

\$450,771,835



FannieMae

Guaranteed REMIC Pass-Through Certificates Fannie Mae REMIC Trust 1998-1

The Guaranteed REMIC Pass-Through Certificates offered hereby (the “REMIC Certificates”) will represent beneficial ownership interests in one of two trust funds. The REMIC Certificates, other than the RL Class, will represent beneficial ownership interests in Fannie Mae REMIC Trust 1998-1 (the “Trust”). The assets of the Trust will consist of the “regular interests” in a separate trust fund (the “Lower Tier REMIC”). The assets of the Lower Tier REMIC will consist of (i) certain previously issued REMIC certificates (the “Underlying REMIC Certificates”) evidencing beneficial ownership interests in the related Fannie Mae REMIC Trusts (the “Underlying REMIC Trusts”) as further described in Exhibit A hereto, (ii) certain “fully modified pass-through” mortgage-backed securities (the “Trust Ginnie Mae Certificates”) guaranteed as to timely payment of principal and interest by the Government National Mortgage Association (“Ginnie Mae”) and (iii) certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates described herein (the “Trust MBS”). The assets of the Underlying REMIC Trusts evidence beneficial ownership interests in either (i) certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (together with the Trust MBS, the “MBS”) or (ii) certain “fully modified pass-through” mortgage-backed securities guaranteed as to timely payment of principal and interest by Ginnie Mae (together with the Trust Ginnie Mae Certificates, the “Ginnie Mae Certificates”). Each MBS represents a beneficial ownership interest in a pool of first lien, single-family, fixed-rate residential mortgage loans having the characteristics described herein. Each Ginnie Mae Certificate is based on and backed by a pool of mortgage loans (together with the pools and mortgage loans underlying the MBS, the “Pools” and “Mortgage Loans,” respectively) which are either insured or guaranteed by the Federal Housing Administration (“FHA”), the Department of Veterans Affairs (“VA”) or the Rural Housing Service (“FmHA”). The Certificates will be issued and guaranteed as to timely distribution of principal and interest by Fannie Mae.

This Prospectus Supplement is intended to be used only in conjunction with the REMIC Prospectus (defined herein). Investors should not purchase the Certificates before reading this Prospectus Supplement, the REMIC Prospectus and the additional Disclosure Documents (defined herein). Such documents may be obtained as described on page S-2.

See “Additional Risk Factors” on page S-7 hereof and “Certain Risk Factors” beginning on page 10 of the REMIC Prospectus for a discussion of certain risks that should be considered in connection with an investment in the Certificates.

(Cover continued on next page)

THE CERTIFICATES MAY NOT BE SUITABLE INVESTMENTS FOR ALL INVESTORS. NO INVESTOR SHOULD PURCHASE CERTIFICATES UNLESS SUCH INVESTOR UNDERSTANDS AND IS ABLE TO BEAR THE PREPAYMENT, YIELD, LIQUIDITY AND OTHER RISKS ASSOCIATED WITH SUCH CERTIFICATES.

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

Class(1)	Group	Original Class Balance	Principal Type(2)	Interest Rate	Interest Type(2)	CUSIP Number	Final Distribution Date	Class(1)	Group	Original Class Balance	Principal Type(2)	Interest Rate	Interest Type(2)	CUSIP Number	Final Distribution Date
A	1	\$16,297,447	SC/PT	(3)	PO	31359RWS7	February 2024	L	4	\$35,449,388	SC/PT	(3)	PO	31359R XD9	July 2023
SA	1	16,297,447(4)	NTL	(5)	INV/IO	31359RWT5	February 2024	SL	4	35,449,388(4)	NTL	(5)	INV/IO	31359R XE7	July 2023
BA	2	12,798,272	SEQ	9.50%	FIX	31359RWU2	April 2024	M	5	12,750,000	SC/PT	(3)	PO	31359R XF4	March 2022
BE	2	14,461,538	SEQ	9.50	FIX	31359RWV0	August 2022	SN	5	26,666,650(4)	NTL	(5)	INV/IO	31359R XG2	October 2017
BF	2	79,538,462	SEQ	6.25	FIX	31359RWW8	August 2022	SO	5	41,333,307(4)	NTL	(5)	INV/IO	31359R XH0	March 2022
BC	2	15,000,000	SEQ	6.75	FIX	31359RWX6	August 2022	E	6	52,224,138	SEQ	6.10%	FIX	31359R XJ6	August 2024
BD	2	18,982,728	SEQ	6.75	FIX	31359RWY4	April 2024	H	6	14,275,862	SEQ	9.00	FIX	31359R XK3	August 2024
C	2	19,219,000	SEQ	7.00	FIX	31359RWZ1	September 2025	EA	6	40,000,000	SEQ	6.13	FIX	31359R XL1	August 2024
D	2	40,000,000	SEQ	7.00	FIX	31359R XA5	January 2028	G	6	43,500,000	SEQ	6.50	FIX	31359R XM9	February 2028
K	3	36,275,000	SC/PT	(3)	PO	31359R XB3	December 2021	R	0	0	NPR	0	NPR	31359R XN7	February 2028
SK	3	36,275,000(4)	NTL	(5)	INV/IO	31359R XC1	December 2021	RL	0	0	NPR	0	NPR	31359R XP2	February 2028

- (1) The BG, BH and SM Classes are RCR Classes. See “Description of the Certificates—Combination and Recombination” herein and Schedule 1 hereto for a description of the RCR Classes.
- (2) See “Description of the Certificates—Class Definitions and Abbreviations” in the REMIC Prospectus and “Description of the Certificates—Distributions of Interest” and “—Distributions of Principal” herein.
- (3) These Classes will be Principal Only Classes and will bear no interest.
- (4) These Classes will be Notional Classes, will not have principal balances and will bear interest on their respective notional principal balances. The notional principal balances of the Notional Classes initially will be as set forth above and thereafter will be calculated as specified herein. See “Description of the Certificates—Distributions of Interest—Notional Classes” herein.
- (5) The SA and SL Classes will bear interest based on the “10-Year Treasury Index” and the SK, SN and SO Classes will bear interest based on the “7-Year Treasury Index,” as described under “Description of the Certificates—Distributions of Interest” herein and “Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes” in the REMIC Prospectus.

The Certificates will be offered by PaineWebber Incorporated (the “Dealer”) from time to time in negotiated transactions, at varying prices to be determined at the time of sale.

The Certificates will be offered by the Dealer, subject to issuance by Fannie Mae and to prior sale or to withdrawal or modification of the offer without notice, when, as and if delivered to and accepted by the Dealer, subject to the right by the Dealer to reject any order in whole or in part and subject to approval of certain legal matters by counsel. It is expected that the Group 2 Classes, the SN and SO Classes and the RCR Certificates will be available through the book-entry facilities of The Depository Trust Company and that all other Classes (except for the R and RL Classes) will be available through the book-entry system of the Federal Reserve Banks on or about January 30, 1998 (the “Settlement Date”). It is expected that the R and RL Classes in registered, certificated form will be available for delivery at the offices of PaineWebber Incorporated, New York, New York, on or about the Settlement Date.

PaineWebber Incorporated

The date of this Prospectus Supplement is December 10, 1997.

(Cover continued from previous page)

Certain of the REMIC Certificates may, upon notice and payment of an exchange fee, be exchanged for the related Combinable and Recombinable REMIC Certificates (“RCR Certificates”) as provided herein. Each RCR Certificate issued in such an exchange will represent a beneficial ownership interest in, and will entitle the Holder thereof to receive a proportionate share of the distributions on, the related REMIC Certificates. Certain characteristics of the RCR Certificates are set forth in Schedule 1 hereto. As used herein, unless the context requires otherwise, the term “Certificates” includes REMIC Certificates and RCR Certificates and the term “Classes” includes the Classes of REMIC Certificates and RCR Certificates. See “Description of the Certificates—Combination and Recombination” herein and Schedule 1 hereto.

The yields to investors in the Group 1, Group 3, Group 4 and Group 5 Classes (as described herein) will be sensitive in varying degrees to, among other things, the rate of principal distributions of the related Underlying REMIC Certificates, which in turn will be sensitive in varying degrees to the rate of principal payments of the related Mortgage Loans, the characteristics of the Mortgage Loans included in the related Pools and the priority sequences affecting distributions on the Underlying REMIC Certificates. The yields to investors in the Group 2 and Group 6 Classes (as described herein) will be sensitive in varying degrees to, among other things, the rate of principal distributions on the Trust Ginnie Mae Certificates and the Trust MBS, respectively, which in turn will be determined by the rate of principal payments of the related Mortgage Loans and the characteristics of such Mortgage Loans. The yield to investors in each Class will also be sensitive to the purchase price paid for such Class and, in the case of any Inverse Floating Rate Class, fluctuations in the level of the applicable Index (as defined herein). Accordingly, investors should consider the following risks:

- The Mortgage Loans generally may be prepaid at any time without penalty, and, accordingly, the rate of principal payments thereon is likely to vary considerably from time to time.
- Slight variations in Mortgage Loan characteristics could substantially affect the weighted average lives and yields of some or all of the Classes.
- In the case of any Certificates purchased at a discount to their principal amounts (including any Principal Only Class), a slower than anticipated rate of principal payments is likely to result in a lower than anticipated yield.
- In the case of any Certificates purchased at a premium to their principal amounts, a faster than anticipated rate of principal payments is likely to result in a lower than anticipated yield.
- In the case of any Interest Only Class, a faster than anticipated rate of principal payments is likely to result in a lower than anticipated yield and, in certain cases, an actual loss on the investment.
- The yield on any Inverse Floating Rate Class will be sensitive to the level of the applicable Index. See “Description of the Certificates—Distributions of Interest—Inverse Floating Rate Classes” herein.

See “Certain Risk Factors—Yield Considerations” in the REMIC Prospectus and “Additional Risk Factors—Additional Yield and Prepayment Considerations” and “Yield Tables” herein.

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

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

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of this Prospectus Supplement, the REMIC Prospectus, the Prospectus Supplements for the Underlying REMIC Trusts (collectively, the “Underlying REMIC Disclosure Documents”) or the MBS Prospectus (each as defined below). Any representation to the contrary is a criminal offense.

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

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

- Fannie Mae’s Prospectus for Guaranteed REMIC Pass-Through Certificates dated November 12, 1997 (the “REMIC Prospectus”);
- Fannie Mae’s Prospectus for Guaranteed Mortgage Pass-Through Certificates dated August 1, 1997 (the “MBS Prospectus”);
- Fannie Mae’s Information Statement dated March 31, 1997 and any supplements thereto (collectively, the “Information Statement”); and
- The Underlying REMIC Disclosure Documents.

The Information Statement is incorporated herein by reference and, together with the other Disclosure Documents, may be obtained from Fannie Mae by writing or calling its MBS Helpline at 3900 Wisconsin Avenue, N.W., Area 2H-3S, Washington, D.C. 20016 (telephone 1-800-BEST-MBS or 202-752-6547). Such documents, other than the Underlying REMIC Disclosure Documents, may also be obtained from PaineWebber Incorporated by writing or calling its Prospectus Department at 1000 Harbor Boulevard, Weehawken, New Jersey 07087 (telephone 201-902-6858).

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REFERENCE SHEET

This reference sheet is not a summary of the REMIC transaction and it does not contain complete information about the Certificates. Investors should purchase the Certificates only after reading this Prospectus Supplement and each of the additional Disclosure Documents described herein in their entirety.

Characteristics of the Underlying REMIC Certificates

The table contained in Exhibit A hereto sets forth information with respect to the Underlying REMIC Certificates, including certain information regarding the underlying Mortgage Loans. Certain additional information as to the Underlying REMIC Certificates may be obtained by performing an analysis of current Fannie Mae principal factors in the context of applicable information contained in the related Underlying REMIC Disclosure Documents, which may be obtained from Fannie Mae as described herein.

See “Description of the Certificates—The Underlying REMIC Certificates” herein.

Assumed Characteristics of the Mortgage Loans Underlying the Trust Ginnie Mae Certificates and the Trust MBS (as of January 1, 1998)

	Group	Approximate Principal Balance	Original Term to Maturity (in months)	Approximate WARM or Weighted Average Remaining Term to Maturity (in months)	Approximate WALA or Calculated Loan Age (in months)	Approximate Weighted Average Coupon
Trust Ginnie Mae Certificates	2	\$200,000,000	360	357	2	7.75%
Trust MBS	6	\$ 75,000,000	360	358	2	7.19%
		\$ 75,000,000	360	332	23	7.19%

The actual remaining terms to maturity, calculated loan ages and interest rates of most of the related Mortgage Loans will differ from the weighted averages shown above, perhaps significantly. See “Description of the Certificates—Structuring Assumptions—*Pricing Assumptions*” herein.

Combination and Recombination

Holders of certain REMIC Certificates will be entitled, upon notice and payment of an exchange fee, to exchange all or a portion of such Certificates for a proportionate interest in the related RCR Certificates as reflected on Schedule 1 hereto. The Holders of RCR Certificates will be entitled to receive distributions from the related REMIC Certificates. See “Description of the Certificates—Combination and Recombination” herein. Schedule 1 sets forth all of the available combinations of REMIC Certificates and the related RCR Certificates.

Interest Rates

The Fixed Rate Classes will bear interest at the applicable per annum interest rates set forth on the cover.

The Inverse Floating Rate Classes will bear interest during the initial Interest Accrual Period at initial interest rates specified or determined as described below, and will bear interest during each

Interest Accrual Period thereafter, subject to the applicable maximum and minimum interest rates, at rates determined as described below:

<u>Class</u>	<u>Initial Interest Rate (1)</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate</u>
SA	9.01333%	20.58333%	0.0%	$21.66666\% - (2.16666667 \times 10\text{-Year Treasury Index})$
SK	14.65600%	33.60000%	0.0%	$33.6\% - (3.2 \times 7\text{-Year Treasury Index})$
SL	11.36326%	23.33308%	0.0%	$25.08305\% - (2.333297 \times 10\text{-Year Treasury Index})$
SN	3.70999%	9.50000%	0.0%	9.5% - 7-Year Treasury Index
SO	3.70999%	9.50000%	0.0%	9.5% - 7-Year Treasury Index
SM	3.70999%	9.50000%	0.0%	9.5% - 7-Year Treasury Index

(1) The initial interest rates for these Classes are assumed rates. The actual initial interest rates for these Classes will be calculated on the basis of the applicable formulas for the calculation of such interest rates on the Index Determination Date occurring on December 30, 1997 in the case of the SA Class, and on January 22, 1998 in the case of the SK, SL, SN, SO and SM Classes.

See “Description of the Certificates—Distributions of Interest—*Inverse Floating Rate Classes*” herein.

Distributions of interest to be allocated from REMIC Certificates to RCR Certificates on any Distribution Date will be allocated on a pro rata basis.

Notional Classes

The notional principal balances of the Notional Classes will be equal to the indicated percentages of the outstanding balances specified below immediately prior to the related Distribution Date:

Classes

SA	100% of A Class
SK	100% of K Class
SL	100% of L Class
SN and SO(1)	533.3329960784% of M Class
SM	533.3329960784% of M Class

(1) In the aggregate. On each Distribution Date, distributions of principal of the M Class will be allocated, sequentially, in reduction of the notional principal balances of the SN and SO Classes, in that order, until the respective notional principal balances thereof are reduced to zero.

See “Description of the Certificates—Distributions of Interest—*Notional Classes*” and “—Yield Tables—*The Inverse Floating Rate Classes and the SM Class*” herein.

Distributions of Principal

The portion of the Principal Distribution Amount allocated to each Class of Certificates will be allocated among the Groups of Classes as described herein under “Description of the Certificates—Distributions of Principal—*Principal Distribution Amount*.”

Group 1 Principal Distribution Amount

To the A Class, to zero.

Group 2 Principal Distribution Amount

1. (a) 9.0909085743% of such amount to the BA Class, to zero, and
(b) 90.9090914257% of such amount as follows:
first, to the BE, BF and BC Classes, pro rata, to zero; and
second, to the BD Class, to zero.
2. To the C and D Classes, in that order, to zero.

Group 3 Principal Distribution Amount

To the K Class, to zero.

Group 4 Principal Distribution Amount

To the L Class, to zero.

Group 5 Principal Distribution Amount

To the M Class, to zero.

Group 6 Principal Distribution Amount

1. To the E, H and EA Classes, pro rata, to zero.

2. To the G Class, to zero.

Distributions of principal to be allocated from REMIC Certificates to RCR Certificates on any Distribution Date will be allocated on a pro rata basis.

Weighted Average Lives (years) *

<u>Group 1 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>140%</u>	<u>350%</u>	<u>500%</u>
A and SA	25.1	20.7	18.8	2.9	1.3

<u>Group 2 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>150%</u>	<u>350%</u>	<u>500%</u>
BA	17.6	7.3	5.5	3.0	2.3
BE, BF, BC, BG and BH	16.3	6.1	4.6	2.5	2.0
BD	25.4	14.1	10.7	5.4	4.0
C	26.9	17.5	13.5	6.7	4.9
D	28.9	24.1	20.7	11.4	8.1

<u>Group 3 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>250%</u>	<u>350%</u>	<u>500%</u>
K and SK	16.2	8.6	5.0	3.7	2.6

<u>Group 4 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>175%</u>	<u>350%</u>	<u>500%</u>
L and SL	24.1	17.8	10.7	1.7	0.8

<u>Group 5 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>270%</u>	<u>350%</u>	<u>500%</u>
M and SM	20.4	12.8	6.9	5.4	3.8
SN	17.6	7.6	3.3	2.5	1.7
SO	22.1	16.1	9.2	7.3	5.1

<u>Group 6 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>160%</u>	<u>350%</u>	<u>500%</u>
E, H and EA	18.1	6.7	4.8	2.5	1.8
G	28.3	21.1	17.1	9.4	6.6

* Determined as specified under "Weighted Average Lives of the Certificates" herein.

ADDITIONAL RISK FACTORS

Additional Yield and Prepayment Considerations

The rate of distributions of principal of the Group 1, Group 3, Group 4 and Group 5 Classes will be directly related to the rate of distributions of principal of the related Underlying REMIC Certificates, which in turn will be sensitive in varying degrees to the rate of payments of principal (including prepayments) of the related Mortgage Loans and the priority sequences affecting distributions on such Underlying REMIC Certificates. As described in the related Underlying REMIC Disclosure Documents, the Underlying REMIC Certificates are subordinate in priority of principal distributions to certain other classes of certificates evidencing beneficial ownership interests in the related Underlying REMIC Trusts and, accordingly, distributions of principal of the related Mortgage Loans may for extended periods be applied to the distribution of principal of those classes of certificates having priority over such Underlying REMIC Certificates. In particular, one of the Underlying REMIC Certificates is a Support class (and one of the Underlying REMIC Certificates consists in part of a Support component) that is entitled to receive principal distributions on any Distribution Date only if scheduled distributions have been made on other specified classes of certificates evidencing beneficial ownership interests in the related Underlying REMIC Trust. Accordingly, such Underlying REMIC Certificate (or component) may receive no principal distributions for extended periods of time or may receive principal distributions that vary widely from period to period. In addition, one of the Underlying REMIC Certificates consists in part of a component that has a Principal Balance Schedule and, as a result, may receive principal distributions at a rate faster or slower than would otherwise have been the case (and may receive no distributions of principal for an extended period). Prepayments on the related Mortgage Loans may have occurred at a rate faster or slower than that initially assumed. This Prospectus Supplement contains no information as to whether such component has adhered to its Principal Balance Schedule, whether any related Support classes remain outstanding or whether such component otherwise has performed as originally anticipated. Additional information as to the Underlying REMIC Certificates may be obtained by performing an analysis of current Fannie Mae principal factors in the context of applicable information contained in the related Underlying REMIC Disclosure Documents, which may be obtained from Fannie Mae as described herein.

The rate of distributions of principal of the Group 2 and Group 6 Classes will be sensitive in varying degrees to the rate of principal distributions on the Trust Ginnie Mae Certificates and Trust MBS, respectively, which in turn will reflect the rate of amortization (including prepayments) of the related Mortgage Loans. There can be no assurance that such related Mortgage Loans will have the characteristics assumed herein. Because the rate of principal distributions on the Group 2 and Group 6 Classes will be related to the rate of amortization of the related Mortgage Loans, which are likely to include Mortgage Loans with remaining terms to maturity shorter or longer than those assumed and interest rates higher or lower than those assumed, the rate of principal distributions on such Classes is likely to differ from the rate anticipated by an investor, even if the related Mortgage Loans prepay at the indicated constant percentages of PSA.

It is highly unlikely that the Mortgage Loans underlying the Underlying REMIC Certificates, the Trust Ginnie Mae Certificates or the Trust MBS, as applicable, will prepay at any of the rates assumed herein, will prepay at a *constant* PSA rate until maturity or that such Mortgage Loans will prepay at the same rate. Investors must make their own decisions as to the appropriate assumptions, including prepayment assumptions, to be used in deciding whether to purchase the Certificates.

The effective yields on the Delay Classes (as defined herein) will be reduced below the yields otherwise produced because principal and interest payable on a Distribution Date will not be distributed until on or about the 18th, 20th or 25th day, as applicable, following the end of the related Interest Accrual Period and will not bear interest during such delay. No interest at all will be paid on any Class after its principal balance has been reduced to zero. As a result of the foregoing, the market values of the Delay Classes will be lower than would have been the case if there were no such delay.

DESCRIPTION OF THE CERTIFICATES

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

General

Structure. The Trust and the Lower Tier REMIC will be created pursuant to a trust agreement dated as of January 1, 1998 (the “Trust Agreement”), executed by the Federal National Mortgage Association (“Fannie Mae”) in its corporate capacity and in its capacity as trustee (the “Trustee”), and the Certificates in the Classes and aggregate original principal balances set forth on the cover hereof will be issued by Fannie Mae pursuant thereto. A description of Fannie Mae and its business, together with certain financial statements and other financial information, is contained in the Information Statement.

The Certificates (other than the R and RL Classes) will be designated as the “regular interests,” and the R Class will be designated as the “residual interest,” in the REMIC constituted by the Trust. The interests in the Lower Tier REMIC other than the RL Class (the “Lower Tier Regular Interests”) will be designated as the “regular interests,” and the RL Class will be designated as the “residual interest,” in the Lower Tier REMIC. The assets of the Lower Tier REMIC will consist of the Underlying REMIC Certificates (which evidence beneficial ownership interests in the Underlying REMIC Trusts), Trust Ginnie Mae Certificates and Trust MBS.

Fannie Mae Guaranty. Fannie Mae guarantees to each holder of an MBS the timely payment of scheduled installments of principal of and interest on the underlying Mortgage Loans, whether or not received, together with the full principal balance of any foreclosed Mortgage Loan, whether or not such balance is actually recovered. The guaranty obligations of Fannie Mae with respect to the Underlying REMIC Certificates are described in the Underlying REMIC Disclosure Documents. In addition, Fannie Mae will be obligated to distribute on a timely basis to the Holders of Certificates required installments of principal and interest and to distribute the principal balance of each Class of Certificates in full no later than the applicable Final Distribution Date, whether or not sufficient funds are available in the Trust Account. The guaranties of Fannie Mae are not backed by the full faith and credit of the United States. See “Description of the Certificates—Fannie Mae’s Guaranty” in the REMIC Prospectus, “Description of Certificates—The Corporation’s Guaranty” in the MBS Prospectus, and “Description of the Certificates—General—Fannie Mae Guaranty” in the related Underlying REMIC Disclosure Documents.

Characteristics of Certificates. The Group 2 Classes, the SN and SO Classes and the RCR Certificates will be represented by one or more certificates (the “DTC Certificates”) to be registered at all times in the name of the nominee of the Depository (as defined herein), which Depository will maintain such Certificates through its book-entry facilities. When used herein with respect to any DTC Certificate, the terms “Holders” and “Certificateholders” refer to the nominee of the Depository.

The Certificates of all other Classes (except for the R and the RL Classes) will be issued and maintained and may be transferred by Holders only on the book-entry system of the Federal Reserve Banks (such Certificates, the “Fed Book-Entry Certificates”). Such entities whose names appear on the book-entry records of a Federal Reserve Bank as the entities for whose accounts the Fed Book-Entry Certificates have been deposited are herein referred to as “Holders” or “Certificateholders.”

A Holder is not necessarily the beneficial owner of a book-entry Certificate. Beneficial owners will ordinarily hold book-entry Certificates through one or more financial intermediaries, such as banks,

brokerage firms and securities clearing organizations. See “Description of the Certificates—Denominations, Certificate Form” in the REMIC Prospectus.

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

The distribution to the Holder of the R and RL Classes of the proceeds of any remaining assets of the Trust and the Lower Tier REMIC, as applicable, will be made only upon presentation and surrender of the related Certificate at the office of the Paying Agent. The Paying Agent initially will be State Street.

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

Distribution Dates. Distributions on the Group 1, Group 3, Group 4 and Group 5 Classes will be made on the 25th day of each month (or, if such 25th day is not a business day, on the first business day next succeeding such 25th day), distributions on the Group 2 Classes will be made on the first business day following the 20th day of each month (or, if the 19th and 20th days are both business days, on such 20th day), and distributions on the Group 6 Classes will be made on the 18th day of each month (or, if the 18th day is not a business day, on the first business day next succeeding such 18th day) (each, a “Distribution Date”), commencing in the month following the Settlement Date.

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

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

Optional Termination. Consistent with its policy described under “Description of Certificates—Termination” in the MBS Prospectus, Fannie Mae will agree not to effect indirectly an early termination of the Lower Tier REMIC or the Trust through the exercise of its right to repurchase the Mortgage Loans underlying any MBS unless only one Mortgage Loan remains in the related Pool or the principal balance of such Pool at the time of repurchase is less than one percent of the original principal balance thereof.

Voting the Underlying REMIC Certificates. In the event any issue arises under the trust indenture or trust agreement governing any of the Underlying REMIC Trusts that requires the vote of holders of certificates outstanding thereunder, the Trustee will vote the related Underlying REMIC Certificates in accordance with instructions received from Holders of Certificates of the related Classes having principal balances aggregating not less than 51% of the aggregate principal balance of all such Classes outstanding. In the absence of such instructions, the Trustee will vote in a manner consistent, in its sole judgment, with the best interests of Certificateholders.

Combination and Recombination

General. Subject to the rules, regulations and procedures of the Depository, all or a portion of the BF, SN and SO Classes of REMIC Certificates may be exchanged for a proportionate interest in

RCR Certificates as reflected on Schedule 1 hereto. Similarly, all or a portion of the RCR Certificates may be exchanged in accordance with the available combinations reflected on Schedule 1, for the related REMIC Certificates. This process may occur repeatedly.

The RCR Certificates issued in an exchange will represent a beneficial ownership interest in, and will be entitled to receive a proportionate share of the distributions on, the related REMIC Certificates, and the Holders of RCR Certificates will be treated as the beneficial owners of a proportionate interest in the related REMIC Certificates.

The Classes of REMIC Certificates and RCR Certificates that are outstanding at any given time, and the outstanding principal balances (or notional principal balances) of such Classes, will depend upon any related distributions of principal as well as any exchanges that occur. The principal balances and/or notional principal balances of the REMIC Certificates and RCR Certificates involved in any exchange will bear the same relationship as that borne by the original principal balances and/or original notional principal balances of the related Classes.

Procedures. A Holder proposing to effect an exchange must notify Fannie Mae's Capital Markets Department through a dealer who is a member of Fannie Mae's "REMIC Dealer Group." Such notice must be given in writing or by telefax not later than two business days before the proposed exchange date (which date, subject to Fannie Mae's approval, can be any business day other than the first or last business day of the month). The notice must include the outstanding principal balance of both the Certificates to be exchanged and the Certificates to be received, and the proposed exchange date. Promptly after the receipt of a Holder's notice, Fannie Mae will telephone the dealer to provide instructions for delivering the Certificates and the exchange fee to Fannie Mae by wire transfer. A Holder's notice becomes irrevocable on the second business day before the proposed exchange date.

A fee will be payable to Fannie Mae in connection with each exchange equal to $\frac{1}{32}$ of 1% of the outstanding principal balance (exclusive of any notional principal balance) of the Certificates to be submitted for exchange (but not less than \$2,000).

The first distribution on a REMIC Certificate or an RCR Certificate received in an exchange transaction will be made on the Distribution Date in the month following the month of the exchange. Such distribution will be made to the Holder of record as of the close of business on the last day of the month of the exchange.

Additional Considerations. The characteristics of RCR Certificates will reflect the characteristics of the REMIC Certificates used to form such RCR Certificates.

At any given time, a Holder's ability to exchange REMIC Certificates for RCR Certificates or to exchange RCR Certificates for REMIC Certificates will be limited by a number of factors. A Holder must, at the time of the proposed exchange, own Certificates of the Class or of the related Classes in the proportions necessary to effect a desired exchange. A Holder that does not own Certificates of the related Classes in the necessary proportions may not be able to obtain the necessary REMIC Certificates or RCR Certificates, as applicable. The Holder of needed Certificates may refuse or be unable to sell at a reasonable price or any price, or certain Certificates may have been purchased and placed into other financial structures. In addition, principal distributions will, over time, diminish the amounts available for exchange. Only the combinations listed on Schedule 1 are permitted.

Book-Entry Procedures

General. The DTC Certificates will be registered at all times in the name of the nominee of The Depository Trust Company, a New York-chartered limited purpose trust company, or any successor depository selected or approved by Fannie Mae (the "Depository"). In accordance with its normal procedures, the Depository will record the positions held by each Depository participating firm (each, a "Depository Participant") in the DTC Certificates, whether held for its own account or as a nominee for another person. State Street will act as Paying Agent for, and perform certain administrative functions with respect to, the DTC Certificates.

No person acquiring a beneficial ownership interest in the DTC Certificates (a “beneficial owner” or an “investor”) will be entitled to receive a physical certificate representing such ownership interest. An investor’s interest in the DTC Certificates will be recorded on the records of the brokerage firm, bank, thrift institution or other financial intermediary (a “financial intermediary”) that maintains such investor’s account for such purpose. In turn, the financial intermediary’s record ownership of such interest will be recorded on the records of the Depository (or of a Depository Participant that acts as an agent for the financial intermediary if such intermediary is not a Depository Participant). Accordingly, an investor will not be recognized by the Trustee or the Depository as a Certificateholder and must rely on the foregoing arrangements to evidence its interest in the DTC Certificates. Beneficial ownership of an investor’s interest in the DTC Certificates may be transferred only by compliance with the procedures of an investor’s financial intermediary and of Depository Participants. In general, beneficial ownership of an investor’s interest in the DTC Certificates will be subject to the rules, regulations and procedures governing the Depository and Depository Participants as in effect from time to time.

The Fed Book-Entry Certificates will be issued and maintained only on the book-entry system of the Federal Reserve Banks. The Fed Book-Entry Certificates may be held of record only by entities eligible to maintain book-entry accounts with the Federal Reserve Banks. Beneficial owners ordinarily will hold Fed Book-Entry Certificates through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. A Holder that is not the beneficial owner of a Fed Book-Entry Certificate, and each other financial intermediary in the chain to the beneficial owner, will have the responsibility of establishing and maintaining accounts for their respective customers. The rights of the beneficial owner of a Fed Book-Entry Certificate with respect to Fannie Mae and the Federal Reserve Banks may be exercised only through the Holder of such Certificate. Fannie Mae and the Federal Reserve Banks will have no direct obligation to a beneficial owner of a Fed Book-Entry Certificate that is not also the Holder of such Certificate. The Federal Reserve Banks will act only upon the instructions of the Holder in recording transfers of a Fed Book-Entry Certificate. See “Description of the Certificates—Denominations, Certificate Form” in the REMIC Prospectus.

Method of Distribution. Each distribution on the DTC Certificates will be distributed by the Paying Agent to the Depository in immediately available funds. The Depository will be responsible for crediting the amount of such distributions to the accounts of the Depository Participants entitled thereto, in accordance with the Depository’s normal procedures, which currently provide for distributions in same-day funds settled through the New York Clearing House. Each Depository Participant and each financial intermediary will be responsible for disbursing such distributions to the beneficial owners of the DTC Certificates that it represents. Accordingly, the beneficial owners may experience some delay in their receipt of distributions.

Fannie Mae’s fiscal agent for the Fed Book-Entry Certificates is the Federal Reserve Bank of New York. The Federal Reserve Banks will make distributions on such Certificates on behalf of Fannie Mae on the applicable Distribution Dates by crediting Holders’ accounts at the Federal Reserve Banks.

The Underlying REMIC Certificates

The Underlying REMIC Certificates represent beneficial ownership interests in the related Underlying REMIC Trusts, the assets of which evidence beneficial ownership interests in certain MBS having the general characteristics set forth in the MBS Prospectus or beneficial ownership interests in distributions made in respect of certain Ginnie Mae Certificates. Each MBS evidences beneficial ownership interests in a Pool of conventional Level Payment Mortgage Loans secured by first mortgages or deeds of trust on one- to four-family residential properties, as described under “The Mortgage Pools” and “Yield Considerations” in the MBS Prospectus. Each Ginnie Mae Certificate is based on and backed by a pool of mortgage loans that are either insured or guaranteed by the FHA, the VA or the FmHA. The Underlying REMIC Certificates provide that distributions thereon will be passed through monthly, commencing in the month following the initial issuance thereof. The general

characteristics of the Underlying REMIC Certificates are described in the related Underlying REMIC Disclosure Documents.

The table contained in Exhibit A hereto sets forth certain information with respect to each of the Underlying REMIC Certificates, including the numerical designation of the related trust, the class designation, the date of issue, the CUSIP number, the interest rate, the interest type, the final distribution date, the principal type, the original principal balance of the entire class, the current principal factor for such class and the principal balance of such class contained in the Lower Tier REMIC as of January 1, 1998 (the “Issue Date”). The table also sets forth the approximate weighted average WAC, approximate weighted average WAM or WARM and approximate weighted average CAGE or WALA of the Mortgage Loans underlying the related MBS or Ginnie Mae Certificates as of the Issue Date, the underlying security type, and the related Class Group.

To request further information regarding the Underlying REMIC Certificates, telephone Fannie Mae at 1-800-BEST-MBS or 202-752-6547. Other data specific to the Certificates is available in electronic form by calling Fannie Mae at 1-800-752-6440 or 202-752-6000. It should be noted that there may have been material changes in facts and circumstances since the dates the Underlying REMIC Disclosure Documents were prepared, including, but not limited to, changes in prepayment speeds and prevailing interest rates and other economic factors, which may limit the usefulness of the information set forth in such documents.

The Trust Ginnie Mae Certificates

The Trust Ginnie Mae Certificates will have the aggregate unpaid principal balance and Pass-Through Rate set forth below and the general characteristics described in the REMIC Prospectus. All of the Trust Ginnie Mae Certificates are Ginnie Mae II Certificates. See “Ginnie Mae and the Ginnie Mae Programs” in the REMIC Prospectus. The characteristics of the Trust Ginnie Mae Certificates and the Mortgage Loans as of the Issue Date are expected to be as follows:

Trust Ginnie Mae Certificates	
Aggregate Unpaid Principal Balance	\$200,000,000
Ginnie Mae Pass-Through Rate	7.00%
Mortgage Loans	
Range of WACs	7.50% to 8.50%
Range of WARMs	241 months to 360 months
Approximate Weighted Average WARM	357 months
Approximate Weighted Average WALA	2 months

The Trust MBS

The Trust MBS will have the aggregate unpaid principal balance and Pass-Through Rate set forth below and the general characteristics described in the MBS Prospectus. The Trust MBS will provide that principal and interest on the related Mortgage Loans will be passed through monthly, commencing in the month following the month of the initial issuance of the Trust MBS. The Mortgage Loans underlying the Trust MBS will be conventional Level Payment Mortgage Loans secured by first mortgages or deeds of trust on one- to four-family (“single-family”) residential properties and having an original maturity of up to 30 years. See “The Mortgage Pools” and “Yield

Considerations” in the MBS Prospectus. The characteristics of the Trust MBS and the related Mortgage Loans as of the Issue Date are expected to be as follows:

Trust MBS

Aggregate Unpaid Principal Balance	\$150,000,000
MBS Pass-Through Rate	6.50%

Related Mortgage Loans

Range of WACs (per annum percentages)	6.75% to 9.00%
Range of WAMs	241 months to 360 months
Approximate Weighted Average WAM	345 months
Approximate Weighted Average CAGE	13 months

Final Data Statement

Following the issuance of the Certificates, Fannie Mae will prepare a Final Data Statement setting forth, among other information, the current principal balances of the Underlying REMIC Certificates as of the Issue Date and (a) with respect to each Trust Ginnie Mae Certificate, among other things, the Pool number, the original unpaid principal balance, the unpaid principal balance as of the Issue Date, and the remaining term to maturity of the latest maturity Mortgage Loan underlying such Ginnie Mae Certificate as of the Issue Date and (b) with respect to the Trust MBS, the Pool number, the current WAC (or original WAC, if the current WAC is not available) and the current WAM (or Adjusted WAM, if the current WAM is not available) of the Mortgage Loans underlying each Trust MBS, along with the weighted average of all the current or original WACs and the weighted average of all the current or Adjusted WAMs, based on the current unpaid principal balances of the Mortgage Loans underlying the Trust MBS as of the Issue Date. The Final Data Statement will not accompany this Prospectus Supplement but will be made available by Fannie Mae. To request the Final Data Statement, telephone Fannie Mae at 1-800-BEST-MBS or 202-752-6547. The contents of the Final Data Statement and other data specific to the Certificates are available in electronic form by calling Fannie Mae at 1-800-752-6440 or 202-752-6000.

Distributions of Interest

Categories of Classes

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

<u>Interest Type*</u>	<u>Classes</u>
Group 1 Classes	
Inverse Floating Rate	SA
Interest Only	SA
Principal Only	A
Group 2 Classes	
Fixed Rate	BA, BE, BF, BC, BD, C and D
RCR**	BG and BH
Group 3 Classes	
Inverse Floating Rate	SK
Interest Only	SK
Principal Only	K
Group 4 Classes	
Inverse Floating Rate	SL
Interest Only	SL
Principal Only	L
Group 5 Classes	
Inverse Floating Rate	SN and SO
Interest Only	SN and SO
Principal Only	M
RCR**	SM

Interest Type*Classes**Group 6 Classes**

Fixed Rate

E, H, EA and G

No Payment Residual

R and RL

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

** See “Description of the Certificates—Combination and Recombination” herein and Schedule 1 for a further description of the RCR Classes.

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

Distributions of interest to be allocated from REMIC Certificates to RCR Certificates on any Distribution Date will be allocated on a pro rata basis.

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

<u>Classes</u>	<u>Interest Accrual Periods</u>
SK, SL, SN, SO and SM Classes	One month period ending on the day preceding the Distribution Date
All Fixed Rate Classes and the SA, BG and BH Classes (collectively, the “Delay Classes”)	Calendar month preceding the month in which the Distribution Date occurs

See “Additional Risk Factors—Additional Yield and Prepayment Considerations” herein.

Solely for purposes of facilitating the trading of the Principal Only Classes, such Classes will be treated as Delay Classes.

Notional Classes. The SA, SK, SL, SN, SO and SM Classes will be Notional Classes. The Notional Classes will not have principal balances and will bear interest at the applicable per annum interest rates set forth on the cover or as described herein during each Interest Accrual Period on their respective notional principal balances. The notional principal balances of the Notional Classes will be calculated as specified herein under “Reference Sheet—Notional Classes.”

The notional principal balance of a Notional Class is used for purposes of the determination of interest distributions thereon and does not represent an interest in any distributions of principal. Although a Notional Class will not have a principal balance, a REMIC Trust Factor (as described herein) will be published with respect to such Class that will be applicable to the notional principal balance thereof, and references herein to the principal balances of the Certificates generally shall be deemed to refer also to the notional principal balances of the Notional Classes.

Inverse Floating Rate Classes. The Inverse Floating Rate Classes will bear interest during each Interest Accrual Period, subject to applicable maximum and minimum interest rates, at rates determined as described herein under “Reference Sheet—Interest Rates.”

The yields with respect to such Classes will be affected by changes in the index specified (each, an “Index”), which changes may not correlate with changes in mortgage interest rates. It is possible that lower mortgage interest rates could occur concurrently with an increase in the level of the applicable Index. Conversely, higher mortgage interest rates could occur concurrently with a decrease in the level of the applicable Index.

The establishment of each Index value by Fannie Mae and Fannie Mae's determination of the rate or rates of interest for the applicable Class or Classes for the related Interest Accrual Period shall (in the absence of manifest error) be final and binding. Each such rate of interest may be obtained by telephoning Fannie Mae at 1-800-BEST-MBS or 202-752-6547.

Calculation of 10-Year Treasury Index

On each Index Determination Date, until the notional principal balances of the SA and SL Classes have been reduced to zero, Fannie Mae will ascertain the average yield on U.S. Treasury securities, adjusted to a constant maturity of ten years, in effect for the week ending on the last Friday immediately preceding the related Index Determination Date in the manner described in the REMIC Prospectus under "Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes—*Treasury Index*" with respect to yields on U.S. Treasury securities at "constant maturity."

Calculation of 7-Year Treasury Index

On each Index Determination Date, until the notional principal balances of the SK, SN, SO and SM Classes have been reduced to zero, Fannie Mae will ascertain the average yield on U.S. Treasury securities, adjusted to a constant maturity of seven years, in effect for the week ending on the last Friday immediately preceding the related Index Determination Date in the manner described in the REMIC Prospectus under "Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes—*Treasury Index*" with respect to yields on U.S. Treasury securities at "constant maturity."

Distributions of Principal

Categories of Classes

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

<u>Principal Type*</u>	<u>Classes</u>
Group 1 Classes	
Structured Collateral/Pass-Through	A
Notional	SA
Group 2 Classes	
Sequential Pay	BA, BE, BF, BC, BD, C and D
RCR**	BG and BH
Group 3 Classes	
Structured Collateral/Pass-Through	K
Notional	SK
Group 4 Classes	
Structured Collateral/Pass-Through	L
Notional	SL
Group 5 Classes	
Structured Collateral/Pass-Through	M
Notional	SN and SO
RCR**	SM
Group 6 Classes	
Sequential Pay	E, H, EA and G
No Payment Residual	R and RL

* See "Description of the Certificates—Class Definitions and Abbreviations" in the REMIC Prospectus.

** See "Description of the Certificates—Combination and Recombination" herein and Schedule 1 for a further description of the RCR Classes.

Principal Distribution Amount

On each Distribution Date, principal will be distributed on the Certificates in an amount (the “Principal Distribution Amount”) equal to the sum of (i) the distribution of principal concurrently made on the Class 1994-29-SB REMIC Certificate (the “Group 1 Principal Distribution Amount”), (ii) the aggregate amount distributable as principal of the Ginnie Mae Certificates in the month of such Distribution Date calculated as described in the immediately following paragraph (the “Group 2 Principal Distribution Amount”), (iii) the distribution of principal concurrently made on the Class 1992-G4-S REMIC Certificate (the “Group 3 Principal Distribution Amount”), (iv) the distribution of principal concurrently made on the Class 1993-127-SC REMIC Certificate (the “Group 4 Principal Distribution Amount”), (v) the distribution of principal concurrently made on the Class 1992-39-SA REMIC Certificate (the “Group 5 Principal Distribution Amount”) and (vi) the aggregate distributions of principal to be made on the Group 6 MBS in the month of such Distribution Date (the “Group 6 Principal Distribution Amount”). The portion of each class of Underlying REMIC Certificates to be held in the Lower Tier REMIC is set forth on Exhibit A hereto.

On or about the eighth business day of each month, Fannie Mae will aggregate the amount of principal reported to be receivable on the Ginnie Mae Certificates during such month on the basis of published Ginnie Mae factors for such month. For any Ginnie Mae Certificate for which a factor is not available at such time, Fannie Mae will calculate the amount of scheduled payments of principal distributable in respect of such Ginnie Mae Certificates during such month on the basis of the assumed amortization schedules of the related Mortgage Loans. The amortization schedules will be prepared on the assumptions that: (i) each of the Mortgage Loans underlying a single Ginnie Mae Certificate amortizes on a level installment basis, had an original term to maturity of 360 months, and has a remaining term to maturity equal to the remaining term to maturity of the latest maturing Mortgage Loan underlying such Ginnie Mae Certificate at the origination of such Ginnie Mae Certificate, adjusted to the Issue Date; and (ii) each Mortgage Loan underlying a Ginnie Mae Certificate bears an interest rate of 8.50% per annum. All such amounts, whether reported in Ginnie Mae factors or calculated by Fannie Mae, will be reflected in the REMIC Trust Factors for the Distribution Date in such month and will be distributed to Holders of Certificates of the Group 2 Classes on such Distribution Date, whether or not received. There will also be reflected in such REMIC Trust Factors and distributable as principal on such Distribution Date the excess of (a) the distributions of principal of the Ginnie Mae Certificates received during the month prior to the month of such Distribution Date over (b) the amount of principal calculated and distributable previously in accordance with the Ginnie Mae factors and the assumed distribution schedules specified above.

Group 1 Principal Distribution Amount

On each Distribution Date, the Group 1 Principal Distribution Amount will be distributed as principal of the A Class, until the principal balance thereof is reduced to zero. } Structured
Collateral/
Pass-Through
Class

Group 2 Principal Distribution Amount

On each Distribution Date, the Group 2 Principal Distribution Amount will be distributed as principal of the Group 2 Classes in the following order of priority:

- (i) (a) 9.0909085743% of such amount to the BA Class, until the principal balance thereof is reduced to zero, and
- (b) 90.9090914257% of such amount, as follows:
 - first*, concurrently, to the BE, BF and BC Classes, pro rata (or 13.2674660551%, 72.9710660550% and 13.7614678899%, respectively), until the principal balances thereof are reduced to zero; and
 - second*, to the BD Class, until the principal balance thereof is reduced to zero; and
- (ii) sequentially, to the C and D Classes, in that order, until the respective principal balances thereof are reduced to zero.

Sequential
Pay
Classes

Group 3 Principal Distribution Amount

On each Distribution Date, the Group 3 Principal Distribution Amount will be distributed as principal of the K Class, until the principal balance thereof is reduced to zero.

Group 4 Principal Distribution Amount

On each Distribution Date, the Group 4 Principal Distribution Amount will be distributed as principal of the L Class, until the principal balance thereof is reduced to zero.

Structured
Collateral/
Pass-Through
Classes

Group 5 Principal Distribution Amount

On each Distribution Date, the Group 5 Principal Distribution Amount will be distributed as principal of the M Class, until the principal balance thereof is reduced to zero.

Group 6 Principal Distribution Amount

On each Distribution Date, the Group 6 Principal Distribution Amount will be distributed as principal of the Group 6 Classes in the following order of priority:

- (i) concurrently, to the E, H and EA Classes, pro rata (or 49.0367492958%, 13.4045652582% and 37.5586854460%, respectively), until the principal balances thereof are reduced to zero; and
- (ii) to the G Class, until the principal balance thereof is reduced to zero.

Sequential
Pay
Classes

Distributions of principal to be allocated from REMIC Certificates to RCR Certificates on any Distribution Date will be allocated on a pro rata basis.

Structuring Assumptions

Pricing Assumptions. Unless otherwise specified, the information in the tables in this Prospectus Supplement has been prepared on the basis of the actual characteristics of each Pool underlying the Underlying REMIC Certificates, the priority sequences affecting distributions on the Underlying

REMIC Certificates and the following assumptions (such characteristics and assumptions, collectively, the “Pricing Assumptions”):

- the Mortgage Loans underlying the Trust Ginnie Mae Certificates and Trust MBS have the original terms to maturity, WARMs or remaining terms to maturity, WALAs or CAGES, and interest rates as specified herein under “Reference Sheet—Assumed Characteristics of the Mortgage Loans Underlying the Trust Ginnie Mae Certificates and the Trust MBS”;
- all payments (including prepayments) on the Mortgage Loans underlying the Ginnie Mae Certificates, are distributed on the Certificates in the month in which such payments are received;
- the Mortgage Loans prepay at the constant percentages of PSA specified in the related table; and
- the closing date for the sale of the Certificates is January 30, 1998.

Prepayment Assumptions. Prepayments of mortgage loans commonly are measured relative to a prepayment standard or model. The model used herein is The Bond Market Association’s standard prepayment model (“PSA”). To assume a specified rate of PSA is to assume a specified rate of prepayment each month of the then outstanding principal balance of a pool of new mortgage loans computed as described under “Description of the Certificates—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.

Yield Tables

General. The tables below indicate the sensitivity of the pre-tax corporate bond equivalent yields to maturity of applicable Classes to various constant percentages of PSA and, where specified, to changes in the applicable Index. The yields set forth in the tables were calculated 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 value of such assumed streams of cash flows to equal the assumed aggregate purchase prices of such Classes and converting such monthly rates to corporate bond equivalent rates. Such calculations do not take into account variations that may occur in the interest rates at which investors may be able to reinvest funds received by them as distributions on the Certificates and consequently do not purport to reflect the return on any investment in the Certificates when such reinvestment rates are considered. *There can be no assurance that the pre-tax yields on the Certificates will correspond to any of the pre-tax yields shown herein or that the aggregate purchase prices of the Certificates will be as assumed. In addition, there can be no assurance that the applicable Index will correspond to the levels shown herein. Furthermore, because some of the Mortgage Loans will likely have remaining terms to maturity shorter or longer than those assumed and interest rates higher or lower than those assumed, the principal distributions on the Certificates are likely to differ from those assumed, even if all Mortgage Loans prepay at the indicated constant percentages of PSA. Moreover, it is not likely that the Mortgage Loans will prepay at a constant PSA rate until maturity, that all of such Mortgage Loans will prepay at the same rate or that the level of the applicable Index will remain constant.*

The Inverse Floating Rate Classes and the SM Class. **The yields to investors in the Inverse Floating Rate Classes and the SM Class will be sensitive in varying degrees to the rate of principal payments (including prepayments) of the related Mortgage Loans and to the level of the applicable Index. The Mortgage Loans generally can be prepaid at any time. In addition, the rate of principal payments (including prepayments) of the Mortgage Loans is likely to vary, and may vary considerably, from Pool to Pool. As indicated in the tables below, it is possible that, under certain Index and prepayment scenarios, investors in the**

Inverse Floating Rate Classes and the SM Class would not fully recoup their initial investments.

Changes in the applicable Index may not correlate with 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 concurrently with an increased level of such Index.

The information set forth in the following tables was prepared on the basis of the Pricing Assumptions and the assumptions that (i) the interest rates applicable to the Inverse Floating Rate Classes and the SM Class for the initial Interest Accrual Period are the assumed rates appearing in the table under “Reference Sheet—Interest Rates” herein and for each Interest Accrual Period subsequent to the initial Interest Accrual Period will be based on the indicated level of the applicable Index and (ii) the aggregate purchase prices of such Classes (expressed in each case as a percentage of original principal balance) are as follows:

<u>Class</u>	<u>Price*</u>
SA	53.000000%
SK	39.500000%
SL	45.250000%
SN	8.250000%
SO	17.349875%
SM	13.781250%

* The prices do not include accrued interest. Accrued interest has been added to such prices in calculating the yields set forth in the tables below.

**Sensitivity of the SA Class to Prepayments and 10-Year Treasury Index
(Pre-Tax Yields to Maturity)**

<u>10-Year Treasury Index</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>140%</u>	<u>350%</u>	<u>500%</u>
3.84%	25.9%	25.8%	25.6%	(14.4)%	(91.6)%
5.84%	16.9%	16.6%	16.3%	(26.5)%	*
7.84%	7.0%	6.4%	5.8%	(40.7)%	*
10.00%	*	*	*	*	*

* The pre-tax yield to maturity would be less than (99.9)%.

**Sensitivity of the SK Class to Prepayments and 7-Year Treasury Index
(Pre-Tax Yields to Maturity)**

<u>7-Year Treasury Index</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>250%</u>	<u>350%</u>	<u>500%</u>
3.92%	53.9%	50.1%	38.1%	29.6%	15.9%
5.92%	34.7%	31.2%	19.8%	11.6%	(1.8)%
7.92%	15.7%	12.2%	1.2%	(7.0)%	(20.5)%
10.50%	*	*	*	*	*

* The pre-tax yield to maturity would be less than (99.9)%.

**Sensitivity of the SL Class to Prepayments and 10-Year Treasury Index
(Pre-Tax Yields to Maturity)**

<u>10-Year Treasury Index</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>175%</u>	<u>350%</u>	<u>500%</u>
3.88%	37.8%	37.7%	33.1%	(38.3)%	*
5.88%	26.3%	26.0%	20.7%	(55.4)%	*
7.88%	14.5%	13.7%	7.8%	(75.7)%	*
10.75%	(48.9)%	(51.6)%	(56.5)%	*	*

* The pre-tax yield to maturity would be less than (99.9)%.

**Sensitivity of the SN Class to Prepayments and 7-Year Treasury Index
(Pre-Tax Yields to Maturity)**

<u>7-Year Treasury Index</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>270%</u>	<u>350%</u>	<u>500%</u>
3.79%	78.4%	77.6%	63.1%	50.3%	18.8%
5.79%	48.8%	46.7%	25.8%	10.4%	(23.6)%
7.79%	18.6%	13.5%	(18.1)%	(36.8)%	(73.1)%
9.50%	*	*	*	*	*

* The pre-tax yield to maturity would be less than (99.9)%.

**Sensitivity of the SO Class to Prepayments and 7-Year Treasury Index
(Pre-Tax Yields to Maturity)**

<u>7-Year Treasury Index</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>270%</u>	<u>350%</u>	<u>500%</u>
3.79%	34.8%	34.6%	30.9%	27.7%	19.6%
5.79%	21.8%	21.2%	15.8%	11.8%	2.6%
7.79%	7.5%	6.2%	(1.6)%	(6.3)%	(16.4)%
9.50%	*	*	*	*	*

* The pre-tax yield to maturity would be less than (99.9)%.

**Sensitivity of the SM Class to Prepayments and 7-Year Treasury Index
(Pre-Tax Yields to Maturity)**

<u>7-Year Treasury Index</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>270%</u>	<u>350%</u>	<u>500%</u>
3.79%	44.4%	43.5%	35.8%	30.7%	19.5%
5.79%	27.5%	26.0%	17.0%	11.7%	0.5%
7.79%	9.6%	7.3%	(2.9)%	(8.3)%	(19.1)%
9.50%	*	*	*	*	*

* The pre-tax yield to maturity would be less than (99.9)%.

The Principal Only Classes. **The Principal Only Classes will not bear interest. As indicated in the tables below, a low rate of principal payments (including prepayments) on the related Mortgage Loans will have a negative effect on the yields to investors in the Principal Only Classes.**

The information set forth in the following tables was prepared on the basis of the Pricing Assumptions and the assumption that the aggregate purchase prices of the Principal Only Classes (expressed in each case as a percentage of original principal balance) are as follows:

<u>Classes</u>	<u>Price</u>
A	51.25%
K	82.25%
L	66.50%
M	73.00%

**Sensitivity of the Principal Only Classes to Prepayments
(Pre-Tax Yields to Maturity)**

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>140%</u>	<u>350%</u>	<u>500%</u>
A	3.0%	3.3%	3.6%	26.9%	64.0%

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>250%</u>	<u>350%</u>	<u>500%</u>
K	1.9%	2.4%	4.2%	5.7%	8.3%

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>175%</u>	<u>350%</u>	<u>500%</u>
L	2.0%	2.3%	4.1%	27.9%	57.8%

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>270%</u>	<u>350%</u>	<u>500%</u>
M	2.0%	2.5%	4.9%	6.3%	9.2%

Weighted Average Lives of the Certificates

The weighted average life of a Certificate is determined by (a) multiplying the amount of the reduction, if any, of the principal balance of such Certificate from one Distribution Date to the next Distribution Date by the number of years from the Settlement Date to the second such Distribution Date, (b) summing the results and (c) dividing the sum by the aggregate amount of the reductions in principal balance of such Certificate referred to in clause (a). For a description of the factors which may influence the weighted average life of a Certificate, see “Description of the Certificates—Weighted Average Life 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 such rate of principal payments, the priority sequences of distributions of principal of the Group 2 and Group 6 Classes and, in the case of the Group 1, Group 3, Group 4, and Group 5 Classes, the priority sequences of principal distributions of the related Underlying REMIC Certificates. See “Distributions of Principal” herein and “Description of the Certificates—Distributions of Principal” in the Underlying REMIC Disclosure Documents.

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

Decrement Tables

The following tables indicate the percentages of original principal balances of the specified Classes that would be outstanding after each of the dates shown at various constant PSA rates and the corresponding weighted average lives of such Classes. The tables have been prepared on the basis of the Pricing Assumptions, except that with respect to the information set forth for each such Class under 0% PSA it has been assumed that the underlying Mortgage Loans have the original and remaining terms to maturity and bear interest at the per annum rates specified below:

<u>Mortgage Loans Relating to Trust Assets Specified Below</u>	<u>Original Terms to Maturity</u>	<u>Remaining Terms to Maturity</u>	<u>Interest Rates</u>	<u>Related Groups</u>
1994-29	360 months	313 months	9.0%	Group 1
Trust Ginnie Mae Certificates	360 months	360 months	8.5%	Group 2
1992-G4	360 months	288 months	(1)	Group 3
1993-127	360 months	306 months	9.5%	Group 4
1992-39	360 months	290 months	10.5%	Group 5
Trust MBS	360 months	360 months	9.0%	Group 6

(1) It has been assumed that the Mortgage Loans underlying the related Ginnie Mae Certificates issued under the Ginnie Mae I program and Ginnie Mae II program bear interest at per annum rates of 9.5% and 10.5% respectively.

It is not likely that (i) all of the underlying Mortgage Loans will have the interest rates, WALAs or CAGEs or remaining terms to maturity assumed or (ii) the underlying Mortgage Loans will prepay at a 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 distributions of the weighted average remaining terms to maturity and the weighted average WALAs or CAGEs of the Mortgage Loans are identical to the distributions of the remaining terms to maturity and WALAs or CAGEs specified in the Pricing Assumptions.

Percent of Original Principal Balances Outstanding

Date	A and SA† Classes					BA Class					BE, BF, BC, BG and BH Classes					BD Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	140%	350%	500%	0%	100%	150%	350%	500%	0%	100%	150%	350%	500%	0%	100%	150%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 1999	100	100	100	100	63	99	96	95	90	87	99	96	94	89	84	100	100	100	100	100
January 2000	100	100	100	71	8	98	89	85	70	59	97	88	83	65	52	100	100	100	100	100
January 2001	100	100	100	28	0	96	80	73	46	29	96	77	68	37	16	100	100	100	100	100
January 2002	100	100	100	8	0	95	72	61	27	7	94	67	55	14	0	100	100	100	100	46
January 2003	100	100	100	8	0	94	63	51	12	0	92	57	42	0	0	100	100	100	78	0
January 2004	100	100	100	8	0	92	56	41	0	0	91	48	31	0	0	100	100	100	0	0
January 2005	100	100	100	8	0	90	48	33	0	0	88	39	21	0	0	100	100	100	0	0
January 2006	100	100	100	3	0	88	42	25	0	0	86	31	12	0	0	100	100	100	0	0
January 2007	100	100	100	*	0	86	35	18	0	0	84	24	3	0	0	100	100	100	0	0
January 2008	100	100	98	0	0	84	29	11	0	0	81	17	0	0	0	100	100	75	0	0
January 2009	100	92	92	0	0	81	23	5	0	0	78	10	0	0	0	100	100	36	0	0
January 2010	100	92	92	0	0	79	18	0	0	0	75	4	0	0	0	100	100	0	0	0
January 2011	100	92	92	0	0	76	13	0	0	0	71	0	0	0	0	100	86	0	0	0
January 2012	100	92	92	0	0	72	8	0	0	0	68	0	0	0	0	100	53	0	0	0
January 2013	100	92	92	0	0	69	3	0	0	0	63	0	0	0	0	100	22	0	0	0
January 2014	100	92	82	0	0	65	0	0	0	0	59	0	0	0	0	100	0	0	0	0
January 2015	100	92	70	0	0	61	0	0	0	0	54	0	0	0	0	100	0	0	0	0
January 2016	100	92	59	0	0	56	0	0	0	0	49	0	0	0	0	100	0	0	0	0
January 2017	100	82	48	0	0	51	0	0	0	0	43	0	0	0	0	100	0	0	0	0
January 2018	100	67	39	0	0	46	0	0	0	0	37	0	0	0	0	100	0	0	0	0
January 2019	100	53	30	0	0	40	0	0	0	0	30	0	0	0	0	100	0	0	0	0
January 2020	99	39	22	0	0	34	0	0	0	0	22	0	0	0	0	100	0	0	0	0
January 2021	92	26	14	0	0	27	0	0	0	0	14	0	0	0	0	100	0	0	0	0
January 2022	92	14	7	0	0	19	0	0	0	0	5	0	0	0	0	100	0	0	0	0
January 2023	68	2	1	0	0	11	0	0	0	0	0	0	0	0	0	75	0	0	0	0
January 2024	5	0	0	0	0	2	0	0	0	0	0	0	0	0	0	15	0	0	0	0
January 2025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2027	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2028	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	25.1	20.7	18.8	2.9	1.3	17.6	7.3	5.5	3.0	2.3	16.3	6.1	4.6	2.5	2.0	25.4	14.1	10.7	5.4	4.0

Date	C Class					D Class					K and SK† Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	150%	350%	500%	0%	100%	150%	350%	500%	0%	100%	250%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 1999	100	100	100	100	100	100	100	100	100	100	100	95	86	80	70
January 2000	100	100	100	100	100	100	100	100	100	100	100	87	71	61	48
January 2001	100	100	100	100	100	100	100	100	100	100	99	80	59	47	33
January 2002	100	100	100	100	100	100	100	100	100	100	97	73	49	36	22
January 2003	100	100	100	100	39	100	100	100	100	100	95	67	40	27	14
January 2004	100	100	100	98	0	100	100	100	100	82	93	61	33	21	9
January 2005	100	100	100	30	0	100	100	100	100	57	91	55	27	15	6
January 2006	100	100	100	0	0	100	100	100	89	39	89	50	21	11	3
January 2007	100	100	100	0	0	100	100	100	69	27	86	44	17	8	2
January 2008	100	100	100	0	0	100	100	100	53	18	83	39	13	5	*
January 2009	100	100	100	0	0	100	100	100	41	13	80	34	10	3	0
January 2010	100	100	100	0	0	100	100	100	32	9	76	30	7	2	0
January 2011	100	100	64	0	0	100	100	100	24	6	73	25	5	1	0
January 2012	100	100	32	0	0	100	100	100	19	4	68	21	3	0	0
January 2013	100	100	3	0	0	100	100	100	14	3	64	17	2	0	0
January 2014	100	92	0	0	0	100	100	89	11	2	59	13	*	0	0
January 2015	100	62	0	0	0	100	100	78	8	1	53	9	0	0	0
January 2016	100	34	0	0	0	100	100	67	6	1	47	5	0	0	0
January 2017	100	7	0	0	0	100	100	58	5	1	40	3	0	0	0
January 2018	100	0	0	0	0	100	91	49	3	*	33	*	0	0	0
January 2019	100	0	0	0	0	100	80	42	3	*	24	0	0	0	0
January 2020	100	0	0	0	0	100	69	35	2	*	15	0	0	0	0
January 2021	100	0	0	0	0	100	58	29	1	*	6	0	0	0	0
January 2022	100	0	0	0	0	100	48	23	1	*	0	0	0	0	0
January 2023	100	0	0	0	0	100	39	18	1	*	0	0	0	0	0
January 2024	100	0	0	0	0	100	30	13	*	*	0	0	0	0	0
January 2025	45	0	0	0	0	100	21	9	*	*	0	0	0	0	0
January 2026	0	0	0	0	0	85	13	6	*	*	0	0	0	0	0
January 2027	0	0	0	0	0	44	6	2	*	*	0	0	0	0	0
January 2028	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	26.9	17.5	13.5	6.7	4.9	28.9	24.1	20.7	11.4	8.1	16.2	8.6	5.0	3.7	2.6

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

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

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

Date	L and SL† Classes					M and SM† Classes					SN† Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	175%	350%	500%	0%	100%	270%	350%	500%	0%	100%	270%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 1999	100	100	100	69	35	100	100	100	100	100	100	100	100	100	100
January 2000	100	100	100	34	0	100	100	100	91	71	100	100	100	77	27
January 2001	100	100	92	10	0	100	100	84	70	49	100	100	60	25	0
January 2002	100	100	84	0	0	100	100	69	55	34	100	100	21	0	0
January 2003	100	100	78	0	0	100	100	57	42	23	100	100	0	0	0
January 2004	100	100	73	0	0	100	92	46	33	16	100	80	0	0	0
January 2005	100	100	67	0	0	100	84	38	25	11	100	60	0	0	0
January 2006	100	100	61	0	0	100	77	31	19	7	100	41	0	0	0
January 2007	100	100	55	0	0	100	70	25	15	5	100	23	0	0	0
January 2008	100	100	50	0	0	100	63	20	11	3	100	6	0	0	0
January 2009	100	100	44	0	0	100	57	16	8	2	100	0	0	0	0
January 2010	100	98	39	0	0	100	51	13	6	1	100	0	0	0	0
January 2011	100	90	34	0	0	100	45	10	5	1	100	0	0	0	0
January 2012	100	81	30	0	0	100	39	8	3	1	100	0	0	0	0
January 2013	100	73	26	0	0	100	34	6	3	*	100	0	0	0	0
January 2014	100	64	22	0	0	94	29	5	2	*	84	0	0	0	0
January 2015	100	56	18	0	0	86	24	3	1	*	64	0	0	0	0
January 2016	100	48	15	0	0	77	20	3	1	*	43	0	0	0	0
January 2017	100	39	11	0	0	68	16	2	1	*	19	0	0	0	0
January 2018	100	31	9	0	0	58	11	1	*	*	0	0	0	0	0
January 2019	100	24	6	0	0	46	7	1	*	*	0	0	0	0	0
January 2020	100	16	4	0	0	33	3	*	*	*	0	0	0	0	0
January 2021	87	9	2	0	0	19	*	*	*	*	0	0	0	0	0
January 2022	55	2	*	0	0	3	*	*	0	0	0	0	0	0	0
January 2023	19	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2024	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2027	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2028	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	24.1	17.8	10.7	1.7	0.8	20.4	12.8	6.9	5.4	3.8	17.6	7.6	3.3	2.5	1.7

Date	SO† Class					E, H and EA Classes					G Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	270%	350%	500%	0%	100%	160%	350%	500%	0%	100%	160%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 1999	100	100	100	100	100	99	93	90	81	73	100	100	100	100	100
January 2000	100	100	100	100	100	98	85	78	58	44	100	100	100	100	100
January 2001	100	100	100	100	81	97	76	66	37	18	100	100	100	100	100
January 2002	100	100	100	90	55	96	68	54	19	0	100	100	100	100	99
January 2003	100	100	93	69	38	94	59	44	6	0	100	100	100	100	68
January 2004	100	100	76	54	26	93	52	34	0	0	100	100	100	89	47
January 2005	100	100	62	41	18	91	45	26	0	0	100	100	100	69	32
January 2006	100	100	51	32	12	89	38	18	0	0	100	100	100	54	22
January 2007	100	100	41	24	8	87	32	11	0	0	100	100	100	41	15
January 2008	100	100	33	18	5	85	26	5	0	0	100	100	100	32	10
January 2009	100	93	26	14	4	83	20	0	0	0	100	100	99	25	7
January 2010	100	83	21	10	2	80	15	0	0	0	100	100	87	19	5
January 2011	100	74	17	8	2	77	10	0	0	0	100	100	76	14	3
January 2012	100	65	13	6	1	74	5	0	0	0	100	100	67	11	2
January 2013	100	56	10	4	1	71	1	0	0	0	100	100	58	8	1
January 2014	100	48	8	3	*	67	0	0	0	0	100	91	50	6	1
January 2015	100	40	6	2	*	63	0	0	0	0	100	81	43	5	1
January 2016	100	33	4	1	*	59	0	0	0	0	100	72	37	4	*
January 2017	100	26	3	1	*	54	0	0	0	0	100	63	31	3	*
January 2018	95	19	2	1	*	49	0	0	0	0	100	55	26	2	*
January 2019	76	12	1	*	*	43	0	0	0	0	100	47	21	1	*
January 2020	54	6	*	*	*	37	0	0	0	0	100	40	17	1	*
January 2021	31	*	*	*	*	30	0	0	0	0	100	33	14	1	*
January 2022	5	*	*	0	0	22	0	0	0	0	100	27	11	*	*
January 2023	0	0	0	0	0	14	0	0	0	0	100	20	8	*	*
January 2024	0	0	0	0	0	5	0	0	0	0	100	15	5	*	*
January 2025	0	0	0	0	0	0	0	0	0	0	87	9	3	*	*
January 2026	0	0	0	0	0	0	0	0	0	0	61	5	2	*	*
January 2027	0	0	0	0	0	0	0	0	0	0	32	2	1	*	*
January 2028	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	22.1	16.1	9.2	7.3	5.1	18.1	6.7	4.8	2.5	1.8	28.3	21.1	17.1	9.4	6.6

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

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

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

Characteristics of the R and RL Classes

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

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

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

CERTAIN ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES

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

REMIC Elections and Special Tax Attributes

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

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

Taxation of Beneficial Owners of Regular Certificates

The Notional Classes and, the Principal Only Classes will be, and certain other Classes of REMIC Certificates may be, issued with original issue discount (“OID”) for federal income tax purposes, which generally will result in recognition of some taxable income in advance of the receipt of the cash attributable to such income. The Prepayment Assumption that will be used in determining the rate of accrual of original issue discount will be 140% PSA in the case of the Group 1 Classes, 150% PSA in the case of the Group 2 Classes, 250% PSA in the case of the Group 3 Classes, 175% PSA in the case of the Group 4 Classes, 270% PSA in the case of the Group 5 Classes and 160% PSA in the case of the Group 6 Classes. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Original Issue Discount*” in the REMIC Prospectus. No representation is made as to whether the Mortgage Loans underlying the MBS or the Ginnie Mae Certificates will prepay at any of those rates or any other rate. See “Description of the Certificates—Weighted Average Lives of the Certificates” herein and “Description of the Certificates—Weighted Average Life and Final Distribution Dates” in the REMIC Prospectus. In addition, certain Classes of REMIC Certificates may be treated as having been issued at a premium for federal income tax purposes. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Certificates Purchased at a Premium*” in the REMIC Prospectus.

Taxation of Beneficial Owners of Residual Certificates

For purposes of determining the portion of the taxable income of the Trust (or the Lower Tier REMIC) that generally will not be treated as excess inclusions, the rate to be used is 120% of the “federal long-term rate.” The rate will be published on or about December 20, 1997. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*” and “—Foreign Investors—*Residual Certificates*” in the REMIC Prospectus.

Taxation of Beneficial Owners of RCR Certificates

General. The arrangement pursuant to which the RCR Classes will be created, sold and administered will be classified as a grantor trust under subpart E, Part I of subchapter J of the Code. The interests in the REMIC Certificates that have been exchanged for RCR Certificates (including any exchanges effective on the Settlement Date) will be the assets of such trust and the RCR Certificates will evidence an ownership interest in those REMIC Certificates. For a general discussion of the federal income tax treatment of investors in REMIC Certificates, see “Certain Federal Income Tax Consequences” in the REMIC Prospectus.

The RCR Classes will represent beneficial ownership of the underlying Regular Certificates set forth in Schedule 1. Certain RCR Certificates (the “Strip RCR Certificates”) will represent the right to receive a disproportionate part of the principal or interest payments on a single underlying Regular Certificate. Each RCR Certificate other than a Strip RCR Certificate (a “Combination RCR Certificate”) will represent beneficial ownership of undivided interests in two or more underlying Regular Certificates.

The Strip RCR Classes are the BG and BH Classes. The SM Class is a Combination RCR Class.

Strip RCR Classes. A purchaser of a Strip RCR 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 on the underlying Regular Certificates. Although it is unclear how the OID computations on a Strip RCR Certificate should be made, Fannie Mae intends to treat each Strip RCR Certificate as a single debt instrument for purposes of information reporting. The IRS could contend, however, that a Strip RCR Certificate should be treated as an interest in the underlying Regular Certificate to the extent that the Strip RCR Certificate represents an equal pro rata portion of principal and interest on such Regular Certificate, and an installment obligation consisting of “stripped bonds” or “stripped coupons” with respect to the

remainder. Investors should consult their own tax advisors as to the proper treatment of a Strip RCR Certificate in this regard.

A beneficial owner who purchases a Strip RCR Certificate should calculate OID with respect to the Strip RCR Certificate and include such OID in its ordinary income for federal income tax purposes as it accrues, which may be prior to the receipt of the cash attributable to such income, in accordance with a constant yield method that takes into account the compounding of interest. Although the matter is not entirely clear, a beneficial owner of a Strip RCR Certificate should accrue OID using a method similar to that described with respect to the accrual of OID on a Regular Certificate under “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Original Issue Discount*” in the REMIC Prospectus. A beneficial owner, however, determines its yield to maturity based on its purchase price and on a schedule of payments projected using a prepayment assumption. A beneficial owner then makes periodic adjustments to take into account actual prepayment experience. With respect to a particular beneficial owner, it is not clear whether the prepayment assumption used for calculating OID would be one determined at the time of purchase of the Strip RCR Certificate or would be the original Prepayment Assumption with respect to the underlying Regular Certificates. Investors should consult their own tax advisors regarding this matter. For purposes of information reporting relating to OID, Fannie Mae will use the original yield to maturity of the Strip RCR Certificate, calculated based on the original Prepayment Assumption.

An investor that exchanges an underlying Regular Certificate for Strip RCR Classes and then sells Strip RCR Certificates also is subject to the coupon stripping rules of section 1286 of the Code. As of the date of such sale, the beneficial owner must allocate its basis in the Regular Certificate between the part of the Regular Certificate underlying the Strip RCR Certificates sold and the part of the Regular Certificate underlying the Strip RCR Certificates retained in proportion to their relative fair market values. Section 1286 of the Code treats the beneficial owner as purchasing the Strip RCR Certificates retained for the amount of the basis allocated to such Certificates. The beneficial owner calculates OID with respect to such retained Certificates as described above.

Upon the sale of the Strip RCR Certificates, the investor will realize gain or loss on the sale of its part of the underlying Regular Certificate in an amount equal to the difference between the amount realized and its adjusted basis in such part. The seller’s adjusted basis in such part generally is equal to the seller’s allocated cost of such part, increased by income previously included, and reduced (but not below zero) by distributions previously received and by any amortized premium in respect of such part. If a beneficial owner holds the Certificates as a capital asset, any gain or loss realized will be capital gain or loss, except to the extent provided under “Certain Federal Income Tax Consequences—Sales of Certificates” in the REMIC Prospectus.

Although the matter is not free from doubt, an investor that acquires in one transaction a combination of Strip RCR Certificates that may be exchanged for underlying Regular Certificates should be treated as owning the underlying Regular Certificates. If an investor acquires such a combination in separate transactions, the law is unclear as to whether the combination should be aggregated or each Strip RCR Certificate should be treated as a separate debt instrument.

Combination RCR Classes. A beneficial owner of a Combination RCR Certificate will be treated as the beneficial owner of a proportionate interest in the related Class or Classes of REMIC Certificates. A purchaser of a Combination RCR Certificate must allocate its purchase price among the related Classes of REMIC Certificates in proportion to their relative fair market values at the time of purchase. Such owner should account for its ownership interest in each related Class of REMIC Certificates as described under “—Taxation of Beneficial Owners of Regular Certificates” herein and “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates” in the REMIC Prospectus. When a beneficial owner sells a Combination RCR Certificate, such owner must allocate the sale proceeds among the related Classes of REMIC Certificates in proportion to their relative fair market values at the time of sale.

Exchanges. An exchange, as described under “Description of the Certificates—Combination and Recombination” herein, by a beneficial owner of (i) a combination of REMIC Certificates or (ii) all or a portion of an RCR Class for the related RCR Class or REMIC Certificates, respectively, will not be a taxable exchange. Such owner will be treated as continuing to own after the exchange the same combination of interests in the related REMIC Certificates that it owned immediately prior to the exchange.

PLAN OF DISTRIBUTION

General. The Dealer will receive the Certificates in exchange for the Underlying REMIC Certificates, Trust Ginnie Mae Certificates and Trust MBS pursuant to a Fannie Mae commitment. 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 such transactions to or through dealers.

Increase in Certificates. Before the Settlement Date, Fannie Mae and the Dealer may agree to offer hereby Group 2 or Group 6 Classes in addition to those contemplated as of the date hereof. In such event, the related Trust Ginnie Mae Certificates or Trust MBS, as applicable, will be increased in principal balance, but it is expected that all such additional Trust Ginnie Mae Certificates or Trust MBS, as applicable, will have the same characteristics as described herein under “Description of the Certificates—The Trust Ginnie Mae Certificates” and “—The Trust MBS,” as applicable. The proportion that the original principal balance of each Group 2 or Group 6 Class bears to the aggregate original principal balance of all Group 2 or Group 6 Classes, respectively, will remain the same.

LEGAL MATTERS

Certain legal matters will be passed upon for the Dealer by Cleary, Gottlieb, Steen & Hamilton.

Underlying REMIC Certificates

Underlying REMIC Trust	Class	Date of Issue	CUSIP Number	Interest Rate	Interest Type (1)	Final Distribution Date	Principal Type (1)	Original Principal Balance of Class	January 1998 Class Factor	Principal Balance in the Lower Tier REMIC	Approximate Weighted Average WAC	Approximate Weighted Average WAM or WARM (in months)	Approximate Weighted Average CAGE or WALA (in months)	Underlying Security Type	Class Group
1994-29	SB	February 1994	31359GWC6	(2)	INV	February 2024	CPT	\$18,663,158	0.99645240	\$16,297,447	7.121%	302	49	MBS	1
1992-G4	S	January 1992	31358LHB5	(2)	INV	December 2021	SEQ	36,275,000	1.00000000	36,275,000	9.503	250	100	Ginnie Mae	3
1993-127	SC	July 1993	31359BUE5	(2)	INV	July 2023	SUP	38,005,445	0.93274498	35,449,388	7.496	291	57	MBS	4
1992-39	SA	March 1992	31358MBZ6	(2)	INV	March 2022	SEQ	12,767,680	1.00000000	12,750,000	8.744	275	73	MBS	5

(1) See “Description of the Certificates—Class Definitions and Abbreviations” in the REMIC Prospectus.
(2) These Classes bear interest during their respective interest accrual periods, subject to the applicable maximum and minimum interest rates, as further described in the related Underlying REMIC Disclosure Documents.

Schedule 1

Available Recombinations (1)

REMIC Certificates		RCR Certificates						
Class	Original Principal or Notional Principal Balance	RCR Class	Original Principal or Notional Principal Balance	Interest Rate	Interest Type (2)	Principal Type (2)	CUSIP Number	Final Distribution Date
Recombination 1								
BF	\$79,538,462	BG	\$ 6,628,205	9.0%	FIX	SEQ	31359RXQ0	August 2022
		BH	72,910,257	6.0%	FIX	SEQ	31359RXR8	August 2022
Recombination 2								
SN	26,666,650	SM	67,999,957	(3)	INV/IO	NTL	31359RXS6	March 2022
SO	41,333,307							

(1) The principal balances and/or notional principal balances of the REMIC Certificates and RCR Certificates involved in any exchange will bear the same relationship as that borne by the original principal balances and/or original notional principal balances of the related Classes.

(2) See “Description of the Certificates—Class Definitions and Abbreviations” in the REMIC Prospectus and “Description of the Certificates—Distributions of Interest” and “—Distributions of Principal” herein.

(3) For a description of this interest rate, see “Description of the Certificates—Distribution of Interest” herein.

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

\$450,771,835



FannieMae

**Guaranteed
REMIC Pass-Through
Certificates**

**Fannie Mae REMIC Trust
1998-1**

PROSPECTUS SUPPLEMENT

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PaineWebber Incorporated

December 10, 1997
