted and replaced in its entirety by the following:

“To the extent necessary, the Guarantor unconditionally and irrevocably agrees to pay to the Trust the following amounts to
the extent not otherwise available from funds in the Certificate Account or the Grantor Trust Account pursuant to Section 5.04:”

(l) The first sentence of the final paragraph of Subsection 5.05(a) of the Trust Agreement is hereby deleted and replaced in its entirety by the following:

“After the Guarantor is notified by the Trustee or applicable Paying Agent of the insufficiency of funds in the Certificate Account or the Grantor Trust Account to cover all such amounts, the Guarantor will transfer any such amounts to cover the insufficiency to the Certificate Account or the Grantor Trust Account, as applicable, or directly to the applicable Paying Agent in immediately available funds on or before the applicable Distribution Date for payment to the Trust.”

(m) The first clause of Subsection 5.05(c) of the Trust Agreement is hereby deleted and replaced in its entirety by the following:

“From time to time, the Guarantor may deposit Estimated Funding to the Certificate Account or the Grantor Trust Account,”

(n) Section 12.04(a) of the Trust Agreement is hereby deleted and replaced in its entirety by the following:

(a) With 51% Holder Consent. With the consent of the Holders of Certificates of each Class of a Series representing at least 51% of the Voting Rights of such Class, the Issuer and the Trustee may enter into any Amendment for any purpose or waive any provision of this Trust Agreement, other than any change to which Subsection 12.04(b) applies; provided, however, that any Amendment that requires the consent of Holders of the Group 8 Classes will require the consent of 100% of the Holders of the Group 8 Classes.
EXHIBIT A
MORTGAGE-BACKED SECURITY SCHEDULE

[To be attached or, if not attached, prepared in electronic format pursuant to Section 2.07 of the Trust Agreement.]