

\$670,946,375



**FannieMae**

## Guaranteed REMIC Pass-Through Certificates Fannie Mae REMIC Trust 1998-62

### The Certificates

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

### Distributions to Certificateholders

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

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

We may distribute principal at rates which vary from time to time. We may not distribute principal to certain classes for long periods of time.

Class	Group	Original Class Balance	Principal Type	Interest Rate	Interest Type	CUSIP Number	Final Distribution Date
A . . . . .	1	\$300,000,000	SCH	6.5%	FIX	31359UK79	November 2028
PB . . . . .	1	5,095,153 (2)	NTL	6.5	FIX/IO	31359UK87	November 2028
PA . . . . .	1	66,237,000	PAC	6.0	FIX	31359UK95	November 2028
ED(1) . .	1	102,063,000	TAC	6.5	FIX	31359UL29	November 2028
ZA . . . . .	1	4,200,000	TAC	6.5	FIX/Z	31359UL37	November 2028
N . . . . .	1	27,500,000	SUP	6.5	FIX/Z	31359UL45	November 2028
DA . . . . .	2	75,000,000	SEQ	5.5	FIX	31359UL52	September 2028
DZ . . . . .	2	270,000	SEQ	5.5	FIX/Z	31359UL60	November 2028
DB . . . . .	2	65,000,000	SEQ	5.0	FIX	31359UL78	September 2028
ZD . . . . .	2	240,000	SEQ	5.0	FIX/Z	31359UL86	November 2028
DE(1) . .	2	30,330,000	SEQ	6.0	FIX	31359UL94	September 2028
Z(1) . . . .	2	106,375	SEQ	6.0	FIX/Z	31359UM28	November 2028
DI(1) . . .	2	15,218,187 (2)	NTL	6.0	FIX/IO	31359UM36	November 2028
R . . . . .		0	NPR	0	NPR	31359UM44	November 2028
RL . . . . .		0	NPR	0	NPR	31359UM51	November 2028

(1) Exchangeable classes.

(2) Notional balances. These are interest only classes.

### The Fannie Mae Guaranty

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

If you own certificates of certain classes, you can exchange them for other certificates to be issued at the time of the exchange.

### The Trust and its Assets

The trust will indirectly own Fannie Mae MBS.

The dealer will offer the certificates from time to time in negotiated transactions at varying prices. We expect the settlement date to be October 30, 1998.

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

Carefully consider the risk factors starting on page S-8 of this prospectus supplement and on page 10 of the REMIC prospectus. Unless you understand and are able to tolerate these risks, you should not invest in the certificates.

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

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

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

**LEHMAN BROTHERS**

## TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
<b>AVAILABLE INFORMATION</b> .....	S- 3	<i>Z Accrual Amount</i> .....	S-16
<b>REFERENCE SHEET</b> .....	S- 4	<i>Group 2 Cash Flow Distribution</i>	
<b>ADDITIONAL RISK FACTORS</b> .....	S- 8	<i>Amount</i> .....	S-16
<b>DESCRIPTION OF THE</b>		STRUCTURING ASSUMPTIONS .....	S-17
<b>CERTIFICATES</b> .....	S- 9	<i>Pricing Assumptions</i> .....	S-17
GENERAL .....	S- 9	<i>Prepayment Assumptions</i> .....	S-17
<i>Structure</i> .....	S- 9	<i>Structuring Ranges and Rates</i> .....	S-17
<i>Fannie Mae Guaranty</i> .....	S-10	<i>Initial Effective Ranges</i> .....	S-17
<i>Characteristics of Certificates</i> .....	S-10	YIELD TABLES .....	S-18
<i>Authorized Denominations</i> .....	S-10	<i>General</i> .....	S-18
<i>Distribution Dates</i> .....	S-10	<i>The Interest Only Classes</i> .....	S-19
<i>Record Date</i> .....	S-10	WEIGHTED AVERAGE LIVES OF THE	
<i>Class Factors</i> .....	S-10	CERTIFICATES .....	S-19
<i>Optional Termination</i> .....	S-11	DECREMENT TABLES .....	S-20
COMBINATION AND RECOMBINATION ..	S-11	CHARACTERISTICS OF THE R AND RL	
<i>General</i> .....	S-11	CLASSES .....	S-23
<i>Procedures</i> .....	S-11	<b>CERTAIN ADDITIONAL</b>	
<i>Additional Considerations</i> .....	S-11	<b>FEDERAL INCOME TAX</b>	
THE MBS .....	S-12	<b>CONSEQUENCES</b> .....	S-23
FINAL DATA STATEMENT .....	S-13	REMIC ELECTIONS AND SPECIAL	
DISTRIBUTIONS OF INTEREST .....	S-13	TAX ATTRIBUTES .....	S-23
<i>Categories of Classes</i> .....	S-13	TAXATION OF BENEFICIAL OWNERS	
<i>General</i> .....	S-13	OF REGULAR CERTIFICATES .....	S-24
<i>Interest Accrual Period</i> .....	S-13	TAXATION OF BENEFICIAL OWNERS	
<i>Accrual Classes</i> .....	S-14	OF RESIDUAL CERTIFICATES .....	S-24
<i>Notional Classes</i> .....	S-14	TAXATION OF BENEFICIAL OWNERS	
DISTRIBUTIONS OF PRINCIPAL .....	S-14	OF RCR CERTIFICATES .....	S-24
<i>Categories of Classes</i> .....	S-14	<i>General</i> .....	S-24
<i>Principal Distribution Amount</i> ....	S-14	<i>Strip RCR Classes</i> .....	S-25
<i>Group 1 Principal Distribution</i>		<i>Combination RCR Class</i> .....	S-26
<i>Amount</i> .....	S-15	<i>Exchanges</i> .....	S-26
<i>ZA Accrual Amount</i> .....	S-15	<b>PLAN OF DISTRIBUTION</b> .....	S-26
<i>N Accrual Amount</i> .....	S-15	<i>General</i> .....	S-26
<i>Group 1 Cash Flow Distribution</i>		<i>Increase in Certificates</i> .....	S-26
<i>Amount</i> .....	S-15	<b>LEGAL MATTERS</b> .....	S-26
<i>Group 2 Principal Distribution</i>		<b>SCHEDULE 1</b> .....	A- 1
<i>Amount</i> .....	S-16	<b>PRINCIPAL BALANCE</b>	
<i>DZ Accrual Amount</i> .....	S-16	<b>SCHEDULES</b> .....	B- 1
<i>ZD Accrual Amount</i> .....	S-16		

## AVAILABLE INFORMATION

You should purchase the certificates only if you have read and understand this Prospectus Supplement and the following documents (the “Disclosure Documents”):

- our Prospectus for Guaranteed REMIC Pass-Through Certificates dated September 18, 1998 (the “REMIC Prospectus”);
- our Prospectus for Guaranteed Mortgage Pass-Through Certificates dated October 1, 1998 (the “MBS Prospectus”); and
- our Information Statement dated March 31, 1998 and its supplements (the “Information Statement”).

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

Fannie Mae  
MBS Helpline  
3900 Wisconsin Avenue, N.W., Area 2H-3S  
Washington, D.C. 20016  
(telephone 1-800-237-8627 or 202-752-6547).

Most of the Disclosure Documents, together with the class factors, are available on our website located at <http://www.fanniemae.com>.

You also can obtain the Disclosure Documents by writing or calling the dealer at:

Lehman Brothers Inc.  
Prospectus Department  
536 Broadhollow Road  
Melville, New York 11747  
(telephone 516-254-7106).

## REFERENCE SHEET

This reference sheet is not a summary of the transaction and does not contain complete information about the certificates. You should purchase the certificates only after reading this prospectus supplement and each of the additional disclosure documents listed on page S-3.

### Assets underlying each Group of Classes

<u>Group</u>	<u>Assets</u>
1	Group 1 MBS
2	Group 2 MBS

### Assumed Characteristics of the Mortgage Loans underlying the MBS in the Trust (as of October 1, 1998)

<u>MBS</u>	<u>Approximate Principal Balance</u>	<u>Pass-through Rate</u>	<u>Original Term to Maturity (in months)</u>	<u>Approximate Weighted Average Remaining Term to Maturity (in months)</u>	<u>Approximate Calculated Loan Age (in months)</u>	<u>Approximate Weighted Average Coupon</u>
Group 1 MBS	\$500,000,000	6.50%	360	357	3	7.00%
Group 2 MBS	\$147,816,000	6.00%	360	357	3	6.80%
	23,130,375	5.50%	360	357	3	6.55%

The actual remaining terms to maturity, calculated loan ages and interest rates of most of the mortgage loans will differ from the weighted averages shown above, perhaps significantly.

### Class Factors

The class factors are numbers that, when multiplied by the initial principal balance of a certificate, can be used to calculate the current principal balance of that certificate (after taking into account distributions in the same month). We publish the class factors on or shortly after the 11<sup>th</sup> day of each month.

### Settlement Date

We expect to issue the certificates on October 30, 1998.

### Distribution Dates

We will make distributions on the classes of certificates on the 25<sup>th</sup> day of each calendar month, or on the next business day if such day is not a business day.

### Book-Entry and Physical Certificates

We issue book-entry certificates through the U.S. Federal Reserve Banks, which will electronically track ownership of the certificates and payments on them. We will issue physical certificates in registered, certificated form.

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

<u>Fed Book-Entry</u>	<u>Physical</u>
classes in groups 1 and 2	R and RL classes

## Exchanging Certificates Through Combination and Recombination

If you own certain certificates, you will be able to exchange them for a proportionate interest in the related RCR certificates as shown on Schedule 1. We will issue the RCR certificates upon such exchange. You can exchange your certificates by notifying us and paying an exchange fee. We use the principal and interest of the certificates exchanged to pay principal and interest on the related RCR certificates. Schedule 1 lists all of the available combinations of the certificates eligible for exchange and the related RCR certificates.

## Interest Rates

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

We will apply interest payments from exchanged certificates to the corresponding RCR certificates, on a pro rata basis, following any exchange.

## Notional Classes

A notional class will not receive any principal. Its notional principal balance is the balance used to calculate accrued interest. The notional principal balances will equal the percentage of the outstanding balance below immediately before the related distribution date:

### Classes

PB .....	7.6923076923% of the PA class
DI .....	50% of the DE class
	50% of the Z class
EI .....	3.8461538462% of the ED class

## Distributions of Principal

### *Group 1 Principal Distribution Amount*

#### *ZA Accrual Amount*

1. To the ED class to its first targeted balance.
2. To the ZA class to its targeted balance.
3. To the ED class to its second targeted balance.
4. Thereafter to the ZA class.

#### *N Accrual Amount*

1. To the ED class to its first targeted balance.
2. To the ZA class to its targeted balance.
3. To the ED class to its second targeted balance.
4. Thereafter to the N class.

### *Group 1 Cash Flow Distribution Amount*

1. To the A class to its scheduled balance.
2. To the PA class to its planned balance.
3. To the ED class to its first targeted balance.
4. To the ZA class to its targeted balance.

5. To the ED class to its second targeted balance.
6. To the N class to zero.
7. To the ZA class to zero.
8. To the ED class to zero.
9. To the PA class to zero.
10. To the A class to zero.

*Group 2 Principal Distribution Amount*

*DZ Accrual Amount*

To the DA class to zero, and thereafter to the DZ class.

*ZD Accrual Amount*

To the DB class to zero, and thereafter to the ZD class.

*Z Accrual Amount*

To the DE class to zero, and thereafter to the Z class.

*Group 2 Cash Flow Distribution Amount*

Monthly principal on the 6.0% Group 2 MBS as follows:

- (a) 44.1359528062% of such amount to the DB and ZD classes, in that order, to zero.
- (b) 20.5907175137% of such amount to the DE and Z classes, in that order, to zero, and
- (c) 35.2733296801% of such amount to the DA and DZ classes, in that order, to zero.

Monthly principal on the 5.5% Group 2 MBS to the DA and DZ classes, in that order, to zero.

We will apply principal from exchanged certificates to the corresponding RCR certificates, on a pro rata basis, following any exchange.

**Weighted Average Lives (years) \***

<u>Group 1 Classes</u>	<u>0%</u>	<u>PSA Prepayment Assumption</u>				
		<u>60%</u>	<u>90%</u>	<u>210%</u>	<u>250%</u>	<u>500%</u>
A .....	17.0	9.5	9.5	9.8	8.8	5.1
<b>PSA Prepayment Assumption</b>						
		<u>0%</u>	<u>100%</u>	<u>210%</u>	<u>250%</u>	<u>500%</u>
PB and PA .....	24.6	2.8	2.8	2.8	2.8	1.9
<b>PSA Prepayment Assumption</b>						
		<u>0%</u>	<u>118%</u>	<u>140%</u>	<u>210%</u>	<u>250%</u>
ED, EC and EI .....	13.7	7.3	5.8	4.6	3.3	1.6
<b>PSA Prepayment Assumption</b>						
		<u>0%</u>	<u>100%</u>	<u>140%</u>	<u>210%</u>	<u>250%</u>
ZA .....	23.4	18.3	1.1	1.1	1.1	0.8
N .....	28.5	24.0	23.3	1.7	1.3	0.6

<u>Group 2 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>175%</u>	<u>350%</u>	<u>525%</u>	<u>700%</u>
DA .....	20.5	8.0	4.8	3.4	2.7
DZ .....	29.9	27.8	21.5	15.7	11.9
DB .....	20.6	8.1	4.8	3.4	2.7
ZD .....	29.9	28.0	21.7	15.8	11.9
DE .....	20.6	8.0	4.8	3.4	2.7
Z .....	29.9	27.7	21.4	15.6	11.8
DI and DC .....	20.8	8.3	4.9	3.5	2.8

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

## ADDITIONAL RISK FACTORS

*Principal payments and yields on the certificates will be affected by payments on the MBS and the underlying mortgage loans. Your yield will be affected by the rate of principal payments on the MBS.* The MBS principal payment rate will be sensitive to the rate of principal payments on the underlying mortgage loans, including prepayments. Because borrowers generally may prepay their mortgage loans at any time without penalty, the rate of principal payments on the mortgage loans is likely to vary over time. It is highly unlikely that the mortgage loans will prepay:

- at the prepayment rates we assumed, or
- at a constant prepayment rate until maturity.

*Relocation mortgage loans may experience a higher prepayment rate.* Certain mortgage loans underlying the Group 2 MBS are relocation mortgage loans made to borrowers whose employers frequently relocate their employees. Accordingly, the rate of prepayment will be influenced by:

- the circumstances of individual employees and employers,
- the characteristics of the relocation programs and
- the occurrence and timing of the relocations of the borrowers.

It is possible that borrowers under relocation mortgage loans are more likely than other borrowers to be transferred by their employers. If so, relocation mortgage loans would experience a higher rate of prepayment than non-relocation mortgage loans. Because many unpredictable factors affect the prepayment rate of relocation mortgage loans, we cannot estimate the prepayment experience of such mortgage loans. We are unaware of any conclusive data on the prepayment rate of relocation mortgage loans.

*Yields may be lower than expected due to unexpected rate of principal payments.* The actual yield on your certificates probably will be lower than you expect:

- if you bought your certificates at a premium and principal payments are faster than you expected, or

- if you bought your certificates at a discount and principal payments are slower than you expected.

Furthermore, in the case of interest only certificates and certificates purchased at a premium, you could lose money on your investment if prepayments occur at a rapid rate.

**You must make your own decisions about the various applicable assumptions, including prepayment assumptions, when deciding whether to purchase the certificates.**

*Weighted average lives and yields on the certificates are affected by actual characteristics of the underlying mortgage loans.* We have assumed that the mortgage loans underlying the MBS have certain characteristics. However, the actual mortgage loans probably will have different characteristics from those we assumed. As a result, your yields could be lower than you expect, even if the mortgage loans prepay at the indicated constant prepayment rates. In addition, slight differences between the assumed mortgage loan characteristics and the actual mortgage loans could affect the weighted average lives of the classes of certificates.

*Delay classes have lower yields and market values.* Since certain classes do not receive interest immediately following each interest accrual period, these classes have lower yields and lower market values than they would if there were no such delay.

*Reinvestment of certificate distributions may not achieve same yields as certificates.* The rate of principal distributions of the certificates is uncertain. You may be unable to reinvest the distributions on the certificates at the same yields provided by the certificates.

*Unpredictable timing of last distribution affects yields on certificates.* The actual final payment of your class is likely to occur earlier, and could occur much earlier, than the final distribution date listed on the cover page. If you assumed the actual final payment will occur on the final distribution date specified, your yield could be lower than you expect.

*Some investors may be unable to buy certain classes.* Investors whose investment activities are subject to legal investment laws and



regulations, or to review by regulatory authorities, may be unable to buy certain certificates. You should get legal advice to determine whether you may purchase the certificates.

*Uncertain market for the certificates could make them difficult to sell and cause their values to fluctuate.* We cannot be sure that a market for resale of the certificates will develop. Further, if a market develops, it may not continue or be sufficiently liquid to allow you to sell your certifi-

icates. Even if you are able to sell your certificates, the sale price may not be comparable to similar investments that have a developed market. Moreover, you may not be able to sell small or large amounts of certificates at prices comparable to those available to other investors. You should purchase certificates only if you understand and can tolerate the risk that the value of your certificates will vary over time and that your certificates may not be easily sold.

## DESCRIPTION OF THE CERTIFICATES

The material under this heading summarizes certain features of the Certificates. You will find additional information about the Certificates in the other sections of this Prospectus Supplement, as well as in the additional Disclosure Documents and the Trust Agreement. If we use a capitalized term in this Prospectus Supplement without defining it, you will find the definition of such term in the applicable Disclosure Documents or in the Trust Agreement.

### General

*Structure.* We will create the Fannie Mae REMIC Trust specified on the cover (the “Trust”) and a separate trust (the “Lower Tier REMIC”) pursuant to a trust agreement dated as of October 1, 1998 (the “Trust Agreement”). We will execute the Trust Agreement in our corporate capacity and as trustee (the “Trustee”). We will issue the Guaranteed REMIC Pass-Through Certificates (the “REMIC Certificates”) and the Combinable and Recombinable REMIC Certificates (the “RCR Certificates” and together with the REMIC Certificates, the “Certificates”) pursuant to the Trust Agreement. In general, the term “Classes” includes the Classes of REMIC Certificates and RCR Certificates.

The Trust and the Lower Tier REMIC each will constitute a “real estate mortgage investment conduit” (“REMIC”) under the Internal Revenue Code of 1986, as amended (the “Code”).

- The REMIC Certificates (except the R and RL Classes) will be “regular interests” in the Trust.
- The R Class will be the “residual interest” in the Trust.
- The interests in the Lower Tier REMIC other than the RL Class (the “Lower Tier Regular Interests”) will be the “regular interests” in the Lower Tier REMIC.
- The RL Class will be the “residual interest” in the Lower Tier REMIC.

The assets of the Trust will consist of the Lower Tier Regular Interests. The assets of the Lower Tier REMIC will consist of two groups of Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the “Group 1 MBS,” and “Group 2 MBS” and, together, the “MBS”).

Each MBS represents a beneficial ownership interest in a pool (each, a “Pool”) of first lien, single-family, fixed-rate residential mortgage loans (the “Mortgage Loans”) having the characteristics described herein.

*Fannie Mae Guaranty.* We guarantee that we will distribute to Certificateholders:

- required installments of principal and interest on the Certificates on time, and
- the principal balance of each Class of Certificates no later than its Final Distribution Date, whether or not we have received sufficient payments on the MBS.

In addition, we guarantee that we will distribute to each holder of an MBS:

- scheduled installments of principal and interest on the underlying Mortgage Loans on time, whether or not the related borrowers pay us, and
- the principal balance of any foreclosed Mortgage Loan, whether or not we recover it.

Our guarantees 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 and “Description of Certificates—The Corporation’s Guaranty” in the MBS Prospectus.

*Characteristics of Certificates.* We will issue the Certificates (except the R and RL Classes) in book-entry form on the book-entry system of the U.S. Federal Reserve Banks. Entities whose names appear on the book-entry records of a Federal Reserve Bank as having had Certificates deposited in their accounts are “Holders” or “Certificateholders.” A Holder is not necessarily the beneficial owner of a Certificate. Beneficial owners ordinarily will hold 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.

We will issue the R and RL Certificates in fully registered, certificated form. The “Holder” or “Certificateholder” of the R or RL Certificate is its registered owner. The R or RL Certificate can be transferred at the corporate trust office of the Transfer Agent, or at the office of the Transfer Agent in New York, New York. State Street Bank and Trust Company in Boston, Massachusetts (“State Street”) will be the initial Transfer Agent. We may impose a service charge for any registration of transfer of the R or RL Certificate and may require payment to cover any tax or other governmental charge. See also “Characteristics of the R and RL Classes”.

The Holder of the R Class will receive the proceeds of any remaining assets of the Trust, and the Holder of the RL Class will receive the proceeds of any remaining assets of the Lower Tier REMIC, in each case only by presenting and surrendering the related Certificate at the office of the Paying Agent. State Street will be the initial Paying Agent.

*Authorized Denominations.* We will issue the Certificates, other than the R and RL Certificates, in minimum denominations of \$1,000 and whole dollar increments. We will issue the R and RL Classes as single Certificates with no principal balances.

*Distribution Dates.* We will make monthly payments on the 25th day of each month (or, if the 25th is not a business day, on the first business day after the 25th). We refer to such date as the “Distribution Date.” We will make the first payments to Certificateholders the month after we issue the Certificates.

*Record Date.* On each Distribution Date, we will make each monthly payment on the Certificates to Holders of record on the last day of the preceding month.

*Class Factors.* On or shortly after the eleventh calendar day of each month, we will publish a factor (carried to eight decimal places) for each Class of Certificates. When the factor is multiplied by the original principal balance (or notional principal balance) of a Certificate of that Class, the product will equal the current principal balance (or notional principal balance) of that Certificate after taking

into account payments on the Distribution Date in the same month (as well as any addition to principal in the case of an Accrual Class).

*Optional Termination.* We will not terminate the Lower Tier REMIC or the Trust by exercising our right to repurchase the Mortgage Loans underlying any MBS unless

- only one Mortgage Loan remains in the related Pool or
- the principal balance of the Pool is less than one percent of its original level.

See “Description of Certificates—Termination” in the MBS Prospectus.

## **Combination and Recombination**

*General.* You are permitted to exchange all or a portion of the ED, DE, Z and DI Classes of REMIC Certificates for a proportionate interest in the related Combinable and Recombinable REMIC Certificates (“RCR Certificates”) in the combinations shown on Schedule 1. You also may exchange all or a portion of the RCR Certificates for the related REMIC Certificates in the same manner. This process may occur repeatedly.

Holders of RCR Certificates will be the beneficial owners of a proportionate interest in the related REMIC Certificates and will receive a proportionate share of the distributions on 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 these 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.* If a Certificateholder wishes to exchange Certificates, the Certificateholder must notify our Structured Transactions Department through one of our “REMIC Dealer Group” dealers in writing or by telefax no later than two business days before the proposed exchange date. The exchange date can be any business day other than the first or last business day of the month subject to our approval. 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. After receiving the Holder’s notice, we will telephone the dealer with delivery and wire payment instructions. Notice becomes irrevocable on the second business day before the proposed exchange date.

In connection with each exchange, the Holder must pay us a fee equal to  $1/32$  of 1% of the outstanding principal balance (exclusive of any notional principal balance) of the Certificates to be exchanged. In no event, however, will our fee be less than \$2,000.

We will make the first distribution on a REMIC Certificate or an RCR Certificate received in an exchange transaction on the Distribution Date in the following month. We will make such distribution 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. You should also consider a number of factors that will limit a Certificateholder’s ability to exchange REMIC Certificates for RCR Certificates or vice versa:

- At the time of the proposed exchange, a Certificateholder must own Certificates of the related Class or Classes in the proportions necessary to make the desired exchange.
- A Certificateholder that does not own the Certificates may be unable to obtain the necessary REMIC Certificates or RCR Certificates.

- The Certificateholder of needed Certificates may refuse to sell them at a reasonable price (or any price) or may be unable to sell them.
- Certain Certificates may have been purchased and placed into other financial structures and thus be unavailable.
- Principal distributions will decrease the amounts available for exchange over time.
- Only the combinations listed on Schedule 1 are permitted.

## The MBS

The following table contains certain information about the MBS. The MBS included in each specified group will have the aggregate unpaid principal balance and Pass-Through Rate shown below and the general characteristics described in the MBS Prospectus. The MBS will provide that principal and interest on the related Mortgage Loans will be passed through monthly, beginning in the month after we issue the MBS. The Mortgage Loans underlying the 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. These Mortgage Loans will have original maturities of up to 30 years. In addition, the Mortgage Loans underlying the Group 2 MBS will be relocation mortgage loans. This type of loan is originated pursuant to agreements between lenders and employers in connection with relocation programs maintained by employers that frequently relocate their employees (“relocation mortgage loans”), as opposed to being originated in connection with the nonrecurring relocation of an employer’s place of business. See “The Mortgage Pools” and “Yield Considerations” in the MBS Prospectus. We expect the characteristics of the Group 1 and Group 2 MBS and the related Mortgage Loans as of October 1, 1998 (the “Issue Date”) to be as follows:

### Group 1 MBS

Aggregate Unpaid Principal Balance .....	\$500,000,000
MBS Pass-Through Rate .....	6.5%

### 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 .....	357 months
Approximate Weighted Average CAGE .....	3 months

### Group 2 MBS

#### 6.0% Group 2 MBS

Aggregate Unpaid Principal Balance .....	\$147,816,000
MBS Pass-Through Rate .....	6.0%

### Related Mortgage Loans

Range of WACs (per annum percentages) .....	6.25% to 8.50%
Range of WAMs .....	241 months to 360 months
Approximate Weighted Average WAM .....	357 months
Approximate Weighted Average CAGE .....	3 months

#### 5.5% Group 2 MBS

Aggregate Unpaid Principal Balance .....	\$23,130,375
MBS Pass-Through Rate .....	5.5%

### Related Mortgage Loans

Range of WACs (per annum percentages) .....	5.75% to 8.00%
Range of WAMs .....	241 months to 360 months
Approximate Weighted Average WAM .....	357 months
Approximate Weighted Average CAGE .....	3 months

## Final Data Statement

After issuing the Certificates, we will prepare a Final Data Statement containing certain information, including 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 MBS. The Final Data Statement will also include 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 each of the MBS as of the Issue Date. You may obtain the Final Data Statement by telephoning us at 1-800-237-8627 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 us at 1-800-752-6440 or 202-752-6000.

## Distributions of Interest

### *Categories of Classes*

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

<u>Interest Type*</u>	<u>Classes</u>
<b>Group 1 Classes</b>	
Fixed Rate	A, PB, PA, ED, ZA and N
Interest Only	PB
Accrual	ZA and N
RCR**	EC and EI
<b>Group 2 Classes</b>	
Fixed Rate	DA, DZ, DB, ZD, DE, Z and DI
Interest Only	DI
Accrual	DZ, ZD and Z
RCR**	DC
<b>No Payment Residual</b>	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.* We will pay interest on the interest-bearing Certificates at the applicable annual interest rates shown on the cover or described in this prospectus supplement. We calculate interest based on a 360-day year consisting of twelve 30-day months. We pay interest monthly (except in the case of the Accrual Classes) on each Distribution Date, beginning in the month after the Settlement Date specified in the Reference Sheet.

Interest to be paid (or added to principal, in the case of the Accrual Classes) on each Certificate on a Distribution Date will consist of one month's interest on the outstanding balance of that Certificate immediately prior to such Distribution Date. For a description of the Accrual Classes, see "Accrual Classes."

Interest payments on exchangeable REMIC Certificates will be applied to the corresponding RCR Certificates, on a pro rata basis, following any exchange.

*Interest Accrual Period.* Interest to be paid on each Distribution Date will accrue on the interest-bearing Certificates during the one-month period set forth below (the "Interest Accrual Period").

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

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

**Accrual Classes.** The ZA, N, DZ, ZD and Z Classes are Accrual Classes. Interest will accrue on the Accrual Classes at the applicable annual rates listed on the cover. However, we will not pay any interest on the Accrual Classes. Instead, interest accrued on each Accrual Class will be added as principal to its principal balance on each Distribution Date. We will pay principal on the Accrual Classes as described under “Distributions of Principal” below.

**Notional Classes.** The Notional Classes will not have principal balances. During each Interest Accrual Period, the Notional Classes will bear interest on their notional principal balances at their applicable interest rates. The notional principal balances of the Notional Classes will be calculated as indicated under “Reference Sheet—Notional Classes.”

We use the notional principal balance of a Notional Class to determine interest payments on that Class. Although a Notional Class will not have a principal balance and will not be entitled to any principal payments, we will publish a class factor for that Class. References in this prospectus supplement to the principal balances of the Certificates generally shall refer also to the notional principal balances of the Notional Classes.

## Distributions of Principal

### *Categories of Classes*

For the purpose of principal payments, the Classes fall into the following categories:

<u>Principal Type*</u>	<u>Classes</u>
<b>Group 1 Classes</b>	
Scheduled	A
PAC	PA
TAC	ED and ZA
Support	N
Notional	PB
Accretion Directed	ED and ZA
RCR**	EC and EI
<b>Group 2 Classes</b>	
Sequential Pay	DA, DZ, DB, ZD, DE and Z
Accretion Directed	DA, DB and DE
Notional	DI
RCR**	DC
<b>No Payment Residual</b>	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, we will pay principal on the Certificates in an amount (the “Principal Distribution Amount”) equal to the sum of

- the principal then paid on the Group 1 MBS (the “Group 1 Cash Flow Distribution Amount”) plus any interest then accrued and added to the principal balances of the ZA and N Classes (the “ZA Accrual Amount” and “N Accrual Amount,” respectively, and, together with the Group 1 Cash Flow Distribution Amount, the “Group 1 Principal Distribution Amount”), and
- the principal then paid on the Group 2 MBS (the “Group 2 Cash Flow Distribution Amount”) plus any interest then accrued and added to the principal balances of the DZ, ZD and Z Classes



(the “DZ Accrual Amount,” “ZD Accrual Amount” and “Z Accrual Amount,” respectively, and together with the Group 2 Cash Flow Distribution Amount, the “Group 2 Principal Distribution Amount”).

*Group 1 Principal Distribution Amount*

*ZA Accrual Amount*

On each Distribution Date, we will pay the ZA Accrual Amount as principal of the Classes specified below in the following priority:

- |  |                              |
|--|------------------------------|
| (i) to the ED Class, until its principal balance is reduced to its First Targeted Balance for such Distribution Date;        | } Accretion Directed Classes |
| (ii) to the ZA Class, until its principal balance is reduced to its Targeted Balance for such Distribution Date;             |                              |
| (iii) to the ED Class, until its principal balance is reduced to its Second Targeted Balance for such Distribution Date; and |                              |
| (iv) thereafter to the ZA Class.   | } Accrual Class              |

*N Accrual Amount*

On each Distribution Date, we will pay the N Accrual Amount as principal of the Classes specified below in the following priority:

- |  |                              |
|--|------------------------------|
| (i) to the ED Class, until its principal balance is reduced to its First Targeted Balance for such Distribution Date;        | } Accretion Directed Classes |
| (ii) to the ZA Class, until its principal balance is reduced to its Targeted Balance for such Distribution Date;             |                              |
| (iii) to the ED Class, until its principal balance is reduced to its Second Targeted Balance for such Distribution Date; and |                              |
| (iv) thereafter to the N Class.  | } Accrual Class              |

*Group 1 Cash Flow Distribution Amount*

On each Distribution Date, we will pay the Group 1 Cash Flow Distribution Amount as principal of the Group 1 Classes in the following priority:

- |   |                   |
|---|-------------------|
| (i) to the A Class, until its principal balance is reduced to its Scheduled Balance for such Distribution Date;         | } Scheduled Class |
| (ii) to the PA Class, until its principal balance is reduced to its Planned Balance for such Distribution Date;         | } PAC Class       |
| (iii) to the ED Class, until its principal balance is reduced to its First Targeted Balance for such Distribution Date; | } TAC Classes     |
| (iv) to the ZA Class, until its principal balance is reduced to its Targeted Balance for such Distribution Date;        |                   |
| (v) to the ED Class, until its principal balance is reduced to its Second Targeted Balance for such Distribution Date;  |                   |

- (vi) to the N Class, until its principal balance is reduced to zero; } Support Class
- (vii) to the ZA Class, without regard to its Targeted Balance and until its principal balance is reduced to zero; } TAC Classes
- (viii) to the ED Class, without regard to its First or Second Targeted Balance and until its principal balance is reduced to zero; }
- (ix) to the PA Class, without regard to its Planned Balance and until its principal balance is reduced to zero; and } PAC Class
- (x) to the A Class, without regard to its Scheduled Balance and until its principal balance is reduced to zero. } Scheduled Class

#### *Group 2 Principal Distribution Amount*

##### *DZ Accrual Amount*

On each Distribution Date, we will pay the DZ Accrual Amount as principal of the DA Class, until its principal balance is reduced to zero. Thereafter, we will pay the DZ Accrual Amount as principal of the DZ Class. } Accretion Directed Class and Accrual Class

##### *ZD Accrual Amount*

On each Distribution Date, we will pay the ZD Accrual Amount as principal of the DB Class, until its principal balance is reduced to zero. Thereafter, we will pay the ZD Accrual Amount as principal of the ZD Class. } Accretion Directed Class and Accrual Class

##### *Z Accrual Amount*

On each Distribution Date, we will pay the Z Accrual Amount as principal of the DE Class, until its principal balance is reduced to zero. Thereafter, we will pay the Z Accrual Amount as principal of the Z Class. } Accretion Directed Class and Accrual Class

#### *Group 2 Cash Flow Distribution Amount*

On each Distribution Date, we will apply the principal distributions on the 6.0% Group 2 MBS as principal of the Group 2 Classes as follows:

- (a) 44.1359528062% of such amount, sequentially, to the DB and ZD Classes, in that order, until their principal balances are reduced to zero, } Sequential Pay Classes
- (b) 20.5907175137% of such amount, sequentially, to the DE and Z Classes, in that order, until their principal balances are reduced to zero, and }
- (c) 35.2733296801% of such amount, sequentially, to the DA and DZ Classes, in that order, until their principal balances are reduced to zero. }

On each Distribution Date, we will apply the principal distributions on the 5.5% Group 2 MBS, sequentially, as principal of the DA and DZ Classes, in that order, until their principal balances are reduced to zero. } Sequential Pay Classes

Principal payments on exchangeable REMIC Certificates will be applied to the corresponding RCR Certificates, on a pro rata basis, following any exchange.



## Structuring Assumptions

*Pricing Assumptions.* Except where otherwise noted, the information in the tables in this prospectus supplement has been prepared based on the following assumptions (collectively, the “Pricing Assumptions”):

- the Mortgage Loans underlying the Group 1 MBS and Group 2 MBS have the original terms to maturity, remaining terms to maturity, CAGEs and interest rates specified under “Reference Sheet—Assumed Characteristics of the Mortgage Loans underlying the MBS in the Trust”;
- the Mortgage Loans prepay at the constant percentages of PSA specified in the related table; and
- the settlement date for the sale of the Certificates is October 30, 1998.

*Prepayment Assumptions.* Prepayments of mortgage loans commonly are measured relative to a prepayment standard or model. The model used here 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.

*Structuring Ranges and Rates.* The Principal Balance Schedules are found beginning on page B-1. The Principal Balance Schedules have been prepared on the basis of the Pricing Assumptions and the assumption that the related Mortgage Loans will prepay at a constant PSA rate within the applicable Structuring Ranges or at the applicable rates specified below.

<u>Principal Balance Schedule References</u>	<u>Related Classes</u>	<u>Structuring Ranges and Rates</u>
Scheduled Balances	A	Between 60% and 90%
Planned Balances	PA	Between 100% and 250%
First Targeted Balances	ED and EC	118%
Second Targeted Balances	ED and EC	140%
Targeted Balances	ZA	140%

**We cannot assure you that the balance of any Class listed above will conform on any Distribution Date to the specified balance in the Principal Balance Schedules. As a result, we cannot assure you that payments of principal of any Class listed above will begin or end on the Distribution Date specified in the Principal Balance Schedules.** We will distribute any excess of the principal payment over the amount needed to reduce a Class to its scheduled balance on a Distribution Date. Accordingly, the ability to reduce a Class to its scheduled balance will not be improved by the averaging of high and low principal payments from month to month. In addition, even if the related Mortgage Loans prepay at rates falling within the applicable Structuring Range, principal distributions may be insufficient to reduce such Class to its scheduled balance if such prepayments do not occur at a *constant* PSA rate. Moreover, because of the diverse remaining terms to maturity of the related Mortgage Loans, which may include recently originated Mortgage Loans, the Classes specified above may not be reduced to their scheduled balances, even if prepayments occur at a *constant* rate within the applicable Structuring Ranges or at the applicable rates specified above.

*Initial Effective Ranges.* The Effective Range for a Class is the range of prepayment rates (measured by *constant* PSA rates) that would reduce such Class to its scheduled balance on each

Distribution Date. The Initial Effective Ranges shown in the table below are based upon the assumed characteristics of the related Mortgage Loans specified in the Pricing Assumptions.

<u>Classes</u>	<u>Initial Effective Ranges</u>
A	Between 53% and 104%
PA	Between 100% and 250%

The actual Effective Ranges at any time will be based upon the actual characteristics of the related Mortgage Loans at that time, which are likely to vary (and may vary considerably) from the Pricing Assumptions. The actual Effective Ranges calculated on the basis of the actual characteristics are likely to differ from the Initial Effective Ranges. As a result, the applicable Classes might not be reduced to their scheduled balances even if prepayments were to occur at a *constant* PSA rate within the Initial Effective Ranges. This is so particularly if such rate were at the lower or higher end of such ranges. In addition, even if prepayments occur at rates falling within the actual Effective Ranges, principal distributions may be insufficient to reduce the applicable Classes to their scheduled balances if such prepayments do not occur at a *constant* PSA rate. It is highly unlikely that the related Mortgage Loans will prepay at any *constant* PSA rate. In general, the actual Effective Ranges may narrow, widen or shift upward or downward to reflect actual prepayment experience over time. The stability in principal payment of the PAC and Scheduled Classes will be supported in part by the related Support and TAC Classes. When the related Support and TAC Classes are retired, any outstanding PAC or Scheduled Class may no longer have an Effective Range and will be more sensitive to prepayments.

## Yield Tables

*General.* The tables below illustrate the sensitivity of the pre-tax corporate bond equivalent yields to maturity of the applicable Classes to various constant percentages of PSA. We calculated the yields set forth in the tables by

- determining the monthly discount rates that, when applied to the assumed streams of cash flows to be paid on the applicable Classes, would cause the discounted present values of 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.

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

We cannot assure you that

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

Furthermore, because some of the Mortgage Loans are likely to have remaining terms to maturity shorter or longer than those assumed and interest rates higher or lower than those assumed, the principal payments on the Certificates are likely to differ from those assumed. This would be the case even if all Mortgage Loans prepay at the indicated constant percentages of PSA. Moreover, it is unlikely that

- the Mortgage Loans will prepay at a constant PSA rate until maturity or
- all of such Mortgage Loans will prepay at the same rate.

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

<u>Class</u>	<u>PSA</u>
PB.....	586%
DI .....	764%
EI .....	511%

If the actual prepayment rates of the related Mortgage Loans were to exceed the applicable levels for as little as one month while equaling such levels for the remaining months, the investors in the PB, DI and EI Classes, as applicable, would lose money on their initial investments.

The information shown in the yield tables has been prepared on the basis of the Pricing Assumptions and the assumption that the aggregate purchase prices of the PB, DI and EI Classes (expressed in each case as a percentage of original principal balance) are as follows:

<u>Class</u>	<u>Price*</u>
PB .....	11.0%
DI .....	15.0%
EI .....	10.0%

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

#### Sensitivity of the PB Class to Prepayments

	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>210%</u>	<u>250%</u>	<u>500%</u>
Pre-Tax Yields to Maturity .....	56.0%	29.4%	29.4%	29.4%	8.0%

#### Sensitivity of the DI Class to Prepayments

	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>175%</u>	<u>350%</u>	<u>525%</u>	<u>700%</u>
Pre-Tax Yields to Maturity .....	38.2%	31.9%	22.7%	13.3%	3.6%

#### Sensitivity of the EI Class to Prepayments

	<u>PSA Prepayment Assumption</u>					
	<u>50%</u>	<u>118%</u>	<u>140%</u>	<u>210%</u>	<u>250%</u>	<u>500%</u>
Pre-Tax Yields to Maturity .....	67.9%	63.6%	61.0%	58.3%	50.8%	1.8%

#### Weighted Average Lives of the Certificates

The weighted average life of a Certificate is determined by

- 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 and Group 2 Classes, and
- in the case of certain Group 1 and Group 2 Classes, the distribution of principal of certain Classes in accordance with the Principal Balance Schedules.

See “Distributions of Principal” herein.

The effect of these factors may differ as to various Classes and the effects on any Class may vary at different times during the life of that Class. Accordingly, we can give no assurance as to the weighted average life of any Class. Further, to the extent the prices of the Certificates represent discounts or premiums to their original principal balances, variability in the weighted average lives of 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 date shown at various constant PSA rates and the corresponding weighted average lives of such Classes. We prepared the tables on the basis of the Pricing Assumptions. However, in the case of the information set forth for each Class under 0% PSA, we assumed that the underlying Mortgage Loans have the original and remaining terms to maturity and bear interest at the annual rates specified in the table below.

<u>Mortgage Loans 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 Classes</u>
Group 1 MBS	360 months	360 months	9.00%	Group 1 Classes
6.0% Group 2 MBS	360 months	360 months	8.50%	Group 2 Classes
5.5% Group 2 MBS	360 months	360 months	8.00%	DA and DZ

It is unlikely

- that all of the underlying Mortgage Loans will have the interest rates, CAGEs or remaining terms to maturity assumed or
- that the underlying Mortgage Loans will prepay at any *constant* PSA level.

In addition, the diverse remaining terms to maturity of the Mortgage Loans could produce slower or faster principal distributions than indicated in the tables at the specified constant PSA rates. This is the case even if the dispersion of weighted average remaining terms to maturity and the weighted average CAGEs of the Mortgage Loans are identical to the dispersion specified in the Pricing Assumptions.

## Percent of Original Principal Balances Outstanding

Date	A Class						PB† and PA Classes					ED, EC and EI† Class					
	PSA Prepayment Assumption						PSA Prepayment Assumption					PSA Prepayment Assumption					
	0%	60%	90%	210%	250%	500%	0%	100%	210%	250%	500%	0%	118%	140%	210%	250%	500%
Initial Percent .....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
October 1999 .....	100	100	100	100	100	100	95	78	78	78	78	98	96	96	96	96	94
October 2000 .....	99	95	95	95	95	95	95	63	63	63	63	96	90	89	89	88	21
October 2001 .....	97	88	88	88	88	80	95	45	45	45	0	93	84	77	75	56	0
October 2002 .....	96	81	81	81	81	55	95	28	28	28	0	91	78	67	55	31	0
October 2003 .....	94	75	75	75	75	38	95	13	13	13	0	88	72	59	41	12	0
October 2004 .....	92	68	68	68	68	26	95	1	1	1	0	85	67	51	30	*	0
October 2005 .....	91	62	62	62	57	18	95	0	0	0	0	82	55	38	16	0	0
October 2006 .....	88	56	56	56	48	12	95	0	0	0	0	79	44	26	5	0	0
October 2007 .....	86	50	50	50	40	9	95	0	0	0	0	75	34	16	0	0	0
October 2008 .....	84	45	45	42	33	6	95	0	0	0	0	72	25	7	0	0	0
October 2009 .....	81	39	39	36	27	4	95	0	0	0	0	68	17	0	0	0	0
October 2010 .....	78	34	34	31	23	3	95	0	0	0	0	63	10	0	0	0	0
October 2011 .....	74	29	29	26	19	2	95	0	0	0	0	59	4	0	0	0	0
October 2012 .....	71	23	23	22	15	1	95	0	0	0	0	54	0	0	0	0	0
October 2013 .....	67	18	18	19	13	1	95	0	0	0	0	49	0	0	0	0	0
October 2014 .....	62	14	14	16	10	1	95	0	0	0	0	43	0	0	0	0	0
October 2015 .....	58	9	9	13	8	*	95	0	0	0	0	38	0	0	0	0	0
October 2016 .....	52	5	5	11	7	*	95	0	0	0	0	31	0	0	0	0	0
October 2017 .....	47	1	1	9	5	*	95	0	0	0	0	25	0	0	0	0	0
October 2018 .....	40	0	0	7	4	*	95	0	0	0	0	17	0	0	0	0	0
October 2019 .....	33	0	0	6	3	*	95	0	0	0	0	10	0	0	0	0	0
October 2020 .....	26	0	0	5	3	*	95	0	0	0	0	2	0	0	0	0	0
October 2021 .....	18	0	0	4	2	*	95	0	0	0	0	0	0	0	0	0	0
October 2022 .....	9	0	0	3	2	*	95	0	0	0	0	0	0	0	0	0	0
October 2023 .....	0	0	0	2	1	*	91	0	0	0	0	0	0	0	0	0	0
October 2024 .....	0	0	0	2	1	*	42	0	0	0	0	0	0	0	0	0	0
October 2025 .....	0	0	0	1	*	*	0	0	0	0	0	0	0	0	0	0	0
October 2026 .....	0	0	0	1	*	*	0	0	0	0	0	0	0	0	0	0	0
October 2027 .....	0	0	0	*	*	*	0	0	0	0	0	0	0	0	0	0	0
October 2028 .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)** .....	17.0	9.5	9.5	9.8	8.8	5.1	24.6	2.8	2.8	2.8	1.9	13.7	7.3	5.8	4.6	3.3	1.6

Date	ZA Class						N Class						DA Class				
	PSA Prepayment Assumption						PSA Prepayment Assumption						PSA Prepayment Assumption				
	0%	100%	140%	210%	250%	500%	0%	100%	140%	210%	250%	500%	0%	175%	350%	525%	700%
Initial Percent .....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
October 1999 .....	107	107	57	57	57	0	107	107	107	83	69	0	99	96	92	89	86
October 2000 .....	114	114	0	0	0	0	114	114	114	40	0	0	98	87	77	68	59
October 2001 .....	121	121	0	0	0	0	121	121	121	0	0	0	97	77	60	46	34
October 2002 .....	130	130	0	0	0	0	130	130	130	0	0	0	96	68	47	31	19
October 2003 .....	138	138	0	0	0	0	138	138	138	0	0	0	95	60	36	21	11
October 2004 .....	148	148	0	0	0	0	148	148	148	0	0	0	94	53	28	14	6
October 2005 .....	157	157	0	0	0	0	157	157	157	0	0	0	93	46	22	9	3
October 2006 .....	168	168	0	0	0	0	168	168	168	0	0	0	91	40	17	6	2
October 2007 .....	179	179	0	0	0	0	179	179	179	0	0	0	90	35	13	4	1
October 2008 .....	191	191	0	0	0	0	191	191	191	0	0	0	88	31	10	2	*
October 2009 .....	204	204	0	0	0	0	204	204	202	0	0	0	86	27	7	1	0
October 2010 .....	218	218	0	0	0	0	218	218	193	0	0	0	84	23	5	1	0
October 2011 .....	232	232	0	0	0	0	232	232	188	0	0	0	82	20	4	*	0
October 2012 .....	248	248	0	0	0	0	248	248	187	0	0	0	80	17	3	0	0
October 2013 .....	264	264	0	0	0	0	264	264	187	0	0	0	77	15	2	0	0
October 2014 .....	282	282	0	0	0	0	282	282	187	0	0	0	74	12	1	0	0
October 2015 .....	301	301	0	0	0	0	301	301	187	0	0	0	71	10	1	0	0
October 2016 .....	321	201	0	0	0	0	321	321	187	0	0	0	68	9	*	0	0
October 2017 .....	343	49	0	0	0	0	343	343	187	0	0	0	65	7	0	0	0
October 2018 .....	366	0	0	0	0	0	366	316	187	0	0	0	61	6	0	0	0
October 2019 .....	390	0	0	0	0	0	390	275	164	0	0	0	56	4	0	0	0
October 2020 .....	416	0	0	0	0	0	416	237	137	0	0	0	52	3	0	0	0
October 2021 .....	277	0	0	0	0	0	444	200	113	0	0	0	47	2	0	0	0
October 2022 .....	82	0	0	0	0	0	474	165	91	0	0	0	42	2	0	0	0
October 2023 .....	0	0	0	0	0	0	486	133	71	0	0	0	36	1	0	0	0
October 2024 .....	0	0	0	0	0	0	486	102	53	0	0	0	29	*	0	0	0
October 2025 .....	0	0	0	0	0	0	460	73	37	0	0	0	23	0	0	0	0
October 2026 .....	0	0	0	0	0	0	320	45	22	0	0	0	15	0	0	0	0
October 2027 .....	0	0	0	0	0	0	167	19	9	0	0	0	7	0	0	0	0
October 2028 .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)** .....	23.4	18.3	1.1	1.1	1.1	0.8	28.5	24.0	23.3	1.7	1.3	0.6	20.5	8.0	4.8	3.4	2.7

\* 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.

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

Date	DZ Class					DB Class					ZD Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	175%	350%	525%	700%	0%	175%	350%	525%	700%	0%	175%	350%	525%	700%
Initial Percent .....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
October 1999 .....	106	106	106	106	106	99	96	92	89	86	105	105	105	105	105
October 2000 .....	112	112	112	112	112	98	87	77	68	59	110	110	110	110	110
October 2001 .....	118	118	118	118	118	97	77	60	46	34	116	116	116	116	116
October 2002 .....	125	125	125	125	125	96	68	47	31	19	122	122	122	122	122
October 2003 .....	132	132	132	132	132	95	60	36	21	11	128	128	128	128	128
October 2004 .....	139	139	139	139	139	94	53	28	14	6	135	135	135	135	135
October 2005 .....	147	147	147	147	147	93	46	22	9	3	142	142	142	142	142
October 2006 .....	155	155	155	155	155	91	41	17	6	2	149	149	149	149	149
October 2007 .....	164	164	164	164	164	90	35	13	4	1	157	157	157	157	157
October 2008 .....	173	173	173	173	173	88	31	10	2	*	165	165	165	165	165
October 2009 .....	183	183	183	183	104	87	27	7	1	0	173	173	173	173	102
October 2010 .....	193	193	193	193	59	85	23	5	1	0	182	182	182	182	57
October 2011 .....	204	204	204	204	33	82	20	4	*	0	191	191	191	191	32
October 2012 .....	216	216	216	157	19	80	17	3	0	0	201	201	201	153	18
October 2013 .....	228	228	228	103	10	78	15	2	0	0	211	211	211	101	10
October 2014 .....	241	241	241	68	6	75	12	1	0	0	222	222	222	66	6
October 2015 .....	254	254	254	44	3	72	10	1	0	0	234	234	234	43	3
October 2016 .....	269	269	269	29	2	69	9	*	0	0	246	246	246	28	2
October 2017 .....	284	284	239	19	1	65	7	0	0	0	258	258	234	18	1
October 2018 .....	300	300	177	12	1	61	6	0	0	0	271	271	173	12	1
October 2019 .....	317	317	129	8	*	57	5	0	0	0	285	285	126	7	*
October 2020 .....	334	334	93	5	*	53	3	0	0	0	300	300	91	5	*
October 2021 .....	353	353	66	3	*	48	3	0	0	0	315	315	65	3	*
October 2022 .....	373	373	46	2	*	42	2	0	0	0	331	331	45	2	*
October 2023 .....	394	394	31	1	*	36	1	0	0	0	348	348	30	1	*
October 2024 .....	417	417	20	1	*	30	*	0	0	0	366	366	20	1	*
October 2025 .....	440	304	12	*	*	23	0	0	0	0	385	298	12	*	*
October 2026 .....	465	179	6	*	*	15	0	0	0	0	404	175	6	*	*
October 2027 .....	491	71	2	*	*	7	0	0	0	0	425	70	2	*	*
October 2028 .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)** .....	29.9	27.8	21.5	15.7	11.9	20.6	8.1	4.8	3.4	2.7	29.9	28.0	21.7	15.8	11.9

Date	DE Class					Z Class					DI† and DC Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	175%	350%	525%	700%	0%	175%	350%	525%	700%	0%	175%	350%	525%	700%
Initial Percent .....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
October 1999 .....	99	96	92	89	86	106	106	106	106	106	99	96	92	89	86
October 2000 .....	98	87	77	68	59	113	113	113	113	113	98	87	77	68	59
October 2001 .....	97	77	60	46	34	120	120	120	120	120	98	77	61	46	34
October 2002 .....	96	68	47	31	19	127	127	127	127	127	97	68	47	31	19
October 2003 .....	95	60	36	21	11	135	135	135	135	135	95	60	37	21	11
October 2004 .....	94	53	28	14	6	143	143	143	143	143	94	53	29	14	6
October 2005 .....	93	46	22	9	3	152	152	152	152	152	93	47	22	10	4
October 2006 .....	91	40	17	6	1	161	161	161	161	161	92	41	17	6	2
October 2007 .....	90	35	13	4	1	171	171	171	171	171	90	36	13	4	1
October 2008 .....	88	31	10	2	*	182	182	182	182	182	89	31	10	3	1
October 2009 .....	86	27	7	1	0	193	193	193	193	107	87	27	8	2	*
October 2010 .....	84	23	5	1	0	205	205	205	205	60	85	24	6	1	*
October 2011 .....	82	20	4	*	0	218	218	218	218	34	83	21	5	1	*
October 2012 .....	80	17	3	0	0	231	231	231	161	19	81	18	4	1	*
October 2013 .....	77	15	2	0	0	245	245	245	107	11	78	15	3	*	*
October 2014 .....	75	12	1	0	0	261	261	261	70	6	75	13	2	*	*
October 2015 .....	72	10	1	0	0	277	277	277	46	3	72	11	2	*	*
October 2016 .....	68	9	*	0	0	294	294	294	30	2	69	10	1	*	*
October 2017 .....	65	7	0	0	0	312	312	247	19	1	66	8	1	*	*
October 2018 .....	61	6	0	0	0	331	331	182	12	1	62	7	1	*	*
October 2019 .....	57	4	0	0	0	351	351	133	8	*	58	6	*	*	*
October 2020 .....	52	3	0	0	0	373	373	96	5	*	53	5	*	*	*
October 2021 .....	47	2	0	0	0	396	396	68	3	*	49	4	*	*	*
October 2022 .....	42	1	0	0	0	421	421	47	2	*	43	3	*	*	*
October 2023 .....	36	1	0	0	0	446	446	32	1	*	37	2	*	*	*
October 2024 .....	30	0	0	0	0	474	463	21	1	*	31	2	*	*	*
October 2025 .....	23	0	0	0	0	503	314	12	*	*	24	1	*	*	*
October 2026 .....	15	0	0	0	0	534	185	6	*	*	17	1	*	*	*
October 2027 .....	7	0	0	0	0	567	73	2	*	*	9	*	*	*	*
October 2028 .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)** .....	20.6	8.0	4.8	3.4	2.7	29.9	27.7	21.4	15.6	11.8	20.8	8.3	4.9	3.5	2.8

\* 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 and RL Classes**

The R and RL Classes will not have principal balances and will not bear interest. If any assets of the Trust remain after the principal balances of all Classes are reduced to zero, we will pay the Holder of the R Class the proceeds from those assets. If any assets of the Lower Tier REMIC remain after the principal balances of the Lower Tier Regular Interests are reduced to zero, we will pay the proceeds of those assets to the Holder of the RL Class. Fannie Mae does not expect that any material assets will remain in either case.

The R and RL Classes will be subject to certain transfer restrictions. We will not permit transfer of record or beneficial ownership of an R or RL Certificate to a “disqualified organization.” In addition, we will not permit transfer of record or beneficial ownership of an R or RL Certificate to any person that is not a “U.S. Person” without our written consent. Treasury Department regulations (the “Regulations”) provide that 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, we will be obligated to provide to these Holders (i) information 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 Certificates and payments on the Certificates are not generally exempt from taxation. Therefore, you should consider the tax consequences of holding a Certificate before you acquire one. The following tax discussion supplements the discussion under the caption “Certain Federal Income Tax Consequences” in the REMIC Prospectus. When read together, the two discussions describe the current federal income tax treatment of beneficial owners of Certificates. These two tax discussions do not purport to deal with all federal tax consequences applicable to all categories of beneficial owners, some of which may be subject to special rules. In addition, these discussions may not apply to your particular circumstances for one of the reasons explained in the REMIC Prospectus. You should consult your own tax advisors regarding the federal income tax consequences of holding and disposing of Certificates as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

## **REMIC Elections and Special Tax Attributes**

We will elect 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.

Because the Lower Tier REMIC and the Trust will qualify 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—REMIC Election and Special Tax Attributes” in the REMIC Prospectus.

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

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

The Prepayment Assumptions that will be used in determining the rate of accrual of original issue discount will be as follows:

<u>Certificate Group</u>	<u>PSA Prepayment Assumption</u>
1	210%
2	350%

See “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Regular Certificates*—Treatment of Original Issue Discount—*Daily Portions of Original Issue Discount*” in the REMIC Prospectus. No representation is made as to whether the Mortgage Loans underlying the MBS will prepay at either of those rates or any other rate. See “Description of the Certificates—Weighted Average Lives of the Certificates” in this Prospectus Supplement and “Description of the Certificates—Weighted Average Life and Final Distribution Date” 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 6.42% (which is 120% of the “federal long-term rate”). See “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Residual Certificates*—Treatment of Excess Inclusions” and “—*Foreign Investors*—Residual Certificates” in the REMIC Prospectus.

### **Taxation of Beneficial Owners of RCR Certificates**

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

The RCR Classes will represent the beneficial ownership of the underlying REMIC Certificates set forth in Schedule 1. The ownership interest represented by RCR Class Certificates will be one of two types. A Certificate of a Strip RCR Class (a “Strip RCR Certificate”) will represent the right to receive a disproportionate part of the principal or interest payments on an underlying REMIC Certificate. A Certificate of a Combination RCR Class (a “Combination RCR Certificate”) will represent beneficial ownership of undivided interests in two or more underlying REMIC Certificates.

The EC and EI Classes are Strip RCR Classes. The DC Class is a Combination RCR Class.



*Strip RCR Classes.* The tax consequences to a beneficial owner of a Strip RCR Certificate will be determined under section 1286 of the Code, except as discussed below. Under section 1286, a beneficial owner of a Strip RCR Certificate will be treated as owning “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 REMIC Certificates. If a Strip RCR Certificate entitles the holder to payments of principal and interest on an underlying REMIC Certificate, the IRS could contend that the Strip RCR Certificate should be treated (i) as an interest in the underlying REMIC Certificate to the extent that the Strip RCR Certificate represents an equal pro rata portion of principal and interest on the underlying REMIC Certificate, and (ii) with respect to the remainder, as an installment obligation consisting of “stripped bonds” to the extent of its share of principal payments or “stripped coupons” to the extent of its share of interest payments. For purposes of information reporting, however, Fannie Mae intends to treat each Strip RCR Certificate as a single debt instrument, regardless of whether it entitles the holder to payments of principal and interest. You should consult your own tax advisors as to the proper treatment of a Strip RCR Certificate in this regard.

Under section 1286, the beneficial owner of a Strip RCR Certificate must treat the Strip RCR Certificate as a debt instrument originally issued on the date the owner acquires it and as having OID equal to the excess, if any, of its “stated redemption price at maturity” over the price paid by the owner to acquire it. The stated redemption price at maturity for a Strip RCR Certificate is determined in the same manner as described with respect to Regular Certificates under “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Regular Certificates*—Treatment of Original Issue Discount” in the REMIC Prospectus.

If a Strip RCR Certificate has OID, the beneficial owner must include the OID in its ordinary income for federal income tax purposes as the OID accrues, which may be prior to the receipt of the cash attributable to that income. Although the matter is not entirely clear, a beneficial owner 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*—Treatment of Original Issue Discount” in the REMIC Prospectus. A beneficial owner, however, determines its yield to maturity based on its purchase price. For a particular beneficial owner, it is not clear whether the prepayment assumption used for calculating OID would be one determined at the time the Strip RCR Certificate is acquired or would be the original Prepayment Assumption for the underlying REMIC Certificates. For purposes of information reporting, Fannie Mae will use the original yield to maturity of the Strip RCR Certificate, calculated based on the original Prepayment Assumption. You should consult your own tax advisors regarding the proper method for accruing OID on a Strip RCR Certificate.

The rules of section 1286 of the Code also apply if (i) a beneficial owner of a REMIC Certificate exchanges it for Strip RCR Certificates, (ii) the beneficial owner sells some, but not all, of the Strip RCR Certificates, and (iii) the combination of retained Strip RCR Certificates cannot be exchanged for the related REMIC Certificate. As of the date of such a sale, the beneficial owner must allocate its basis in the REMIC Certificate between the part of the REMIC Certificate underlying the Strip RCR Certificates sold and the part of the REMIC 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 the retained Certificates, and the beneficial owner must then accrue any OID with respect to the retained Certificates as described above. Section 1286 does not apply, however, if a beneficial owner exchanges a REMIC Certificate for the related RCR Certificates and retains all the RCR Certificates. See “—*Taxation of Beneficial Owners of RCR Certificates—Exchanges.*”

Upon the sale of a Strip RCR Certificate, a beneficial owner will realize gain or loss on the sale in an amount equal to the difference between the amount realized and its adjusted basis in the Certificate. The owner’s adjusted basis generally is equal to the owner’s cost of the Certificate (or portion of the cost of a REMIC Certificate allocable to the RCR Certificate), increased by income previously included, and reduced (but not below zero) by distributions previously received and by any

amortized premium. If the beneficial owner holds the Certificate 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—*Taxation of Beneficial Owners of Regular Certificates*—Sales and Other Dispositions of Regular Certificates” in the REMIC Prospectus.

Although the matter is not free from doubt, if a beneficial owner acquires in one transaction (other than an exchange described under “—Taxation of Beneficial Owners of RCR Certificates—*Exchanges*”) a combination of Strip RCR Certificates that may be exchanged for underlying REMIC Certificates, the owner should be treated as owning the underlying REMIC Certificates, in which case section 1286 would not apply. If a beneficial owner 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. You should consult your tax advisors regarding the proper treatment of Strip RCR Certificates in this regard. For the treatment of Strip RCR Certificates received in exchange for a REMIC Certificate, see “—Taxation of Beneficial Owners of RCR Certificates—*Exchanges*”.

**Combination RCR Class.** A beneficial owner of a Combination RCR Certificate will be treated as the beneficial owner of a proportionate interest in the REMIC Certificates underlying that Combination RCR Certificate. A beneficial owner of a Combination RCR Certificate must allocate its cost to acquire that Certificate among the underlying REMIC Certificates in proportion to their relative fair market values at the time of acquisition. Such owner should account for its ownership interest in each underlying REMIC Certificate as described under “—Taxation of Beneficial Owners of Regular Certificates” in this Prospectus Supplement 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, the owner must allocate the sale proceeds among the underlying REMIC Certificates in proportion to their relative fair market values at the time of sale.

**Exchanges.** If a beneficial owner exchanges one or more REMIC Certificates for the related RCR Certificate or Certificates in the manner described under “Description of the Certificates—Combination and Recombination” in this Prospectus Supplement, the exchange will not be taxable. Likewise, if a beneficial owner exchanges one or more RCR Certificates for the related REMIC Certificate or Certificates in the manner described in that discussion, the exchange will not be a taxable exchange. In each of these cases, the beneficial owner will be treated as continuing to own after the exchange the same combination of interests in the related REMIC Certificates (or the same interest in the related REMIC Certificate) that it owned immediately prior to the exchange.

## PLAN OF DISTRIBUTION

**General.** We are obligated to deliver the Certificates to Lehman Brothers Inc. (the “Dealer”) in exchange for the MBS. The Dealer proposes to offer the Certificates directly to the public from time to time in negotiated transactions at varying prices to be determined at the time of sale. The Dealer may effect these transactions to or through other dealers.

**Increase in Certificates.** Before the Settlement Date, we and the Dealer may agree to offer Group 1 or Group 2 Classes in addition to those contemplated as of the date of this prospectus supplement. In this event, we will increase the related MBS in principal balance, but we expect that all these additional MBS will have the same characteristics as described under “Description of the Certificates—The MBS.” The proportion that the original principal balance of each Group 1 or Group 2 Class bears to the aggregate original principal balance of all Group 1 or Group 2 Classes, respectively, will remain the same. In addition, the dollar amounts shown in the Principal Balance Schedules will be increased to correspond to the increase of the principal balances of the applicable Classes.

## LEGAL MATTERS

Brown & Wood LLP will provide legal representation for Fannie Mae. Cleary, Gottlieb, Steen & Hamilton will provide legal representation for the Dealer.

**Schedule 1**

**Available Recombinations (1)**

REMIC Certificates		RCR Certificates						
<u>Classes</u>	<u>Original Principal or Notional Principal Balance</u>	<u>RCR Classes</u>	<u>Original Principal or Notional Principal Balance</u>	<u>Interest Rate</u>	<u>Interest Type (2)</u>	<u>Principal Type (2)</u>	<u>CUSIP Number</u>	<u>Final Distribution Date</u>
<b>Recombination 1</b>								
ED	\$102,063,000	EC	\$102,063,000	6.25%	FIX	TAC	31359UM69	November 2028
		EI	3,925,500	6.50%	FIX/IO	NTL	31359UM77	November 2028
<b>Recombination 2</b>								
DE	30,330,000	DC	30,436,375	9.00%	FIX	SEQ	31359UM85	November 2028
Z	106,375							
DI	15,218,187							

(1) The balances of the REMIC Certificates and RCR Certificates involved in any exchange will bear the same proportionate relationship as that borne by the original 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.

## Principal Balance Schedules

<u>Distribution Date</u>	<u>A Class Scheduled Balances</u>	<u>PA Class Planned Balances</u>	<u>ED and EC Classes First Targeted Balances</u>	<u>ZA Class Targeted Balances</u>	<u>ED and EC Classes Second Targeted Balances</u>
Initial Balance .....	\$300,000,000.00	\$66,237,000.00	\$102,063,000.00	\$4,200,000.00	\$102,063,000.00
November 1998 .....	300,000,000.00	65,484,623.75	101,830,858.59	4,148,777.89	101,830,858.59
December 1998 .....	300,000,000.00	64,646,765.11	101,582,751.11	4,079,264.70	101,582,751.11
January 1999 .....	300,000,000.00	63,723,668.33	101,318,727.83	3,991,532.30	101,318,727.83
February 1999 .....	300,000,000.00	62,715,621.86	101,038,855.97	3,885,677.00	101,038,855.97
March 1999 .....	300,000,000.00	61,622,958.25	100,743,219.59	3,761,819.57	100,743,219.59
April 1999 .....	300,000,000.00	60,446,054.03	100,431,919.63	3,620,105.18	100,431,919.63
May 1999 .....	300,000,000.00	59,185,329.56	100,105,073.77	3,460,703.24	100,105,073.77
June 1999 .....	300,000,000.00	57,841,248.81	99,762,816.41	3,283,807.36	99,762,816.41
July 1999 .....	300,000,000.00	56,414,319.12	99,405,298.48	3,089,635.08	99,405,298.48
August 1999 .....	300,000,000.00	54,905,090.94	99,032,687.34	2,878,427.70	99,032,687.34
September 1999 .....	300,000,000.00	53,314,157.52	98,645,166.62	2,650,449.97	98,645,166.62
October 1999 .....	300,000,000.00	51,642,154.52	98,242,936.03	2,405,989.86	98,242,936.03
November 1999 .....	298,878,753.58	51,011,006.08	97,826,211.12	2,145,358.15	97,826,211.12
December 1999 .....	297,712,439.14	50,345,253.15	97,395,223.07	1,868,888.08	97,395,223.07
January 2000 .....	296,501,351.01	49,645,361.89	96,950,218.45	1,576,934.93	96,950,218.45
February 2000 .....	295,245,797.53	48,911,825.11	96,491,458.91	1,269,875.53	96,491,458.91
March 2000 .....	293,946,100.95	48,145,161.84	96,019,220.87	948,107.81	96,019,220.87
April 2000 .....	292,602,597.29	47,345,916.89	95,533,795.23	612,050.24	95,533,795.23
May 2000 .....	291,215,636.20	46,514,660.39	95,035,487.02	262,141.24	95,035,487.02
June 2000 .....	289,785,580.79	45,651,987.31	94,524,615.00	0.00	94,423,453.62
July 2000 .....	288,312,807.51	44,758,516.90	94,001,511.31	0.00	93,524,130.17
August 2000 .....	286,797,705.99	43,834,892.19	93,466,521.02	0.00	92,600,497.59
September 2000 .....	285,240,678.83	42,881,779.39	92,920,001.76	0.00	91,653,425.38
October 2000 .....	283,642,141.46	41,899,867.29	92,362,323.24	0.00	90,683,811.75
November 2000 .....	282,002,521.97	40,889,866.68	91,793,866.76	0.00	89,692,582.38
December 2000 .....	280,322,260.87	39,852,509.65	91,215,024.80	0.00	88,680,689.08
January 2001 .....	278,601,810.97	38,788,548.95	90,626,200.44	0.00	87,649,108.55
February 2001 .....	276,885,441.48	37,734,531.07	90,041,790.01	0.00	86,629,777.37
March 2001 .....	275,173,136.74	36,690,399.39	89,461,740.97	0.00	85,622,563.69
April 2001 .....	273,464,881.09	35,656,097.58	88,886,001.11	0.00	84,627,336.72
May 2001 .....	271,760,658.95	34,631,569.68	88,314,518.56	0.00	83,643,966.73
June 2001 .....	270,060,454.75	33,616,760.03	87,747,241.74	0.00	82,672,324.99
July 2001 .....	268,364,252.97	32,611,613.32	87,184,119.41	0.00	81,712,283.84
August 2001 .....	266,672,038.12	31,616,074.55	86,625,100.62	0.00	80,763,716.60
September 2001 .....	264,983,794.76	30,630,089.06	86,070,134.75	0.00	79,826,497.62
October 2001 .....	263,299,507.48	29,653,602.50	85,519,171.47	0.00	78,900,502.25
November 2001 .....	261,619,160.90	28,686,560.85	84,972,160.77	0.00	77,985,606.82
December 2001 .....	259,942,739.70	27,728,910.38	84,429,052.92	0.00	77,081,688.67
January 2002 .....	258,270,228.58	26,780,597.73	83,889,798.52	0.00	76,188,626.09
February 2002 .....	256,601,612.28	25,841,569.80	83,354,348.45	0.00	75,306,298.35
March 2002 .....	254,936,875.59	24,911,773.85	82,822,653.88	0.00	74,434,585.67
April 2002 .....	253,276,003.31	23,991,157.42	82,294,666.27	0.00	73,573,369.24
May 2002 .....	251,618,980.31	23,079,668.38	81,770,337.39	0.00	72,722,531.17
June 2002 .....	249,965,791.47	22,177,254.90	81,249,619.27	0.00	71,881,954.54
July 2002 .....	248,316,421.73	21,283,865.45	80,732,464.25	0.00	71,051,523.31
August 2002 .....	246,670,856.04	20,399,448.83	80,218,824.93	0.00	70,231,122.40
September 2002 .....	245,029,079.40	19,523,954.13	79,708,654.21	0.00	69,420,637.62
October 2002 .....	243,391,076.86	18,657,330.72	79,201,905.24	0.00	68,619,955.70
November 2002 .....	241,756,833.49	17,799,528.31	78,698,531.48	0.00	67,828,964.26
December 2002 .....	240,126,334.40	16,950,496.89	78,198,486.63	0.00	67,047,551.79

<u>Distribution Date</u>	<u>A Class Scheduled Balances</u>	<u>PA Class Planned Balances</u>	<u>ED and EC Classes First Targeted Balances</u>	<u>ZA Class Targeted Balances</u>	<u>ED and EC Classes Second Targeted Balances</u>
January 2003 .....	\$238,499,564.73	\$16,110,186.75	\$ 77,701,724.67	\$ 0.00	\$ 66,275,607.68
February 2003 .....	236,876,509.66	15,278,548.47	77,208,199.86	0.00	65,513,022.21
March 2003 .....	235,257,154.42	14,455,532.93	76,717,866.72	0.00	64,759,686.49
April 2003 .....	233,641,484.25	13,641,091.30	76,230,680.01	0.00	64,015,492.51
May 2003 .....	232,029,484.44	12,835,175.06	75,746,594.78	0.00	63,280,333.12
June 2003 .....	230,421,140.31	12,037,735.95	75,265,566.33	0.00	62,554,101.98
July 2003 .....	228,816,437.23	11,248,726.01	74,787,550.21	0.00	61,836,693.63
August 2003 .....	227,215,360.59	10,468,097.58	74,312,502.22	0.00	61,128,003.40
September 2003 .....	225,617,895.81	9,695,803.28	73,840,378.43	0.00	60,427,927.48
October 2003 .....	224,024,028.36	8,931,795.99	73,371,135.13	0.00	59,736,362.84
November 2003 .....	222,433,743.74	8,176,028.89	72,904,728.90	0.00	59,053,207.28
December 2003 .....	220,847,027.47	7,428,455.46	72,441,116.51	0.00	58,378,359.41
January 2004 .....	219,263,865.13	6,689,029.43	71,980,255.01	0.00	57,711,718.60
February 2004 .....	217,684,242.32	5,957,704.82	71,522,101.69	0.00	57,053,185.04
March 2004 .....	216,108,144.67	5,234,435.93	71,066,614.05	0.00	56,402,659.69
April 2004 .....	214,535,557.85	4,519,177.32	70,613,749.86	0.00	55,760,044.29
May 2004 .....	212,966,467.56	3,811,883.83	70,163,467.11	0.00	55,125,241.32
June 2004 .....	211,400,859.54	3,112,510.59	69,715,724.00	0.00	54,498,154.06
July 2004 .....	209,838,719.55	2,421,012.97	69,270,479.00	0.00	53,878,686.52
August 2004 .....	208,280,033.41	1,737,346.63	68,827,690.77	0.00	53,266,743.47
September 2004 .....	206,724,786.95	1,061,467.50	68,387,318.21	0.00	52,662,230.40
October 2004 .....	205,172,966.04	393,331.76	67,949,320.46	0.00	52,065,053.56
November 2004 .....	203,624,556.58	0.00	67,246,552.71	0.00	51,208,015.78
December 2004 .....	202,079,544.51	0.00	66,160,403.47	0.00	49,972,453.69
January 2005 .....	200,537,915.79	0.00	65,084,121.26	0.00	48,751,564.42
February 2005 .....	198,999,656.44	0.00	64,017,623.30	0.00	47,545,214.32
March 2005 .....	197,464,752.47	0.00	62,960,827.31	0.00	46,353,270.72
April 2005 .....	195,933,189.96	0.00	61,913,651.45	0.00	45,175,601.89
May 2005 .....	194,404,955.01	0.00	60,876,014.36	0.00	44,012,077.03
June 2005 .....	192,880,033.74	0.00	59,847,835.15	0.00	42,862,566.30
July 2005 .....	191,358,412.33	0.00	58,829,033.37	0.00	41,726,940.79
August 2005 .....	189,840,076.96	0.00	57,819,529.03	0.00	40,605,072.51
September 2005 .....	188,325,013.85	0.00	56,819,242.60	0.00	39,496,834.39
October 2005 .....	186,813,209.28	0.00	55,828,094.99	0.00	38,402,100.28
November 2005 .....	185,304,649.53	0.00	54,846,007.56	0.00	37,320,744.90
December 2005 .....	183,799,320.92	0.00	53,872,902.10	0.00	36,252,643.91
January 2006 .....	182,297,209.79	0.00	52,908,700.85	0.00	35,197,673.83
February 2006 .....	180,798,302.55	0.00	51,953,326.49	0.00	34,155,712.06
March 2006 .....	179,302,585.59	0.00	51,006,702.12	0.00	33,126,636.90
April 2006 .....	177,810,045.37	0.00	50,068,751.28	0.00	32,110,327.49
May 2006 .....	176,320,668.36	0.00	49,139,397.91	0.00	31,106,663.84
June 2006 .....	174,834,441.07	0.00	48,218,566.41	0.00	30,115,526.83
July 2006 .....	173,351,350.03	0.00	47,306,181.57	0.00	29,136,798.16
August 2006 .....	171,871,381.82	0.00	46,402,168.61	0.00	28,170,360.39
September 2006 .....	170,394,523.03	0.00	45,506,453.16	0.00	27,216,096.91
October 2006 .....	168,920,760.28	0.00	44,618,961.26	0.00	26,273,891.92
November 2006 .....	167,450,080.25	0.00	43,739,619.35	0.00	25,343,630.48
December 2006 .....	165,982,469.61	0.00	42,868,354.29	0.00	24,425,198.41
January 2007 .....	164,517,915.09	0.00	42,005,093.32	0.00	23,518,482.39
February 2007 .....	163,056,403.43	0.00	41,149,764.10	0.00	22,623,369.87
March 2007 .....	161,597,921.40	0.00	40,302,294.66	0.00	21,739,749.09

<u>Distribution Date</u>	<u>A Class Scheduled Balances</u>	<u>PA Class Planned Balances</u>	<u>ED and EC Classes First Targeted Balances</u>	<u>ZA Class Targeted Balances</u>	<u>ED and EC Classes Second Targeted Balances</u>
April 2007.....	\$160,142,455.82	\$ 0.00	\$ 39,462,613.45	\$ 0.00	\$ 20,867,509.11
May 2007 .....	158,689,993.53	0.00	38,630,649.29	0.00	20,006,539.73
June 2007 .....	157,240,521.38	0.00	37,806,331.38	0.00	19,156,731.56
July 2007 .....	155,794,026.27	0.00	36,989,589.32	0.00	18,317,975.96
August 2007 .....	154,350,495.13	0.00	36,180,353.08	0.00	17,490,165.06
September 2007.....	152,909,914.91	0.00	35,378,553.00	0.00	16,673,191.75
October 2007 .....	151,472,272.58	0.00	34,584,119.82	0.00	15,866,949.66
November 2007 .....	150,037,555.16	0.00	33,796,984.63	0.00	15,071,333.17
December 2007 .....	148,605,749.68	0.00	33,017,078.88	0.00	14,286,237.40
January 2008 .....	147,176,843.22	0.00	32,244,334.41	0.00	13,511,558.20
February 2008 .....	145,750,822.86	0.00	31,478,683.41	0.00	12,747,192.15
March 2008 .....	144,327,675.73	0.00	30,720,058.42	0.00	11,993,036.54
April 2008.....	142,907,388.98	0.00	29,968,392.36	0.00	11,248,989.40
May 2008 .....	141,489,949.79	0.00	29,223,618.48	0.00	10,514,949.44
June 2008 .....	140,075,345.36	0.00	28,485,670.40	0.00	9,790,816.08
July 2008 .....	138,663,562.94	0.00	27,754,482.08	0.00	9,076,489.45
August 2008 .....	137,254,589.77	0.00	27,029,987.82	0.00	8,371,870.36
September 2008.....	135,848,413.15	0.00	26,312,122.28	0.00	7,676,860.31
October 2008 .....	134,445,020.40	0.00	25,600,820.44	0.00	6,991,361.48
November 2008 .....	133,044,398.86	0.00	24,896,017.64	0.00	6,315,276.73
December 2008 .....	131,646,535.91	0.00	24,197,649.53	0.00	5,648,509.57
January 2009 .....	130,251,418.92	0.00	23,505,652.11	0.00	4,990,964.20
February 2009 .....	128,859,035.35	0.00	22,819,961.71	0.00	4,342,545.46
March 2009 .....	127,469,372.62	0.00	22,140,514.97	0.00	3,703,158.84
April 2009.....	126,082,418.23	0.00	21,467,248.88	0.00	3,072,710.50
May 2009 .....	124,698,159.68	0.00	20,800,100.72	0.00	2,451,107.21
June 2009 .....	123,316,584.50	0.00	20,139,008.12	0.00	1,838,256.41
July 2009 .....	121,937,680.24	0.00	19,483,909.01	0.00	1,234,066.13
August 2009 .....	120,561,434.49	0.00	18,834,741.63	0.00	638,445.08
September 2009.....	119,187,834.86	0.00	18,191,444.54	0.00	51,302.53
October 2009 .....	117,816,868.98	0.00	17,553,956.61	0.00	0.00
November 2009 .....	116,448,524.52	0.00	16,922,217.01	0.00	0.00
December 2009 .....	115,082,789.16	0.00	16,296,165.22	0.00	0.00
January 2010 .....	113,719,650.61	0.00	15,675,741.01	0.00	0.00
February 2010 .....	112,359,096.62	0.00	15,060,884.45	0.00	0.00
March 2010 .....	111,001,114.95	0.00	14,451,535.92	0.00	0.00
April 2010.....	109,645,693.38	0.00	13,847,636.09	0.00	0.00
May 2010 .....	108,292,819.73	0.00	13,249,125.90	0.00	0.00
June 2010 .....	106,942,481.84	0.00	12,655,946.61	0.00	0.00
July 2010 .....	105,594,667.58	0.00	12,068,039.74	0.00	0.00
August 2010 .....	104,249,364.83	0.00	11,485,347.10	0.00	0.00
September 2010.....	102,906,561.51	0.00	10,907,810.79	0.00	0.00
October 2010 .....	101,566,245.55	0.00	10,335,373.19	0.00	0.00
November 2010 .....	100,228,404.91	0.00	9,767,976.95	0.00	0.00
December 2010 .....	98,893,027.60	0.00	9,205,564.98	0.00	0.00
January 2011 .....	97,560,101.61	0.00	8,648,080.49	0.00	0.00
February 2011 .....	96,229,614.98	0.00	8,095,466.93	0.00	0.00
March 2011 .....	94,901,555.78	0.00	7,547,668.04	0.00	0.00
April 2011.....	93,575,912.09	0.00	7,004,627.83	0.00	0.00
May 2011 .....	92,252,672.00	0.00	6,466,290.53	0.00	0.00
June 2011 .....	90,931,823.67	0.00	5,932,600.68	0.00	0.00



<u>Distribution Date</u>	<u>A Class Scheduled Balances</u>	<u>PA Class Planned Balances</u>	<u>ED and EC Classes First Targeted Balances</u>	<u>ZA Class Targeted Balances</u>	<u>ED and EC Classes Second Targeted Balances</u>
July 2011 .....	\$ 89,613,355.24	\$ 0.00	\$ 5,403,503.04	\$ 0.00	\$ 0.00
August 2011 .....	88,297,254.89	0.00	4,878,942.65	0.00	0.00
September 2011 .....	86,983,510.82	0.00	4,358,864.79	0.00	0.00
October 2011 .....	85,672,111.26	0.00	3,843,214.99	0.00	0.00
November 2011 .....	84,363,044.45	0.00	3,331,939.05	0.00	0.00
December 2011 .....	83,056,298.68	0.00	2,824,982.97	0.00	0.00
January 2012 .....	81,751,862.23	0.00	2,322,293.04	0.00	0.00
February 2012 .....	80,449,723.42	0.00	1,823,815.77	0.00	0.00
March 2012 .....	79,149,870.60	0.00	1,329,497.92	0.00	0.00
April 2012 .....	77,852,292.13	0.00	839,286.46	0.00	0.00
May 2012 .....	76,556,976.38	0.00	353,128.64	0.00	0.00
June 2012 .....	75,264,211.16	0.00	0.00	0.00	0.00
July 2012 .....	73,976,834.09	0.00	0.00	0.00	0.00
August 2012 .....	72,694,819.59	0.00	0.00	0.00	0.00
September 2012 .....	71,418,142.25	0.00	0.00	0.00	0.00
October 2012 .....	70,146,776.72	0.00	0.00	0.00	0.00
November 2012 .....	68,880,697.81	0.00	0.00	0.00	0.00
December 2012 .....	67,619,880.43	0.00	0.00	0.00	0.00
January 2013 .....	66,364,299.59	0.00	0.00	0.00	0.00
February 2013 .....	65,113,930.43	0.00	0.00	0.00	0.00
March 2013 .....	63,868,748.21	0.00	0.00	0.00	0.00
April 2013 .....	62,628,728.28	0.00	0.00	0.00	0.00
May 2013 .....	61,393,846.14	0.00	0.00	0.00	0.00
June 2013 .....	60,164,077.36	0.00	0.00	0.00	0.00
July 2013 .....	58,939,397.65	0.00	0.00	0.00	0.00
August 2013 .....	57,719,782.82	0.00	0.00	0.00	0.00
September 2013 .....	56,505,208.80	0.00	0.00	0.00	0.00
October 2013 .....	55,295,651.62	0.00	0.00	0.00	0.00
November 2013 .....	54,091,087.42	0.00	0.00	0.00	0.00
December 2013 .....	52,891,492.46	0.00	0.00	0.00	0.00
January 2014 .....	51,696,843.10	0.00	0.00	0.00	0.00
February 2014 .....	50,507,115.82	0.00	0.00	0.00	0.00
March 2014 .....	49,322,287.17	0.00	0.00	0.00	0.00
April 2014 .....	48,142,333.87	0.00	0.00	0.00	0.00
May 2014 .....	46,967,232.69	0.00	0.00	0.00	0.00
June 2014 .....	45,796,960.53	0.00	0.00	0.00	0.00
July 2014 .....	44,631,494.40	0.00	0.00	0.00	0.00
August 2014 .....	43,470,811.41	0.00	0.00	0.00	0.00
September 2014 .....	42,314,888.77	0.00	0.00	0.00	0.00
October 2014 .....	41,163,703.80	0.00	0.00	0.00	0.00
November 2014 .....	40,017,233.92	0.00	0.00	0.00	0.00
December 2014 .....	38,875,456.66	0.00	0.00	0.00	0.00
January 2015 .....	37,738,349.65	0.00	0.00	0.00	0.00
February 2015 .....	36,605,890.62	0.00	0.00	0.00	0.00
March 2015 .....	35,478,057.40	0.00	0.00	0.00	0.00
April 2015 .....	34,354,827.92	0.00	0.00	0.00	0.00
May 2015 .....	33,236,180.23	0.00	0.00	0.00	0.00
June 2015 .....	32,122,092.45	0.00	0.00	0.00	0.00
July 2015 .....	31,012,542.83	0.00	0.00	0.00	0.00
August 2015 .....	29,907,509.69	0.00	0.00	0.00	0.00
September 2015 .....	28,806,971.48	0.00	0.00	0.00	0.00

<u>Distribution Date</u>	<u>A Class Scheduled Balances</u>	<u>PA Class Planned Balances</u>	<u>ED and EC Classes First Targeted Balances</u>	<u>ZA Class Targeted Balances</u>	<u>ED and EC Classes Second Targeted Balances</u>
October 2015 .....	\$ 27,710,906.73	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
November 2015 .....	26,619,294.06	0.00	0.00	0.00	0.00
December 2015 .....	25,532,112.21	0.00	0.00	0.00	0.00
January 2016 .....	24,449,340.01	0.00	0.00	0.00	0.00
February 2016 .....	23,370,956.37	0.00	0.00	0.00	0.00
March 2016 .....	22,296,940.32	0.00	0.00	0.00	0.00
April 2016 .....	21,227,270.98	0.00	0.00	0.00	0.00
May 2016 .....	20,161,927.55	0.00	0.00	0.00	0.00
June 2016 .....	19,100,889.35	0.00	0.00	0.00	0.00
July 2016 .....	18,044,135.76	0.00	0.00	0.00	0.00
August 2016 .....	16,991,646.30	0.00	0.00	0.00	0.00
September 2016 .....	15,943,400.54	0.00	0.00	0.00	0.00
October 2016 .....	14,899,378.18	0.00	0.00	0.00	0.00
November 2016 .....	13,859,558.97	0.00	0.00	0.00	0.00
December 2016 .....	12,823,922.81	0.00	0.00	0.00	0.00
January 2017 .....	11,792,449.63	0.00	0.00	0.00	0.00
February 2017 .....	10,765,119.50	0.00	0.00	0.00	0.00
March 2017 .....	9,741,912.56	0.00	0.00	0.00	0.00
April 2017 .....	8,722,809.04	0.00	0.00	0.00	0.00
May 2017 .....	7,707,789.27	0.00	0.00	0.00	0.00
June 2017 .....	6,696,833.65	0.00	0.00	0.00	0.00
July 2017 .....	5,689,922.70	0.00	0.00	0.00	0.00
August 2017 .....	4,687,037.00	0.00	0.00	0.00	0.00
September 2017 .....	3,688,157.23	0.00	0.00	0.00	0.00
October 2017 .....	2,693,264.17	0.00	0.00	0.00	0.00
November 2017 .....	1,702,338.68	0.00	0.00	0.00	0.00
December 2017 .....	715,361.69	0.00	0.00	0.00	0.00
January 2018 and thereafter .....	0.00	0.00	0.00	0.00	0.00



---

---

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

The Securities and Exchange Commission has not approved or disapproved the Certificates or determined if this Prospectus Supplement is truthful and complete. Any representation to the contrary is a criminal offense.

---

## TABLE OF CONTENTS

	<u>Page</u>
Table of Contents . . . . .	S- 2
Available Information . . . . .	S- 3
Reference Sheet . . . . .	S- 4
Additional Risk Factors . . . . .	S- 8
Description of the Certificates . . . . .	S- 9
Certain Additional Federal Income Tax Consequences . . . . .	S-23
Plan of Distribution . . . . .	S-26
Legal Matters . . . . .	S-26
Schedule 1 . . . . .	A- 1
Principal Balance Schedules . . . . .	B- 1

---

---

---

---

**\$670,946,375**



Guaranteed REMIC  
Pass-Through Certificates  
Fannie Mae REMIC Trust 1998-62

---

## PROSPECTUS SUPPLEMENT

---

**LEHMAN BROTHERS**

September 29, 1998

---

---