

\$1,659,897,176



FannieMae

**Guaranteed REMIC Pass-Through Certificates
Fannie Mae REMIC Trust 1998-2**

The Guaranteed REMIC Pass-Through Certificates offered hereby (the "Certificates") will represent beneficial ownership interests in Fannie Mae REMIC Trust 1998-2 (the "Trust"). The assets of the Trust will consist of (i) five groups of Fannie Mae Guaranteed Mortgage Pass-Through Certificates described herein (the "Group 1 MBS", "Group 2 MBS", "Group 3 MBS", "Group 4 MBS" and "Group 5 MBS", and together, the "Trust MBS") and (ii) a previously issued REMIC certificate (the "Underlying REMIC Certificate") evidencing a beneficial ownership interest in the related Fannie Mae REMIC Trust (the "Underlying REMIC Trust") as further described in Exhibit A hereto. The Underlying REMIC Certificate evidences a beneficial ownership interest in certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (together with the Trust MBS, the "MBS"). 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. 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	Group	Original Class Balance	Principal Type(1)	Interest Rate	Interest Type(1)	CUSIP Number	Final Distribution Date	Class	Group	Original Class Balance	Principal Type(1)	Interest Rate	Interest Type(1)	CUSIP Number	Final Distribution Date
A ..	1	\$178,153,846	SEQ	6.25%	FIX	31359RUS9	August 2025	KA ..	4	\$301,280,000	SEQ	6.50%	FIX	31359RVB5	May 2025
B ..	1	53,446,154	SEQ	9.50	FIX	31359RUT7	August 2025	KB ..	4	75,320,000	SEQ	9.00	FIX	31359RVC3	May 2025
C ..	1	68,400,000	SEQ	7.00	FIX	31359RUU4	February 2028	LA ..	4	123,400,000	SEQ	7.00	FIX	31359RVD1	February 2028
D ..	2	168,750,000	SEQ	6.50	FIX	31359RUV2	April 2025	KC ..	5	82,167,273	SEQ	9.00	FIX	31359RVE9	May 2025
G ..	2	56,250,000	SEQ	8.50	FIX	31359RUW0	April 2025	KD ..	5	219,112,727	SEQ	6.25	FIX	31359RVF6	May 2025
H ..	2	75,000,000	SEQ	7.00	FIX	31359RUX8	February 2028	LB ..	5	98,720,000	SEQ	7.00	FIX	31359RVG4	February 2028
DA ..	3	84,375,000	SEQ	6.50	FIX	31359RUY6	April 2025	EA ..	6	9,897,176	SC/PT	(2)	PO	31359RVH2	August 2023
GA ..	3	28,125,000	SEQ	8.50	FIX	31359RUZ3	April 2025	SA ..	6	9,897,176(3)	NLT	(4)	INV/IO	31359RVJ8	August 2023
HA ..	3	37,500,000	SEQ	7.00	FIX	31359RVA7	February 2028	R ..		0	NPR	0	NPR	31359RVK5	February 2028

- (1) 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.
- (2) This Class will be a Principal Only Class and will bear no interest.
- (3) This Class will be a Notional Class, will not have a principal balance and will bear interest on its notional principal balance. The notional principal balance of the Notional Class initially will be as set forth above and thereafter will be calculated as specified herein. See "Description of the Certificates—Distributions of Interest—Notional Class" herein.
- (4) The SA Class will bear interest based on the "10-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 Salomon Brothers Inc (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 Certificates, except for the R Class, 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 Class in registered, certificated form will be available for delivery at the offices of the Dealer, Seven World Trade Center, New York, New York 10048, on or about the Settlement Date.

Salomon Smith Barney

The date of this Prospectus Supplement is December 12, 1997.

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The yields to investors in the Group 1, Group 2, Group 3, Group 4 and Group 5 Classes will be sensitive in varying degrees to, among other things, the rate of principal distributions on the Group 1 MBS, Group 2 MBS, Group 3 MBS, Group 4 MBS and Group 5 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 yields to investors in the Group 6 Classes will be sensitive in varying degrees to, among other things, the rate of principal distributions of the Underlying REMIC Certificate, 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 sequence affecting the Underlying REMIC Certificate. The yield to investors in each Class will also be sensitive to the purchase price paid for such Class and, in the case of the Inverse Floating Rate Class, fluctuations in the level of the 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 the 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 the 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 the Inverse Floating Rate Class will be sensitive to the level of the Index. See “Description of the Certificates—Distributions of Interest—Inverse Floating Rate Class” herein.

See “Certain Risk Factors—Yield Considerations” in the REMIC Prospectus and “Additional Risk Factors—Additional Yield and Prepayment Considerations” and “Description of the Certificates—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 Supplement for the Underlying REMIC Trust (the “Underlying REMIC Disclosure Document”) or the MBS Prospectus (each as defined below). Any representation to the contrary is a criminal offense.

An election will be made to treat the Trust as a “real estate mortgage investment conduit” (“REMIC”) pursuant to the Internal Revenue Code of 1986, as amended (the “Code”). The R Class will be subject to transfer restrictions. See “Description of the Certificates—Characteristics of the R Class” 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 Document.

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 Document, may also be obtained from Salomon Brothers Inc by writing or calling its Prospectus Department at Brooklyn Army Terminal, 140 58th Street, Suite 1-H, Brooklyn, New York 11220 (telephone 718-567-2005).

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
Reference Sheet	S- 4	<i>Group 3 Principal Distribution Amount</i>	S-14
Additional Risk Factors	S- 7	<i>Group 4 Principal Distribution Amount</i>	S-14
Additional Yield and Prepayment Considerations	S- 7	<i>Group 5 Principal Distribution Amount</i>	S-14
Description of the Certificates	S- 7	<i>Group 6 Principal Distribution Amount</i>	S-14
General	S- 8	Structuring Assumptions	S-14
<i>Structure</i>	S- 8	<i>Pricing Assumptions</i>	S-14
<i>Fannie Mae Guaranty</i>	S- 8	<i>Prepayment Assumptions</i>	S-15
<i>Characteristics of Certificates</i>	S- 8	Yield Tables	S-15
<i>Authorized Denominations</i>	S- 9	<i>General</i>	S-15
<i>Distribution Dates</i>	S- 9	<i>The Inverse Floating Rate Class</i>	S-15
<i>Record Date</i>	S- 9	<i>The Principal Only Class</i>	S-16
<i>REMIC Trust Factors</i>	S- 9	Weighted Average Lives of the Certificates	S-16
<i>Optional Termination</i>	S- 9	Decrement Tables	S-18
<i>Voting the Underlying REMIC Certificate</i>	S- 9	Characteristics of the R Class	S-20
The Trust MBS	S- 9	Certain Additional Federal Income Tax Consequences	S-20
The Underlying REMIC Certificate	S-10	REMIC Election and Special Tax Attributes	S-20
Final Data Statement	S-11	Taxation of Beneficial Owners of Regular Certificates	S-20
Distributions of Interest	S-11	Taxation of Beneficial Owners of Residual Certificates	S-21
<i>Categories of Classes</i>	S-11	Plan of Distribution	S-21
<i>General</i>	S-12	<i>General</i>	S-21
<i>Interest Accrual Periods</i>	S-12	<i>Increase in Certificates</i>	S-21
<i>Notional Class</i>	S-12	Legal Matters	S-21
<i>Inverse Floating Rate Class</i>	S-12	Exhibit A	A-1
Calculation of 10-Year Treasury Index ..	S-12		
Distributions of Principal	S-13		
<i>Categories of Classes</i>	S-13		
<i>Principal Distribution Amount</i>	S-13		
<i>Group 1 Principal Distribution Amount</i>	S-14		
<i>Group 2 Principal Distribution Amount</i>	S-14		

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.

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

	Approximate Principal Balance	Original Term to Maturity (in months)	Approximate Weighted Average Remaining Term to Maturity (in months)	Approximate Calculated Loan Age (in months)	Approximate Weighted Average Coupon
Group 1 MBS	\$300,000,000	360	327	27	7.68%
Group 2 MBS	\$300,000,000	360	337	18	7.64%
Group 3 MBS	\$150,000,000	360	337	18	7.64%
Group 4 MBS	\$500,000,000	360	356	3	7.65%
Group 5 MBS	\$400,000,000	360	356	3	7.65%

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.

Characteristics of the Underlying REMIC Certificate

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

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

Interest Rates

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

The Inverse Floating Rate Class will bear interest during the initial Interest Accrual Period at the initial interest rate specified 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:

Class	Initial Interest Rate (1)	Maximum Interest Rate	Minimum Interest Rate	Formula for Calculation of Interest Rate
SA	9.00714%	18.57142%	0.0%	$19.77857\% - (1.857143 \times 10\text{-Year Treasury Index})$

(1) The initial interest rate for this Class is an assumed rate. The actual initial interest rate for this Class will be calculated on the basis of the applicable formula for the calculation of such interest rate on the Index Determination Date occurring on January 22, 1998.

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

Notional Class

The notional principal balance of the Notional Class will be equal to the indicated percentage of the outstanding balance specified below immediately prior to the related Distribution Date:

Class

SA 100% of EA Class

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

Distributions of Principal

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

Group 1 Principal Distribution Amount

1. To the A and B Classes, pro rata, to zero.
2. To the C Class, to zero.

Group 2 Principal Distribution Amount

1. To the D and G Classes, pro rata, to zero.
2. To the H Class, to zero.

Group 3 Principal Distribution Amount

1. To the DA and GA Classes, pro rata, to zero.
2. To the HA Class, to zero.

Group 4 Principal Distribution Amount

1. To the KA and KB Classes, pro rata, to zero.
2. To the LA Class, to zero.

Group 5 Principal Distribution Amount

1. To the KC and KD Classes, pro rata, to zero.
2. To the LB Class, to zero.

Group 6 Principal Distribution Amount

To the EA Class, to zero.

Weighted Average Lives (years) *

	PSA Prepayment Assumption				
	0%	100%	175%	300%	500%
Group 1 Classes					
A and B	19.1	7.0	4.5	2.7	1.5
C	28.8	21.4	16.8	11.2	6.7
Group 2 Classes					
PSA Prepayment Assumption					
0% 100% 185% 300% 500%					
D and G	18.9	7.0	4.3	2.7	1.7
H	28.7	21.6	16.1	11.0	6.6
Group 3 Classes					
PSA Prepayment Assumption					
0% 100% 185% 300% 500%					
DA and GA	18.9	7.0	4.3	2.7	1.7
HA	28.7	21.6	16.1	11.0	6.6
Group 4 Classes					
PSA Prepayment Assumption					
0% 100% 190% 300% 500%					
KA and KB	18.9	7.8	4.9	3.5	2.4
LA	28.7	22.9	16.9	12.0	7.5
Group 5 Classes					
PSA Prepayment Assumption					
0% 100% 190% 300% 500%					
KC and KD	18.9	7.8	4.9	3.5	2.4
LB	28.7	22.9	16.9	12.0	7.5
Group 6 Classes					
PSA Prepayment Assumption					
0% 100% 150% 300% 500%					
EA and SA	24.2	17.8	13.3	2.5	0.8

* Determined as specified under “Description of the Certificates—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 2, Group 3, Group 4, and Group 5 Classes will be sensitive in varying degrees to the rate of principal distributions on the Group 1 MBS, Group 2 MBS, Group 3 MBS, Group 4 MBS and Group 5 MBS, respectively, which in turn will reflect the rate of amortization (including prepayments) of the related Mortgage Loans. There can be no assurance that the Mortgage Loans underlying the Group 1 MBS, Group 2 MBS, Group 3 MBS, Group 4 MBS or Group 5 MBS will have the characteristics assumed herein. Because the rate of principal distributions on the Group 1, Group 2, Group 3, Group 4, and Group 5 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.

The rate of distributions of principal of the EA Class will be directly related to the rate of distributions of principal of the Underlying REMIC Certificate, which will be sensitive in varying degrees to the rate of payments of principal (including prepayments) of the related Mortgage Loans and the priority sequence affecting such Underlying REMIC Certificate. As described in the Underlying REMIC Disclosure Document, the Underlying REMIC Certificate is subordinate in priority of principal distributions to certain other classes of certificates evidencing beneficial ownership interests in the Underlying REMIC Trust 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 the Underlying REMIC Certificate. In particular, the Underlying REMIC Certificate is a Support class 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 Underlying REMIC Trust. Accordingly, the Underlying REMIC Certificate may receive no principal distributions for extended periods of time or may receive principal distributions that vary widely from period to period. Additional information as to the Underlying REMIC Certificate may be obtained by performing an analysis of current Fannie Mae principal factors in the context of applicable information contained in the Underlying REMIC Disclosure Document, which may be obtained from Fannie Mae as described herein.

It is highly unlikely that the Mortgage Loans underlying the Group 1 MBS, Group 2 MBS, Group 3 MBS, Group 4 MBS, Group 5 MBS or the Underlying REMIC Certificate, 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 the 18th 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 will be created pursuant to a trust agreement dated as of September 1, 1987, as supplemented by an issue supplement thereto dated as of January 1, 1998 (together, 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 Class) 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 assets of the Trust will consist of the Trust MBS and the Underlying REMIC Certificate (which evidences a beneficial ownership interest in the Underlying REMIC Trust).

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 Certificate are described in the Underlying REMIC Disclosure Document. 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 Underlying REMIC Disclosure Document.

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

A Holder is not necessarily the beneficial owner of a book-entry Certificate. Beneficial owners will ordinarily hold book-entry Certificates through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. See “Description of the Certificates—Denominations, Certificate Form” in the REMIC Prospectus.

The R Certificate will not be issued in book-entry form but will be issued in fully registered, certificated form. As to the R Certificate, “Holder” or “Certificateholder” refers to the registered owner thereof. The R Certificate 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 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 Class” herein.

The distribution to the Holder of the R Class of the proceeds of any remaining assets of the Trust 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 Certificate, will be issued in minimum denominations of \$1,000 and integral multiples of \$1 in excess thereof. The R Class will be issued as a single Certificate and will not have a principal balance.

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

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

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

Optional Termination. 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 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 Certificate. In the event any issue arises under the trust agreement governing the Underlying REMIC Trust that requires the vote of holders of certificates outstanding thereunder, the Trustee will vote the Underlying REMIC Certificate 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.

The Trust MBS

The Trust MBS included in each group specified below 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 original maturities of up to 30 years. See “The Mortgage Pools” and “Yield Considerations” in the MBS Prospectus. The characteristics of the Group 1,

Group 2, Group 3, Group 4 and Group 5 MBS and the related Mortgage Loans as of January 1, 1998 (the “Issue Date”) are expected to be as follows:

Group 1 MBS

Aggregate Unpaid Principal Balance	\$300,000,000
MBS Pass-Through Rate	7.00%

Related Mortgage Loans

Range of WACs (per annum percentages)	7.25% to 9.50%
Range of WAMs	241 months to 360 months
Approximate Weighted Average WAM	327 months
Approximate Weighted Average CAGE	27 months

Group 2 MBS

Aggregate Unpaid Principal Balance	\$300,000,000
MBS Pass-Through Rate	7.00%

Related Mortgage Loans

Range of WACs (per annum percentages)	7.25% to 9.50%
Range of WAMs	241 months to 360 months
Approximate Weighted Average WAM	337 months
Approximate Weighted Average CAGE	18 months

Group 3 MBS

Aggregate Unpaid Principal Balance	\$150,000,000
MBS Pass-Through Rate	7.00%

Related Mortgage Loans

Range of WACs (per annum percentages)	7.25% to 9.50%
Range of WAMs	241 months to 360 months
Approximate Weighted Average WAM	337 months
Approximate Weighted Average CAGE	18 months

Group 4 MBS

Aggregate Unpaid Principal Balance	\$500,000,000
MBS Pass-Through Rate	7.00%

Related Mortgage Loans

Range of WACs (per annum percentages)	7.25% to 9.50%
Range of WAMs	241 months to 360 months
Approximate Weighted Average WAM	356 months
Approximate Weighted Average CAGE	3 months

Group 5 MBS

Aggregate Unpaid Principal Balance	\$400,000,000
MBS Pass-Through Rate	7.00%

Related Mortgage Loans

Range of WACs (per annum percentages)	7.25% to 9.50%
Range of WAMs	241 months to 360 months
Approximate Weighted Average WAM	356 months
Approximate Weighted Average CAGE	3 months

The Underlying REMIC Certificate

The Underlying REMIC Certificate represents a beneficial ownership interest in the Underlying REMIC Trust, the assets of which evidence beneficial ownership interests in certain MBS having the general characteristics set forth in the MBS Prospectus. 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. The Underlying REMIC Certificate provides that distributions thereon will be passed through monthly, commencing in the month following the initial issuance thereof. The general characteristics of the Underlying REMIC Certificate are described in the Underlying REMIC Disclosure Document.

The table contained in Exhibit A hereto sets forth certain information with respect to the Underlying REMIC Certificate, 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 Trust as of the Issue Date. The table also sets forth the approximate weighted average WAC, approximate weighted average WAM and approximate weighted average CAGE of the Mortgage Loans underlying the related MBS as of the Issue Date, the underlying security type and the related Class group.

To request further information regarding the Underlying REMIC Certificate, 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 date the Underlying REMIC Disclosure Document was 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 document.

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 balance of the Underlying REMIC Certificate as of the Issue Date and 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 the Trust MBS, along with the weighted averages of all the current or original WACs and the weighted averages of all the current or Adjusted WAMs, based on the current unpaid principal balances of the Mortgage Loans underlying the Group 1 MBS, the Group 2 MBS, the Group 3 MBS, the Group 4 MBS and the Group 5 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	
Fixed Rate	A, B and C
Group 2 Classes	
Fixed Rate	D, G and H
Group 3 Classes	
Fixed Rate	DA, GA and HA
Group 4 Classes	
Fixed Rate	KA, KB and LA
Group 5 Classes	
Fixed Rate	KC, KD and LB
Group 6 Classes	
Interest Only	SA
Inverse Floating Rate	SA
Principal Only	EA
No Payment Residual	R

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

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.

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>
SA Class (the "No Delay Class")	One month period ending on the day preceding the Distribution Date
All Fixed Rate 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 EA Class, such Class will be treated as a No Delay Class.

Notional Class. The SA Class will be a Notional Class. The Notional Class will not have a principal balance and will bear interest at the applicable per annum interest rate described herein during each Interest Accrual Period on its notional principal balance. The notional principal balance of the Notional Class will be calculated as specified herein under "Reference Sheet—Notional Class."

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 balance of the Certificate generally shall be deemed to refer also to the notional principal balance of the Notional Class.

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

The yields with respect to such Class will be affected by changes in the index specified (the "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 Index. Conversely, higher mortgage interest rates could occur concurrently with a decrease in the level of the Index.

The establishment of the Index value by Fannie Mae and Fannie Mae's determination of the rate of interest for the related Class 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 balance of the SA Class has 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.”

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	
Sequential Pay	A, B and C
Group 2 Classes	
Sequential Pay	D, G and H
Group 3 Classes	
Sequential Pay	DA, GA and HA
Group 4 Classes	
Sequential Pay	KA, KB and LA
Group 5 Classes	
Sequential Pay	KC, KD and LB
Group 6 Classes	
Structured Collateral/Pass-Through	EA
Notional	SA
No Payment Residual	R

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

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 aggregate distributions of principal to be made on the Group 1 MBS in the month of such Distribution Date (the “Group 1 Principal Distribution Amount”), (ii) the aggregate distributions of principal to be made on the Group 2 MBS in the month of such Distribution Date (the “Group 2 Principal Distribution Amount”), (iii) the aggregate distributions of principal to be made on the Group 3 MBS in the month of such Distribution Date (the “Group 3 Principal Distribution Amount”), (iv) the aggregate distributions of principal to be made on the Group 4 MBS in the month of such Distribution Date (the “Group 4 Principal Distribution Amount”), (v) the aggregate distributions of principal to be made on the Group 5 MBS in the month of such Distribution Date (the “Group 5 Principal Distribution Amount”) and (vi) the distribution of principal concurrently made on the Class 1993-147-SE REMIC Certificate (the “Group 6 Principal Distribution Amount”). The portion of the related class represented by the Underlying REMIC Certificate held by the Trust will be as set forth in Exhibit A.

Group 1 Principal Distribution Amount

On each Distribution Date, the Group 1 Principal Distribution Amount will be distributed as principal of the Group 1 Classes in the following order of priority:

(i) concurrently, to the A and B Classes, in proportion to their original principal balances (or 76.9230768566% and 23.0769231434%, respectively), until the principal balances thereof are reduced to zero; and

(ii) to the C Class, until the principal balance thereof is reduced to zero.

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) concurrently, to the D and G Classes, in proportion to their original principal balances (or 75% and 25%, respectively), until the principal balances thereof are reduced to zero; and

(ii) to the H Class, until the principal balance thereof is reduced to zero.

Group 3 Principal Distribution Amount

On each Distribution Date, the Group 3 Principal Distribution Amount will be distributed as principal of the Group 3 Classes in the following order of priority:

(i) concurrently, to the DA and GA Classes, in proportion to their original principal balances (or 75% and 25%, respectively), until the principal balances thereof are reduced to zero; and

(ii) to the HA Class, until the principal balance thereof is reduced to zero.

Group 4 Principal Distribution Amount

(i) concurrently, to the KA and KB Classes, in proportion to their original principal balances (or 80% and 20%, respectively), until the principal balances thereof are reduced to zero; and

(ii) to the LA Class, until the principal balance thereof is reduced to zero.

Group 5 Principal Distribution Amount

(i) concurrently, to the KC and KD Classes, in proportion to their original principal balances (or 27.2727273633% and 72.7272726367%, respectively), until the principal balances thereof are reduced to zero; and

(ii) to the LB 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 EA Class, until the principal balance thereof is reduced to zero.

Sequential
Pay
Classes

Structured
Collateral/
Pass-Through
Class

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 Certificate, the priority sequence affecting the principal distributions of the

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

- the Mortgage Loans underlying the Group 1 MBS, Group 2 MBS, Group 3 MBS, Group 4 MBS and Group 5 MBS have the original terms to maturity, remaining terms to maturity, CAGEs and interest rates as specified herein under “Reference Sheet—Assumed Characteristics of the Mortgage Loans Underlying the Trust MBS”;
- 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 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 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 or that all of such Mortgage Loans will prepay at the same rate or that the level of the Index will remain constant.*

The Inverse Floating Rate Class. **The yield to investors in the Inverse Floating Rate Class will be sensitive to the rate of principal payments (including prepayments) of the related Mortgage Loans and to the level of the Index. The Mortgage Loans generally can be prepaid at any time. 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 table below, it is possible that, under certain Index and prepayment scenarios, investors in the Inverse Floating Rate Class would not fully recoup their initial investments.**

Changes in the 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 the Index.

The information set forth in the following table was prepared on the basis of the Pricing Assumptions and the assumptions that (i) the interest rate applicable to the Inverse Floating Rate

Class for the initial Interest Accrual Period is the assumed rate 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 Index and (ii) the aggregate purchase price of such Class (expressed as a percentage of original principal balance) is as follows:

<u>Class</u>	<u>Price*</u>
SA	31.0%

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

Sensitivity of the 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>150%</u>	<u>300%</u>	<u>500%</u>
3.80%	44.3%	44.2%	42.9%	0.5%	*
5.80%	30.8%	30.5%	28.7%	(15.7)%	*
7.80%	17.2%	16.6%	13.9%	(34.1)%	*
9.80%	0.8%	(0.8)%	(4.3)%	(61.2)%	*
10.65%	*	*	*	*	*

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

The Principal Only Class. The Principal Only Class will not bear interest. As indicated in the table 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 Class.

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

<u>Class</u>	<u>Price</u>
EA	70.0%

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

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>150%</u>	<u>300%</u>	<u>500%</u>
EA	1.7%	2.0%	2.8%	16.2%	50.4%

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 1, Group 2, Group 3, Group 4 and Group 5 Classes and, in the case of the Group 6 Classes, the priority sequence of principal distributions of the Underlying REMIC Certificate. See “Distributions of Principal” herein and “Description of the Certificates—Distributions of Principal” in the Underlying REMIC Disclosure Document.

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>
Group 1 MBS	360 months	360 months	9.5%	Group 1
Group 2 MBS	360 months	360 months	9.5%	Group 2
Group 3 MBS	360 months	360 months	9.5%	Group 3
Group 4 MBS	360 months	360 months	9.5%	Group 4
Group 5 MBS	360 months	360 months	9.5%	Group 5
1993-147	360 months	307 months	9.5%	Group 6

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

Percent of Original Principal Balances Outstanding

<u>Date</u>	<u>A and B Classes</u>					<u>C Class</u>					<u>D and G Classes</u>				
	<u>PSA Prepayment Assumption</u>					<u>PSA Prepayment Assumption</u>					<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>175%</u>	<u>300%</u>	<u>500%</u>	<u>0%</u>	<u>100%</u>	<u>175%</u>	<u>300%</u>	<u>500%</u>	<u>0%</u>	<u>100%</u>	<u>185%</u>	<u>300%</u>	<u>500%</u>
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 1999	99	91	85	76	60	100	100	100	100	100	99	92	87	79	66
January 2000	98	82	72	56	33	100	100	100	100	100	98	83	72	58	36
January 2001	97	74	60	39	13	100	100	100	100	100	97	75	59	40	14
January 2002	96	67	49	26	*	100	100	100	100	100	96	67	48	26	0
January 2003	95	59	40	15	0	100	100	100	100	69	95	60	38	15	0
January 2004	94	52	32	7	0	100	100	100	100	48	94	53	29	6	0
January 2005	92	46	24	0	0	100	100	100	99	33	92	46	21	0	0
January 2006	91	40	17	0	0	100	100	100	79	22	91	40	14	0	0
January 2007	89	34	12	0	0	100	100	100	63	15	89	34	8	0	0
January 2008	87	29	6	0	0	100	100	100	51	10	87	28	2	0	0
January 2009	85	24	2	0	0	100	100	100	40	7	85	23	0	0	0
January 2010	83	19	0	0	0	100	100	91	32	5	82	18	0	0	0
January 2011	81	14	0	0	0	100	100	79	25	3	80	13	0	0	0
January 2012	78	10	0	0	0	100	100	68	20	2	77	9	0	0	0
January 2013	75	6	0	0	0	100	100	58	16	1	74	5	0	0	0
January 2014	71	2	0	0	0	100	100	49	12	1	71	1	0	0	0
January 2015	68	0	0	0	0	100	95	41	9	1	67	0	0	0	0
January 2016	64	0	0	0	0	100	83	35	7	*	63	0	0	0	0
January 2017	59	0	0	0	0	100	72	29	5	*	58	0	0	0	0
January 2018	55	0	0	0	0	100	62	23	4	*	53	0	0	0	0
January 2019	49	0	0	0	0	100	52	19	3	*	48	0	0	0	0
January 2020	44	0	0	0	0	100	43	14	2	*	42	0	0	0	0
January 2021	37	0	0	0	0	100	34	11	1	*	35	0	0	0	0
January 2022	30	0	0	0	0	100	25	8	1	*	28	0	0	0	0
January 2023	22	0	0	0	0	100	17	5	1	*	20	0	0	0	0
January 2024	14	0	0	0	0	100	9	3	*	*	11	0	0	0	0
January 2025	4	0	0	0	0	100	2	*	*	*	2	0	0	0	0
January 2026	0	0	0	0	0	80	0	0	0	0	0	0	0	0	0
January 2027	0	0	0	0	0	42	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)**	19.1	7.0	4.5	2.7	1.5	28.8	21.4	16.8	11.2	6.7	18.9	7.0	4.3	2.7	1.7

* 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.

Date	H Class					DA and GA Classes					HA Class					KA and KB Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	185%	300%	500%	0%	100%	185%	300%	500%	0%	100%	185%	300%	500%	0%	100%	190%	300%	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	100	99	92	87	79	66	100	100	100	100	100	99	96	94	91	86
January 2000	100	100	100	100	100	98	83	72	58	36	100	100	100	100	100	98	89	82	74	60
January 2001	100	100	100	100	100	97	75	59	40	14	100	100	100	100	100	97	81	68	54	31
January 2002	100	100	100	100	99	96	67	48	26	0	100	100	100	100	99	96	73	56	38	12
January 2003	100	100	100	100	68	95	60	38	15	0	100	100	100	100	68	95	65	45	24	0
January 2004	100	100	100	100	47	94	53	29	6	0	100	100	100	100	47	94	58	35	13	0
January 2005	100	100	100	94	32	92	46	21	0	0	100	100	100	94	32	92	51	26	4	0
January 2006	100	100	100	76	22	91	40	14	0	0	100	100	100	76	22	91	45	19	0	0
January 2007	100	100	100	61	15	89	34	8	0	0	100	100	100	61	15	89	39	12	0	0
January 2008	100	100	100	48	10	87	28	2	0	0	100	100	100	48	10	87	33	6	0	0
January 2009	100	100	93	39	7	85	23	0	0	0	100	100	93	39	7	85	28	1	0	0
January 2010	100	100	80	31	5	82	18	0	0	0	100	100	80	31	5	83	23	0	0	0
January 2011	100	100	69	24	3	80	13	0	0	0	100	100	69	24	3	80	18	0	0	0
January 2012	100	100	59	19	2	77	9	0	0	0	100	100	59	19	2	77	13	0	0	0
January 2013	100	100	50	15	1	74	5	0	0	0	100	100	50	15	1	74	9	0	0	0
January 2014	100	100	42	12	1	71	1	0	0	0	100	100	42	12	1	71	5	0	0	0
January 2015	100	91	36	9	1	67	0	0	0	0	100	91	36	9	1	67	1	0	0	0
January 2016	100	81	30	7	*	63	0	0	0	0	100	81	30	7	*	63	0	0	0	0
January 2017	100	71	25	5	*	58	0	0	0	0	100	71	25	5	*	58	0	0	0	0
January 2018	100	61	20	4	*	53	0	0	0	0	100	61	20	4	*	54	0	0	0	0
January 2019	100	52	16	3	*	48	0	0	0	0	100	52	16	3	*	48	0	0	0	0
January 2020	100	44	13	2	*	42	0	0	0	0	100	44	13	2	*	42	0	0	0	0
January 2021	100	35	10	2	*	35	0	0	0	0	100	35	10	2	*	36	0	0	0	0
January 2022	100	28	7	1	*	28	0	0	0	0	100	28	7	1	*	28	0	0	0	0
January 2023	100	20	5	1	*	20	0	0	0	0	100	20	5	1	*	20	0	0	0	0
January 2024	100	13	3	*	*	11	0	0	0	0	100	13	3	*	*	12	0	0	0	0
January 2025	100	7	2	*	*	2	0	0	0	0	100	7	2	*	*	2	0	0	0	0
January 2026	73	1	*	*	*	0	0	0	0	0	73	1	*	*	*	0	0	0	0	0
January 2027	38	0	0	0	0	0	0	0	0	0	38	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)**	28.7	21.6	16.1	11.0	6.6	18.9	7.0	4.3	2.7	1.7	28.7	21.6	16.1	11.0	6.6	18.9	7.8	4.9	3.5	2.4

Date	LA Class					KC and KD Classes					LB Class					EA and SA† Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	190%	300%	500%	0%	100%	190%	300%	500%	0%	100%	190%	300%	500%	0%	100%	150%	300%	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	100	99	96	94	91	86	100	100	100	100	100	100	100	100	78	34
January 2000	100	100	100	100	100	98	89	82	74	60	100	100	100	100	100	100	100	100	52	0
January 2001	100	100	100	100	100	97	81	68	54	31	100	100	100	100	100	100	100	100	32	0
January 2002	100	100	100	100	100	96	73	56	38	12	100	100	100	100	100	100	100	98	18	0
January 2003	100	100	100	100	94	95	65	45	24	0	100	100	100	100	94	100	100	95	10	0
January 2004	100	100	100	100	65	94	58	35	13	0	100	100	100	100	65	100	100	91	4	0
January 2005	100	100	100	100	44	92	51	26	4	0	100	100	100	100	44	100	100	86	*	0
January 2006	100	100	100	91	31	91	45	19	0	0	100	100	100	91	31	100	100	80	0	0
January 2007	100	100	100	74	21	89	39	12	0	0	100	100	100	74	21	100	100	74	0	0
January 2008	100	100	100	59	14	87	33	6	0	0	100	100	100	59	14	100	100	68	0	0
January 2009	100	100	100	47	10	85	28	1	0	0	100	100	100	47	10	100	100	62	0	0
January 2010	100	100	88	38	7	83	23	0	0	0	100	100	88	38	7	100	97	56	0	0
January 2011	100	100	76	30	5	80	18	0	0	0	100	100	76	30	5	100	89	50	0	0
January 2012	100	100	65	24	3	77	13	0	0	0	100	100	65	24	3	100	80	44	0	0
January 2013	100	100	56	19	2	74	9	0	0	0	100	100	56	19	2	100	72	38	0	0
January 2014	100	100	48	15	1	71	5	0	0	0	100	100	48	15	1	100	64	33	0	0
January 2015	100	100	40	12	1	67	1	0	0	0	100	100	40	12	1	100	56	28	0	0
January 2016	100	93	34	9	1	63	0	0	0	0	100	93	34	9	1	100	48	23	0	0
January 2017	100	83	28	7	*	58	0	0	0	0	100	83	28	7	*	100	40	19	0	0
January 2018	100	73	24	5	*	54	0	0	0	0	100	73	24	5	*	100	32	15	0	0
January 2019	100	63	19	4	*	48	0	0	0	0	100	63	19	4	*	100	24	11	0	0
January 2020	100	55	16	3	*	42	0	0	0	0	100	55	16	3	*	100	17	7	0	0
January 2021	100	46	13	2	*	36	0	0	0	0	100	46	13	2	*	86	10	4	0	0
January 2022	100	38	10	2	*	28	0	0	0	0	100	38	10	2	*	55	3	1	0	0
January 2023	100	31	7	1	*	20	0	0	0	0	100	31	7	1	*	21	0	0	0	0
January 2024	100	23	5	1	*	12	0	0	0	0	100	23	5	1	*	0	0	0	0	0
January 2025	100	17	4	*	*	2	0	0	0	0	100	17	4	*	*	0	0	0	0	0
January 2026	74	10	2	*	*	0	0	0	0	0	74	10	2	*	*	0	0	0	0	0
January 2027	39	4	1	*	*	0	0	0	0	0	39	4	1	*	*	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)**	28.7	22.9	16.9	12.0	7.5	18.9	7.8	4.9	3.5	2.4	28.7	22.9	16.9	12.0	7.5	24.2	17.8	13.3	2.5	0.8

* 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 Class

The R Class will not have a principal balance 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. It is not anticipated that there will be any material assets remaining in such circumstance.

The R Class will be subject to certain transfer restrictions. No transfer of record or beneficial ownership of an R Certificate will be allowed to a “disqualified organization.” In addition, no transfer of record or beneficial ownership of an R 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 Class will constitute a noneconomic residual interest under the Regulations. Any transferee of an R 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 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. See “Certain Federal Income Tax Consequences” in the REMIC Prospectus. Pursuant to the Trust Agreement, Fannie Mae will be obligated to provide to such Holder (i) such information as is necessary to enable it to prepare its federal income tax returns and (ii) any reports regarding the R 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 Election and Special Tax Attributes

An election will be made to treat the Trust as a REMIC for federal income tax purposes. The Certificates, other than the R Class, 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.

As a consequence of the qualification of the Trust as a REMIC, the 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 Class, 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 Class and the Principal Only Class will be, and certain other Classes of 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 175% PSA in the case of the Group 1 Classes, 185% PSA in the case of the Group 2 and Group 3 Classes, 190% PSA in the case of the Group 4 and Group 5 Classes and 150% 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 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 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 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.

PLAN OF DISTRIBUTION

General. The Dealer will receive the Certificates in exchange for the Trust MBS, and the Underlying REMIC Certificate 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 1, Group 2, Group 3, Group 4 or Group 5 Classes in addition to those contemplated as of the date hereof. In such event, the related Trust MBS will be increased in principal balance, but it is expected that all such additional Trust MBS will have the same characteristics as described herein under “Description of the Certificates—The Trust MBS.” The proportion that the original principal balance of each Group 1, Group 2, Group 3, Group 4 or Group 5 Class bears to the aggregate original principal balance of all Group 1, Group 2, Group 3, Group 4 or Group 5 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 Certificate

<u>Underlying REMIC Trust</u>	<u>Class</u>	<u>Date of Issue</u>	<u>CUSIP Number</u>	<u>Interest Rate</u>	<u>Interest Type (1)</u>	<u>Final Distribution Date</u>	<u>Principal Type (1)</u>	<u>Original Principal Balance</u>	<u>January 1998 Class Factor</u>	<u>Principal Balance in the Trust</u>	<u>Approximate Weighted Average WAC</u>	<u>Approximate Weighted Average WAM (in months)</u>	<u>Approximate Weighted Average CAGE (in months)</u>	<u>Underlying Security Type</u>	<u>Class Group</u>
1993-147	SE	August 1993	31359DAX1	(2)	INV	August 2023	SUP	\$29,918,344	0.899743340	\$9,897,176	7.525	294	55	MBS	6

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

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.

\$1,659,897,176



FannieMae

**Guaranteed REMIC
Pass-Through Certificates**

Fannie Mae REMIC Trust 1998-2

TABLE OF CONTENTS

	<u>Page</u>
Table of Contents	S- 3
Reference Sheet	S- 4
Additional Risk Factors	S- 7
Description of the Certificates	S- 7
Certain Additional Federal Income Tax Consequences	S-20
Plan of Distribution	S-21
Legal Matters	S-21
Exhibit A	A- 1

Salomon Smith Barney

**Prospectus Supplement
Dated December 12, 1997**