PROSPECTUS SUPPLEMENT
(To Prospectus Dated November 1, 1995)

$331,786,419 (Approximate)

FannieMae

Guaranteed REMIC Pass-Through Certificates
Fannie Mae Multifamily REMIC Trust 1998-M5

The Guaranteed REMIC Pass-Through Certificates offered hereby (the "Certificates") will represent beneficial ownership interests in one of two trust funds. The Certificates, other than the RL Class, will represent beneficial ownership interests in Fannie Mae Multifamily REMIC Trust 1998-M5 (the "Trust"). The assets of the Trust will consist of the "regular interests" in a separate trust fund (the "Lower Tier REMIC"). The assets of the Lower Tier REMIC will consist of certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the "MBS") each evidencing a beneficial interest in one or more first-lien multifamily mortgage loans (the "Mortgage Loans") having the characteristics described herein and in the Multifamily REMIC Prospectus (attached hereto) and the MBS Prospectus (each as defined herein). The Mortgage Loans are fixed-rate and generally are level-pay loans that are either fully amortizing or provide for balloon payments at maturity. See "The MBS" herein. Certain information with respect to the Mortgage Loans and the Mortgaged Properties is set forth on Exhibit A hereto.

The Certificates will be issued and guaranteed as to timely distribution of principal and interest by Fannie Mae and offered by Fannie Mae pursuant to the Multifamily REMIC Prospectus and this Prospectus Supplement. **Fannie Mae will not guarantee the payment to Certificateholders of any Prepayment Premiums or Yield Maintenance Charges.** See "Description of the Certificates—General—*Fannie Mae Guaranty*" herein.

Investors should not purchase the Certificates before reading this Prospectus Supplement and the additional Disclosure Documents listed at the bottom of page S-2.

See "Risk Factors" beginning on page S-6 for a discussion of certain risks that should be considered in connection with an investment in the Certificates.

(Cover continued on next page)

THE CERTIFICATES MAY NOT BE SUITABLE INVESTMENTS FOR ALL INVESTORS. NO INVESTOR SHOULD PURCHASE CERTIFICATES UNLESS SUCH INVESTOR UNDERSTANDS AND IS ABLE TO BEAR THE PREPAYMENT, YIELD, LIQUIDITY AND OTHER RISKS ASSOCIATED WITH SUCH CERTIFICATES. PROSPECTIVE INVESTORS IN ANY CLASS OF CERTIFICATES SHOULD CAREFULLY CONSIDER WHETHER SUCH AN INVESTMENT IS APPROPRIATE FOR THEIR INVESTMENT OBJECTIVES. SEE "DESCRIPTION OF THE CERTIFICATES" HEREIN.

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

Class	Original Principal Balance (1)	Principal Type (2)	Interest Rate	Interest Type (2)	CUSIP Number	Final Distribution Date
A	$ 62,157,000	SEQ	6.36% (3)	WAC	31359T6Z6	December 2006
B	94,731,000	SEQ	6.27 (3)	WAC	31359T7A0	September 2007
C	52,155,000	SEQ	6.37 (3)	WAC	31359T7B8	February 2013
D	71,705,000	SEQ	6.35 (3)	WAC	31359T7C6	June 2020
E	51,038,419	SEQ	6.44 (3)	WAC	31359T7D4	July 2028
X	331,786,419 (4)	NTL	(5)	WAC/IO	31359T7E2	July 2028
R	0	NPR	0	NPR	31359T7F9	July 2028
RL	0	NPR	0	NPR	31359T7G7	July 2028

(1) Subject to a permitted variance of plus or minus 5%.
(2) See "Description of the Certificates—Class Definitions and Abbreviations" in the Multifamily REMIC Prospectus and "Description of the Certificates—Distributions of Interest" and "—Distributions of Principal" herein.
(3) Each of the A, B, C, D and E Classes will bear interest at a rate per annum equal to the lesser of (i) the rate set forth above and (ii) the weighted average MBS Pass-Through Rate.
(4) The X Class will be a Notional Class, will have no principal balance and will bear interest on its notional principal balance. The notional principal balance of the X Class will be equal to 100% of the aggregate outstanding principal balance of the A, B, C, D and E Classes. See "Description of the Certificates—Distributions of Interest—*Notional Class*" herein.
(5) Initially 0.56695% per annum. The X Class will bear interest during each Interest Accrual Period at a rate per annum equal to the excess, if any, of (a) the weighted average MBS Pass-Through Rate over (b) the weighted average of the interest rates of the A, B, C, D and E Classes, respectively.

The Certificates are offered by Bear, Stearns & Co. Inc. (the "Dealer") from time to time in negotiated transactions, at varying prices to be determined at the time of sale.

The Certificates are offered by the Dealer, subject to issuance by Fannie Mae and to prior sale or to withdrawal or modification of the offer without notice, when, as and if delivered to and accepted by the Dealer, subject to the right of the Dealer to reject any order in whole or in part and subject to approval of certain legal matters by counsel. It is expected that the Certificates, except for the R and RL Classes, will be available through the book-entry system of the Federal Reserve Banks on or about July 30, 1998 (the "Settlement Date"). It is expected that the R and RL Classes in registered, certificated form will be available for delivery at the offices of the Dealer, 245 Park Avenue, New York, New York 10167, on or about the Settlement Date.

Bear, Stearns & Co. Inc.

June 16, 1998

(Cover continued from previous page)

The yield to investors in each Class of Certificates will be sensitive in varying degrees to, among other things, the rate of principal payments of the related Mortgage Loans, the actual characteristics of such Mortgage Loans and the purchase price paid for such Class. Accordingly, investors should consider the following risks:

- **Subject to the effect of applicable Yield Maintenance Charges, the Mortgage Loans may be prepaid by the related borrowers at any time and, accordingly, the rate of principal payments thereon is likely to vary considerably from time to time. Depending on other factors present at the time, Mortgage Loans having Yield Maintenance Charges may be less likely to be prepaid than Mortgage Loans that do not have such penalties. In addition, the principal balance of any or all of the Mortgage Loans may be distributed following, among other events, a default on the Mortgage Loans, and the principal balance of any Mortgage Loan may be distributed in whole or in part following a casualty or condemnation of the related Mortgaged Property, any of which could take place during an otherwise applicable Yield Maintenance Charge period.**
- **Slight variations in Mortgage Loan characteristics could substantially affect the weighted average lives and yields of some or all of the Classes.**
- **In the case of any Certificates purchased at a discount to their principal amounts, a slower than anticipated rate of principal payments is likely to result in a lower than anticipated yield.**
- **In the case of any Certificates purchased at a premium to their principal amounts, a faster than anticipated rate of principal payments is likely to result in a lower than anticipated yield.**
- **In the case of the Notional Class, a faster than anticipated rate of principal payments is likely to result in a lower than anticipated yield and, in certain cases, an actual loss on the investment.**
- **The allocation to a Class of any Yield Maintenance Charges may be insufficient to offset fully the adverse effects on the anticipated yield that may arise out of the corresponding principal prepayment. Fannie Mae, however, does not guarantee that any Yield Maintenance Charges due under any Mortgage Loan will in fact be collected from mortgagors or paid to holders of the MBS and therefore to the Holders of such Classes.**
- **There will be no reimbursement to investors for any premium paid by such investors, or for any loss in an investor's yield, if such investors receive early payments of principal.**

See "Description of the Certificates—Yield Considerations" herein and "Yield Considerations" in the Multifamily REMIC Prospectus.

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

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

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of this Prospectus Supplement, the Multifamily REMIC Prospectus or the MBS Prospectus. Any representation to the contrary is a criminal offense.

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

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

- Fannie Mae's Prospectus for Guaranteed Multifamily REMIC Pass-Through Certificates dated November 1, 1995 (the "Multifamily REMIC Prospectus") which is attached to the Prospectus Supplement;
- Fannie Mae's Prospectus for Guaranteed Mortgage Pass-Through Certificates dated August 1, 1997 (the "MBS Prospectus"); and
- Fannie Mae's Information Statement dated March 31, 1998 and any supplements thereto (the "Information Statement").

The Information Statement is incorporated herein by reference and may be obtained from Fannie Mae by writing or calling its MBS Helpline at 3900 Wisconsin Avenue, N.W., Area 2H-3S, Washington, D.C. 20016 (telephone 1-800-BEST-MBS or 202-752-7547). The Information Statement may also be obtained from Bear, Stearns & Co. Inc. by writing or calling its Prospectus Department at One Metro-Tech Center North, Brooklyn, New York 11201 (telephone 212-272-1581). Other data specific to the Certificates is available in electronic form by calling Fannie Mae at 1-800-752-6440 or 202-752-6000.

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REFERENCE SHEET

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

Certain Characteristics of the Mortgage Loans (as of July 1, 1998)

	Approximate Principal Balance	Percent of Total Balance	Weighted Average MBS Pass-Through Rate	Weighted Average Mortgage Interest Rate	Weighted Average Original Amortization Term (in months)	Weighted Average Remaining Amortization Term (in months)	Weighted Average Remaining Term to Balloon (in months)	Weighted Average Certificate Age (in months)	Weighted Average Remaining Yield Maintenance Term (in months)
MBS	$218,002,567	65.71%	6.936%	7.812%	352	339	137	13	114
	113,783,852	34.29	6.867	7.540	342	338	—	4	150
	$331,786,419								

In addition, the table contained in Exhibit A hereto sets forth certain information regarding the characteristics of the individual MBS and Mortgage Loans as of July 1, 1998 (the "Issue Date"), including information regarding the pool number, property location, approximate principal balance, MBS Pass-Through rate, mortgage interest rate, maturity date, original and remaining amortization terms, remaining term to maturity, remaining term to balloon payment (if applicable), MBS Certificate age and issue date, and additional information regarding Yield Maintenance Charge periods applicable to the Mortgage Loans. Certain additional information regarding the MBS and the Mortgage Loans may be obtained from Fannie Mae as described under "Description of the Certificates—General—The MBS" herein.

For a description of the characteristics and assumptions on the basis of which certain tabular information herein has been prepared, see "Description of the Certificates—Structuring Assumptions" herein.

Prepayment Penalties

Certain of the Mortgage Loans provide for the payment of prepayment penalties in the form of yield maintenance charges ("Yield Maintenance Charges") in connection with prepayments thereof. In the event that any Yield Maintenance Charges are included in the distributions received on the MBS with respect to any Distribution Date, such Yield Maintenance Charges actually collected by Fannie Mae will be allocated among Certificateholders in the manner described under "Description of the Certificates—Distributions of Interest—*General*."

Interest Rates

The Certificates will bear interest at the rates set forth and described on the cover hereof. See "Description of the Certificates—Distributions of Interest—*Notional Class*" and "—*Weighted Average Coupon Classes*" herein.

Notional Class

The notional principal balance of the X Class will be equal to 100% of the aggregate outstanding principal balance of the A, B, C, D and E Classes immediately prior to the related Distribution Date. See "Description of the Certificates—Distributions of Interest—*Notional Class*" herein.

Distribution of Principal

Principal Distribution Amount

To the A, B, C, D and E Classes, in that order, to zero.

Weighted Average Lives (years)*

Class	CPR Prepayment Assumption**				
	0%	**20%**	**35%**	**50%**	**75%**
A	5.7	5.6	5.5	5.5	5.4
B	8.9	8.9	8.9	8.8	8.8
C	12.1	10.3	10.0	9.8	9.6
D	17.3	14.2	13.4	12.8	12.3
E	25.8	18.8	17.1	16.3	15.6
X	13.2	11.2	10.7	10.4	10.1

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

** Assumes no prepayment before any applicable Yield Maintenance Charge end dates. See "Risk Factors—Prepayment Considerations and Risks" herein.

RISK FACTORS

Yield Considerations

The effective yield to Certificateholders in the Trust will depend upon the purchase price of the related Certificates, the rate of principal payments, including prepayments, on the Mortgage Loans, and the actual characteristics of the Mortgage Loans. Generally, if the actual rate of payments on the Mortgage Loans is slower than the rate anticipated by an investor who purchased a Certificate of the A, B, C, D or E Class at a discount, the actual yield to such investor will be lower than such investor's anticipated yield. If the actual rate of payment on the Mortgage Loans is faster than the rate anticipated by an investor who purchased a Certificate of the X Class or who purchased a Certificate of the A, B, C, D or E Class at a premium, the actual yield to such investor will also be lower than such investor's anticipated yield.

The timing of changes in the rate of principal payments (including prepayments) may significantly affect the yield to an investor, even if the average rate of principal prepayments is consistent with such investor's expectations. In general, the earlier the payment of principal, the greater the effect on an investor's yield to maturity. As a result, the effect on an investor's yield of principal payments (including prepayments) occurring at a rate higher (or lower) than the rate anticipated by the investor during the period immediately following the Settlement Date will not be offset by any subsequent equivalent reduction (or increase) in the rate of principal payments (including prepayments).

The effective yields on the Certificates will be reduced below the yields otherwise produced because principal and interest payable on a Distribution Date will not be distributed earlier than the 25th day following the end of the related Interest Accrual Period and will not bear interest during such delay. No interest at all will be paid on any Certificate after its principal balance has been reduced to zero. As a result of the foregoing, the market values of the Certificates will be lower than would have been the case if there were no such delay. Investors must make their own decisions as to the appropriate assumptions, including prepayment assumptions, to be used in deciding whether to purchase the Certificates.

There will be no reimbursement to investors for any premium paid by investors or for any loss in yield if such investors receive early payments of principal.

Reinvestment Risk

Subject to the effect of the payment of any applicable Yield Maintenance Charges, the Mortgage Loans may be prepaid at any time. In addition, the principal balance of any or all of the Mortgage Loans may be distributed following, among other events, a default on the Mortgage Loans, and the principal balance of any Mortgage Loan may be distributed in whole or in part following a casualty or condemnation of the related Mortgaged Property, any of which could take place when applicable Yield Maintenance Charges are required to be paid. Accordingly, it is not possible to predict the rate at which distributions of principal of the Certificates will be received. Since prevailing interest rates are subject to fluctuation, there can be no assurance that investors in the Certificates will be able to reinvest the distributions thereon at yields equaling or exceeding the yields on the Certificates. It is possible that yields on such reinvestments will be lower, and may be significantly lower, than the yields on the Certificates. Prospective investors in the Certificates should carefully consider the related reinvestment risks in light of other investments that may be available to such investors.

Prepayment Considerations and Risks

The rate of distributions of principal of the A, B, C, D and E Classes is related directly to the rate of payments of principal of the Mortgage Loans, which may be in the form of scheduled amortization or prepayments (for this purpose, the term "prepayment" includes prepayments and liquidations resulting from default, casualty or condemnation), as well as to the sequential order in which each such Class will receive distributions in respect of principal. Most of the Mortgage Loans provide for payment of a Yield Maintenance Charge in connection with prepayments. Depending on other factors present at the time, Mortgage Loans having Yield Maintenance Charges may be less likely to be prepaid than Mortgage Loans that do not have such charges. A Yield Maintenance Charge, however, would not be paid in the event that a borrower defaults on payment of its Mortgage Loan and the proceeds of liquidation of such Mortgage Loan are insufficient to allow for allocation of an amount thereof to such charge. The liquidation proceeds would be applied to the recovery of all principal, interest and liquidation expenses before any application to a Yield Maintenance Charge in respect of the related Mortgage Loan. In addition, certain state laws limit the amounts that a lender may collect from a borrower as an additional charge in connection with the prepayment of a mortgage loan. Furthermore, the enforceability under the laws of a number of states of provisions providing for Yield Maintenance Charges upon an involuntary prepayment is unclear. See "Maturity and Prepayment Considerations and Risks—Early Repayment of Mortgage Loans" in the Multifamily REMIC Prospectus.

In the event that any Yield Maintenance Charges are included in the distributions received on the MBS with respect to any Distribution Date, such amounts will be included in the distributions to be made on certain Classes, including the X Class, as described under "Description of the Certificates—Distributions of Interest—*General*" herein. Fannie Mae, however, does not guarantee that any Yield Maintenance Charges due under any Mortgage Loan will in fact be collected from mortgagors or paid to holders of the MBS and therefore to applicable Certificateholders. Accordingly, Holders of the applicable Classes will receive Yield Maintenance Charges only to the extent actually received by Fannie Mae and, even if collected, allocation thereof to such Holders may be insufficient to offset fully the adverse effects on the anticipated yield thereon arising out of the corresponding prepayment.

In an environment of declining interest rates, lenders servicing mortgage loans often are asked by borrowers to refinance the mortgage loans through issuance of new loans secured by mortgages on the same properties. The resulting prepayments, if they involve the Mortgage Loans, will result in the distribution to Certificateholders of the principal balances of the prepaid Mortgage Loans.

In general, when the level of prevailing interest rates declines sufficiently relative to the interest rate on fixed-rate mortgage loans, the rate of prepayment is likely to increase, although the prepayment rate is influenced by a number of other factors as well, including general economic conditions. In addition, it is increasingly difficult to generalize as to the degree to which interest rates must decline before significant prepayments are likely to be experienced. Increased borrower sophistication regarding the benefits of refinancing and extensive solicitation by lenders may result in an increase in the rate at which the Mortgage Loans are prepaid due to refinancing. On the other hand, lenders may have originated certain Mortgage Loans at above-market interest rates to provide a means for the payment of certain closing costs or interest rate buydown deposits. Such Mortgage Loans may have been made to borrowers who, for a variety of reasons, may not seek or readily be able to refinance mortgage loans.

Acceleration of mortgage payments as a result of the sale of the related Mortgaged Property is another factor affecting the prepayment rates. In addition, multifamily lending is generally viewed as exposing the lender to a greater risk of loss than one- to four-family residential lending. Mortgage Loan defaults will result in distributions of the full principal balance of the MBS, thereby affecting prepayment rates.

DESCRIPTION OF THE CERTIFICATES

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

General

Structure. The Trust and the Lower Tier REMIC will be created pursuant to a trust agreement dated as of July 1, 1998 (the "Trust Agreement"), executed by the Federal National Mortgage Association ("Fannie Mae") in its corporate capacity and in its capacity as trustee (the "Trustee"), and the Certificates in the Classes and aggregate original principal balances set forth on the cover hereof (subject to a permitted variance of plus or minus 5%) will be issued by Fannie Mae pursuant thereto. A description of Fannie Mae and its business, together with certain financial statements and other financial information, is contained in the Information Statement.

The Certificates (other than the R and RL Classes) will be designated as the "regular interests," and the R Class will be designated as the "residual interest," in the REMIC constituted by the Trust. The interests in the Lower Tier REMIC other than the RL Class (the "Lower Tier Regular Interests") will be designated as the "regular interests," and the RL Class will be designated as the "residual interest," in the Lower Tier REMIC.

The assets of the Trust will consist of the Lower Tier Regular Interests, and the Certificates, other than the RL Class, will evidence the entire beneficial ownership interest in the distributions of principal and interest on the Lower Tier Regular Interests. The assets of the Lower Tier REMIC will consist of the MBS.

Fannie Mae Guaranty. Fannie Mae guarantees to each holder of an MBS the timely payment of scheduled installments of principal of and interest on the underlying Mortgage Loans, whether or not received, together with the full principal balance of any foreclosed Mortgage Loan, whether or not such balance is actually recovered. In addition, Fannie Mae will be obligated to distribute on a timely basis to the Holders of Certificates required installments of principal and interest and to distribute the principal balance of each Class of Certificates in full no later than the applicable Final Distribution Date, whether or not sufficient funds are available in the Trust Account. *Fannie Mae will not guarantee the collection or the payment to the Certificateholders of any Prepayment Premiums or Yield Maintenance Charges.* Accordingly, Certificateholders entitled to receive Yield Maintenance Charges will receive them only to the extent actually received in respect of the MBS. The guaranty of Fannie Mae is not backed by the full faith and credit of the United States.

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

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

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

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

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

Distribution Dates. Distributions on the Certificates will be made on the 25th day of each month or, if such 25th day is not a business day, on the first business day next succeeding such 25th day (each, a ''Distribution Date''), commencing in the month following the Settlement Date. See ''Distributions of Interest—*General*'' and ''—*Interest Accrual Period*'' and ''Distributions of Principal—*Principal Distribution Amount*'' herein.

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

REMIC Trust Factors. As soon as practicable following the eleventh calendar day of each month, Fannie Mae will publish or otherwise make available for each Class of Certificates the factor (carried to eight decimal places) which in the case of each such Class, when multiplied by the original principal balance of a Certificate of such Class, will be equal to the amount of principal remaining to be distributed with respect to such Certificate after giving effect to the distribution of principal to be made on the following Distribution Date. In the event an adjustment to the Trust Factor is necessary with respect to any Distribution Date, Fannie Mae will publish or otherwise make available an adjusted Trust Factor as soon as practicable following any such adjustment.

The MBS

The MBS will have the aggregate unpaid principal balance and weighted average Pass-Through Rate set forth 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, commencing in the month following the month of the initial issuance of such MBS. The Mortgage Loans underlying the MBS will be conventional Level Payment Mortgage Loans secured by first mortgages or deeds of trust on multifamily residential properties, each either fully amortizing or providing for a balloon payment at maturity. See the ''The Mortgage Pools'' and ''Yield Considerations'' in the MBS Prospectus for a further description of the Mortgage Loans. The characteristics of the MBS and the related Mortgage Loans as of the Issue Date are expected to be as follows:

MBS	
Aggregate Unpaid Principal Balance	$331,786,419
Weighted Average MBS Pass-Through Rate	6.912%
Related Mortgage Loans	
WAC (per annum percentage)	7.718%
WAM	339 months
CAGE	10 months

The table contained in Exhibit A sets forth certain information regarding the characteristics of the individual MBS underlying Mortgage Loans as of the Issue Date, including information regarding pool number, property location, approximate principal balance, MBS Pass-Through Rate, mortgage interest rate, maturity date, original and remaining amortization terms, remaining term to maturity, remaining balloon term (if applicable), MBS Certificate age and issue date, and additional information regarding Yield Maintenance Charge periods relating to the underlying Mortgage Loans.

Final Data Statement

Following the issuance of the Certificates, Fannie Mae will prepare a Final Data Statement setting forth, among other information, the current unpaid principal balances of the Mortgage Loans as of the Issue Date. The Final Data Statement will not accompany this Prospectus Supplement but will be made available by Fannie Mae. To request the Final Data Statement, telephone Fannie Mae at 1-800-BEST-MBS or 202-752-6547. The contents of the Final Data Statement and other data specific to the Certificates are available in electronic form by calling Fannie Mae at 1-800-752-6440 or 202-752-6000.

Distributions of Interest

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

Interest Type*	Classes
Weighted Average Coupon	A, B, C, D, E and X
Interest Only	X
No Payment Residual	R and RL

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

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

Certain Mortgage Loans provide for the payment of prepayment penalties in the form of Yield Maintenance Charges in connection with prepayments thereof. On any Distribution Date, any Yield Maintenance Charges collected by the Trustee during the related Interest Accrual Period and passed through to the Trust will be distributed to the X, A, B, C, D and E Classes as follows: (i) first, to the X Class, an amount equal to any positive result of subtracting (A) the present value (discounted at the applicable Class Discount Rate as defined below) of the aggregate interest that would have been paid in respect of the X Class from the Distribution Date occurring in the following month until the notional principal balance of the X Class would be reduced to zero after taking account of the related prepayment, from (B) the present value (discounted at the applicable Class Discount Rate) of the aggregate interest that would have been paid in respect of the X Class from the Distribution Date occurring in the following month until the notional principal balance of the X Class would have been reduced to zero had the related prepayment not occurred, (ii) second, to the A, B, C, and D Classes, pro rata in proportion to the following amounts: for each such Class any positive result of subtracting (A) the sum of the Class Prepayment Amount (as defined below) distributed in respect of such Class and the present value (discounted at the applicable Class Discount Rate) of the aggregate principal and interest that would have been paid in respect of such Class from the Distribution Date occurring in the following month until the principal balance of such Class is to be reduced to zero after taking account of receipt of the applicable Class Prepayment Amount from (B) the present value (discounted at the applicable Class Discount Rate) of the aggregate principal and interest that would have been paid in respect of such Class of Certificates from the Distribution Date occurring in the following month until the principal balance of such Class of Certificates would have been reduced to zero had the related prepayment not occurred, and (iii) any remainder to the E Class.

The foregoing calculations will be made by assuming no future prepayments on or in respect of the Mortgage Loans during, and by otherwise applying the Pricing Assumptions to, the period subsequent to the end of the period in which any prepayment was received.

With respect to each Class and to each computation of present value, (i) the "Class Discount Rate" is the rate which, when compounded monthly, is equivalent to the Class Treasury Rate when compounded semi-annually and (ii) the "Class Treasury Rate" is the yield calculated by the linear interpolation of the yields, as reported in Federal Reserve Statistical Release H.15 — Selected Interest Rates under the heading "U.S. government securities/Treasury constant maturities" for the week ending prior to or on the Determination Date relating to the Distribution Date on which the Yield Maintenance Charge will be distributed, of US Treasury constant maturities with a maturity date (one longer and one shorter) most nearly approximating that Class' projected remaining weighted average life. If Release H.15 is no longer published, the Trustee will select a comparable publication to determine the Treasury Rate. With respect to each Class and to each Distribution Date, the "Class Prepayment Amount" equals the positive result of subtracting (i) the amount of principal that would have been distributed to such Class had no prepayments occurred in connection with which Yield Maintenance Charges were passed through to the Trust, from (ii) the total amount of principal distributed to such Class.

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

Classes	Interest Accrual Period
All interest-bearing Classes	Calendar month preceding the month in which the Distribution Date occurs

See "Description of the Certificates—Yield Considerations" herein.

Notional Class. The X Class will be a Notional Class and will have no principal balance. The X Class will bear interest at the applicable per annum interest rate described on the cover during each Interest Accrual Period on its notional principal balance.

The notional principal balance of the Notional Class will be equal to the applicable percentage of the outstanding principal balances of the following Classes immediately prior to the related Distribution Date:

Class	Percentage of Principal Balance of Specified Classes
X	100% of the A, B, C, D and E Classes

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

Weighted Average Coupon Classes. The A, B, C, D, E and X Classes will be Weighted Average Coupon Classes. Each Class will bear interest during each Interest Accrual Period at a rate per annum equal to the interest rate set forth and described on the cover. Fannie Mae's determination of the rates of interest for such Classes for the related Interest Accrual Period shall (in the absence of manifest error) be final and binding. Each such rate of interest may be obtained by telephoning Fannie Mae at 1-800-BEST-MBS or 202-752-6547.

Distributions of Principal

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

Principal Type*	Classes
Sequential Pay	A, B, C, D and E
Notional	X
No Payment Residual	R and RL

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

Principal Distribution Amount

On each Distribution Date, principal will be distributed on the Certificates in an amount (the "Principal Distribution Amount") equal to the principal distributions concurrently made on the MBS. See "General—*REMIC Trust Factors*" herein.

On each Distribution Date, the Principal Distribution Amount will be distributed, sequentially, as principal of the A, B, C, D and E Classes, in that order, until the respective principal balances thereof are reduced to zero. **Sequential Pay Classes**

Structuring Assumptions

Pricing Assumptions. Unless otherwise specified, the information in the tables under "Yield Considerations" and "Decrement Tables" has been prepared on the basis of the actual characteristics of the MBS (as described in Exhibit A hereto) and the following assumptions (the "Pricing Assumptions"):

(i) the Settlement Date for the Certificates is July 30, 1998;

(ii) all principal payments (including prepayments) on the Mortgage Loans are distributed on the Certificates on the Distribution Date relating to the month in which such payments are received;

(iii) the Mortgage Loans prepay at the percentages of CPR specified in the related table, provided that no prepayments occur through the applicable Yield Maintenance Charge end dates, as applicable;

(iv) distributions on the Certificates are always received on the 25th of the month, whether or not a business day;

(v) no Yield Maintenance Charges are received on the MBS; and

(vi) all Mortgage Loans accrue interest on the basis of a 360 day year consisting of twelve 30-day months.

CPR Assumptions. Prepayments on mortgage loans may be measured by a prepayment standard or model. The model used herein is the "Constant Prepayment Rate" or "CPR" model. The CPR model represents an assumed constant rate of prepayment each month, expressed as a per annum percentage of the then outstanding principal balance of the pool of mortgage loans. *CPR does not purport to be either an historical description of the prepayment experience of any pool of mortgage loans or a prediction of the anticipated rate of prepayment of any pool of mortgage loans, including the Mortgage Loans underlying the MBS backing the Certificates.* See "—Yield Considerations" and "—Decrement Tables" herein and "Yield Considerations" and "Maturity and Prepayment Considerations and Risks" in the Multifamily REMIC Prospectus.

Yield Considerations

General. The yield to maturity for each Certificate will depend upon the purchase price thereof, the rate of principal payments (including prepayments resulting from liquidations of Mortgage Loans due to defaults, casualties or condemnations affecting the Mortgaged Properties) and the actual characteristics of the Mortgage Loans. There can be no assurance that the Mortgage Loans will prepay at any of the rates assumed herein or at any other particular rate, that the pre-tax yields on the Certificates will correspond to any of the pre-tax yields shown herein or that the aggregate purchase prices of the Certificates will be as expected. An investor should purchase Certificates only after performing an analysis of such Certificates based upon the investor's own assumptions as to future rates of prepayment. It is not likely that the Mortgage Loans will prepay at the indicated CPR levels until maturity or that all of such Mortgage Loans will prepay at the same rate.

The timing of changes in the rate of principal prepayments may significantly affect the actual yield to maturity to an investor, even if the average rate of principal prepayments is consistent with the expectations of such investor. In general, the earlier the payment of principal of the Mortgage Loans, the greater the effect on an investor's yield to maturity. As a result, the effect on an investor's yield of principal prepayments occurring at a rate higher (or lower) than the rate anticipated by the investor during the period immediately following the issuance of the related Certificates will not be offset by a subsequent like reduction (or increase) in the rate of principal prepayments. For a description of the prepayment provisions of the Mortgage Loans, see Exhibit A hereto.

The effective yields on the interest bearing Classes will be reduced below the yields otherwise produced because principal and interest payable on a Distribution Date will not be distributed until the 25th day following the end of the related Interest Accrual Period and will not bear interest during such delay. No interest will be paid on any Class after its principal balance has been reduced to zero. As a result of the foregoing, the market values of the interest bearing Classes will be lower than would have been the case if there were no such delay. Investors must make their own decisions as to the appropriate assumptions, including prepayment assumptions, to be used in deciding whether to purchase the Certificates.

Prepayment Provisions. The rate of prepayment on the Mortgage Loans will depend on a variety of factors, including the characteristics of such Mortgage Loans, the level of prevailing interest rates or the assessment of prepayment premiums and other economic, geographic and social factors. See "Risk Factors—Prepayment Considerations and Risks" herein.

The table below indicates the sensitivity of the pre-tax corporate bond equivalent yields to maturity of the Interest Only Class to various constant percentages of CPR. The yields set forth in the table were calculated by determining the monthly discount rates that, when applied to the assumed streams of cash flows to be paid on the applicable Class, would cause the discounted present value of such assumed streams of cash flows to equal the assumed aggregate purchase price of such Class and converting such monthly rates to corporate bond equivalent rates. Such calculations do not take into account variations that may occur in the interest rates at which investors may be able to reinvest funds received by them as distributions on the Certificates and consequently do not purport to reflect the return on any investment in the Certificates when such reinvestment rates are considered.

The Interest Only Class. **As indicated in the tables below, the yield to investors in the Interest Only Class will be highly sensitive to the rate of principal payments (including principal prepayments) of the Mortgage Loans. Subject to certain restrictions, the Mortgage Loans may be prepaid prior to their stated maturities.**

There can be no assurance that the Mortgage Loans will prepay at any of the rates assumed herein or at any other particular rate, that the pre-tax yields on the Certificates will correspond to any of the pre-tax yields shown herein or that the aggregate purchase price of the X Class will be as assumed below.

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

Class	Price*
X	3.84375%

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

Sensitivity of the X Class to Prepayments*

	CPR Prepayment Assumption				
	0%	20%	35%	50%	75%
Pre-Tax Yields to Maturity	9.7%	8.4%	7.9%	7.5%	7.1%

* Assumes no prepayment before any applicable Yield Maintenance Charge end dates.

A portion of any Yield Maintenance Charge actually received may be allocated to the X Class and will increase the yield on such Class. However, any such allocation may be insufficient to offset fully the adverse effects on the anticipated yield arising out of the corresponding principal prepayment.

Weighted Average Lives of the Certificates

The weighted average life of a Certificate is determined by (a) multiplying the amount of the reduction, if any, of the principal balance of such Certificate from one Distribution Date to the next Distribution Date by the number of years from the Settlement Date to the second such Distribution Date, (b) summing the results and (c) dividing the sum by the aggregate amount of the reductions in principal balance of such Certificate referred to in clause (a). For a description of the factors which may influence the weighted average life of a Certificate, see "Maturity and Prepayment Considerations and Risks—Weighted Average Life and Final Distribution Dates" in the Multifamily REMIC Prospectus.

The weighted average lives of the Certificates will depend, in varying degrees, on the rate of payment of principal of the related Mortgage Loans (including the timing of changes in such rate) which, in turn will depend on the characteristics of such Mortgage Loans, the level of prevailing interest rates or the assessment of prepayment penalties and other economic, geographic and social factors.

The interaction of the foregoing factors may have an effect on the Certificates at different times during the lives of the Certificates. Accordingly, no assurance can be given as to the weighted average life of any Class. Further, to the extent the price of a Certificate represents a discount or premium to its respective original principal balance, any variability in the weighted average life of a Certificate in combination with such discount or premium could result in variability in its yield to maturity. For an example of how the weighted average life of a Certificate may be affected at various constant prepayment rates, see the Decrement Tables below.

Decrement Tables

The following tables indicate the percentages of the original principal balances or notional principal balances of the specified Classes that would be outstanding after each of the dates shown at the *constant* percentages of CPR and the corresponding weighted average lives of such Classes. The tables have been prepared on the basis of the Pricing Assumptions. It is unlikely, however, that prepayments of the Mortgage Loans will conform to any level of CPR, and no representation is made that the Mortgage Loans will prepay at the CPRs shown or at any other constant prepayment rate.

Percent of Original Principal Balances Outstanding††

Date	A Class CPR Prepayment Assumption 0%	20%	35%	50%	75%	B Class CPR Prepayment Assumption 0%	20%	35%	50%	75%	C Class CPR Prepayment Assumption 0%	20%	35%	50%	75%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
July 1999	94	94	94	94	94	100	100	100	100	100	100	100	100	100	100
July 2000	88	88	88	88	88	100	100	100	100	100	100	100	100	100	100
July 2001	82	82	82	82	82	100	100	100	100	100	100	100	100	100	100
July 2002	75	75	75	75	75	100	100	100	100	100	100	100	100	100	100
July 2003	67	65	64	63	61	100	100	100	100	100	100	100	100	100	100
July 2004	58	54	52	50	47	100	100	100	100	100	100	100	100	100	100
July 2005	38	36	35	33	31	100	100	100	100	100	100	100	100	100	100
July 2006	19	15	13	10	6	100	100	100	100	100	100	100	100	100	100
July 2007	0	0	0	0	0	37	31	27	22	12	100	100	100	100	100
July 2008	0	0	0	0	0	0	0	0	0	0	73	58	47	36	17
July 2009	0	0	0	0	0	0	0	0	0	0	64	28	5	0	0
July 2010	0	0	0	0	0	0	0	0	0	0	55	1	0	0	0
July 2011	0	0	0	0	0	0	0	0	0	0	46	0	0	0	0
July 2012	0	0	0	0	0	0	0	0	0	0	23	0	0	0	0
July 2013	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2014	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2015	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2016	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2017	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2018	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2019	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2020	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2021	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2022	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2023	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2024	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2027	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2028	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	5.7	5.6	5.5	5.5	5.4	8.9	8.9	8.9	8.8	8.8	12.1	10.3	10.0	9.8	9.6

Date	D Class CPR Prepayment Assumption 0%	20%	35%	50%	75%	E Class CPR Prepayment Assumption 0%	20%	35%	50%	75%	X† Class CPR Prepayment Assumption 0%	20%	35%	50%	75%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
July 1999	100	100	100	100	100	100	100	100	100	100	99	99	99	99	99
July 2000	100	100	100	100	100	100	100	100	100	100	98	98	98	98	98
July 2001	100	100	100	100	100	100	100	100	100	100	97	97	97	97	97
July 2002	100	100	100	100	100	100	100	100	100	100	95	95	95	95	95
July 2003	100	100	100	100	100	100	100	100	100	100	94	94	93	93	93
July 2004	100	100	100	100	100	100	100	100	100	100	92	91	91	91	90
July 2005	100	100	100	100	100	100	100	100	100	100	88	88	88	88	87
July 2006	100	100	100	100	100	100	100	100	100	100	85	84	84	83	82
July 2007	100	100	100	100	100	100	100	100	100	100	63	62	60	59	56
July 2008	100	100	100	100	100	100	100	100	100	100	48	46	44	43	40
July 2009	100	100	100	90	70	100	100	100	100	100	47	41	38	35	31
July 2010	100	100	79	63	47	100	100	100	100	100	46	37	32	29	25
July 2011	100	82	59	46	35	100	100	100	100	100	44	33	28	25	23
July 2012	100	63	42	31	23	100	100	100	100	100	41	29	25	22	20
July 2013	83	23	3	0	0	100	100	100	88	75	33	20	16	14	11
July 2014	71	*	0	0	0	100	100	65	44	22	31	15	10	7	3
July 2015	40	0	0	0	0	100	64	36	21	8	24	10	6	3	1
July 2016	30	0	0	0	0	100	48	23	11	4	22	7	3	2	1
July 2017	23	0	0	0	0	100	36	14	6	2	20	5	2	1	*
July 2018	15	0	0	0	0	100	26	8	2	1	19	4	1	*	*
July 2019	7	0	0	0	0	100	19	4	1	*	17	3	1	*	*
July 2020	0	0	0	0	0	99	13	3	*	*	15	2	*	*	*
July 2021	0	0	0	0	0	87	10	2	*	*	13	1	*	*	*
July 2022	0	0	0	0	0	74	7	1	*	*	11	1	*	*	*
July 2023	0	0	0	0	0	56	4	*	*	*	9	1	*	*	*
July 2024	0	0	0	0	0	46	3	*	*	*	7	*	*	*	*
July 2025	0	0	0	0	0	35	2	*	*	*	5	*	*	*	*
July 2026	0	0	0	0	0	23	1	*	*	*	4	*	*	*	*
July 2027	0	0	0	0	0	11	*	*	*	0	2	*	*	*	0
July 2028	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	17.3	14.2	13.4	12.8	12.3	25.8	18.8	17.1	16.3	15.6	13.2	11.2	10.7	10.4	10.1

* Indicates an outstanding balance greater than 0% and less than 0.5% of the original principal balance.
** Determined as described under "—Weighted Average Lives of the Certificates" above.
† In the case of a Notional Class, the Decrement Table indicates the percentages of the original notional principal balance outstanding.
†† Assumes no prepayment before any applicable Yield Maintenance Charge end dates.

Characteristics of the R and RL Classes

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

The R and RL Classes will be subject to certain transfer restrictions. No transfer of record or beneficial ownership of an R or RL Certificate will be allowed to a "disqualified organization." In addition, no transfer of record or beneficial ownership of an R or RL Certificate will be allowed to any person that is not a "U.S. Person" without the written consent of Fannie Mae. Under regulations issued by the Treasury Department (the "Regulations"), a transfer of a "noneconomic residual interest" to a U.S. Person will be disregarded for all federal tax purposes unless no significant purpose of the transfer is to impede the assessment or collection of tax. The R and RL Classes will constitute noneconomic residual interests under the Regulations. Any transferee of an R or RL Certificate must execute and deliver an affidavit and an Internal Revenue Service Form W-9 on which the transferee provides its taxpayer identification number. See "Description of the Certificates—Additional Characteristics of Residual Certificates" and "Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates" in the Multifamily 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 Multifamily REMIC Prospectus. Pursuant to the Trust Agreement, Fannie Mae will be obligated to provide to such Holders (i) such information as is necessary to enable them to prepare their federal income tax returns and (ii) any reports regarding the R or RL Class that may be required under the Code.

CERTAIN ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES

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

REMIC Elections and Special Tax Attributes

Elections will be made to treat the Lower Tier REMIC and the Trust as REMICs for federal income tax purposes. Arnold & Porter, special tax counsel to Fannie Mae, will deliver its opinion to Fannie Mae that, assuming compliance with the Trust Agreement, the Lower Tier REMIC and the Trust will qualify as REMICs for federal income tax purposes. The Certificates, other than the R and RL Classes, will be designated as the "regular interests," and the R Class will be designated as the "residual interest," in the REMIC constituted by the Trust. The Lower Tier Regular Interests will be designated as the "regular interests" and the RL Class will be designated as the "residual interest" in the Lower Tier REMIC.

As a consequence of the qualification of the Lower Tier REMIC and the Trust as REMICs, the 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. The Small Business Job Protection Act of 1996 repealed the bad debt reserve method of accounting for mutual savings banks and domestic building and loan associations for tax years beginning after December 31, 1995. As a result, section 593(d) of the Code is no longer applicable to treat the Certificates as "qualifying real property loans." See "Certain Federal Income Tax Consequences—Special Tax Attributes" in the Multifamily REMIC Prospectus.

Taxation of Beneficial Owners of Regular Certificates

The Notional Class will be, and certain other Classes of Certificates may be, issued with original issue discount for federal income tax purposes, which generally will result in recognition of some taxable income in advance of the receipt of the cash attributable to such income. The Prepayment Assumption that will be used in determining the rate of accrual of original issue discount is described below. See "Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Original Issue Discount*" in the Multifamily REMIC Prospectus. No representation is made as to whether the Mortgage Loans underlying the MBS will prepay at that or any other rate. See "Description of the Certificates—Weighted Average Lives of the Certificates" herein and "Maturity and Prepayment Considerations and Risks—Weighted Average Life and Final Distribution Dates" in the Multifamily REMIC Prospectus. In addition, certain Classes of Certificates may be treated as having been issued at a premium for federal income tax purposes. See "Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Certificates Purchased at a Premium*" in the Multifamily REMIC Prospectus.

The Prepayment Assumption will be applied on a pool-by-pool basis. The Prepayment Assumption that will be used for each pool will be 0% CPR until the Yield Maintenance end date for each such pool as provided on Exhibit A herein and 35% CPR thereafter. Because the Yield Maintenance end date for each pool is not the same, during the period beginning on the earliest Yield Maintenance end date of the pools and ending on the last Yield Maintenance end date of the pools, the effective Prepayment Assumption will increase, from 0% CPR to 35% CPR, as each pool reaches its Yield Maintenance end date.

The Taxpayer Relief Act of 1997 adds provisions to the Code that require the recognition of gain upon the "constructive sale of an appreciated financial position." A constructive sale of an appreciated financial position occurs if a taxpayer enters into certain transactions or series of such transactions with respect to a financial instrument that have the effect of substantially eliminating the taxpayer's risk of loss and opportunity for gain with respect to the financial instrument. These provisions do not apply to Classes of Certificates other than the Notional Class.

Taxation of Beneficial Owners of Residual Certificates

Under the Regulations, neither the R Class nor the RL Class will have significant value. Special rules regarding the treatment of "excess inclusions" by certain thrift institutions no longer apply because of the amendment of sections 593 and 860E of the Code by the Small Business Job Protection Act of 1996. See "Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*" in the Multifamily REMIC Prospectus.

For purposes of determining the portion of the taxable income of the Trust (or the Lower Tier REMIC) that generally will not be treated as excess inclusions, the rate to be used is 120% of the "federal long-term rate." The rate will be published on or about June 20, 1998. See "Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*" and "—Foreign Investors—*Residual Certificates*" in the Multifamily REMIC Prospectus. The federal income tax consequences of any consideration paid to a transferee on the transfer of an R or RL Certificate are unclear; any transferee receiving such consideration should consult its own tax advisors.

The Taxpayer Relief Act of 1997 adds provisions to the Code that will apply to an "electing large partnership." If an electing large partnership holds an R or RL Certificate, all interests in the electing large partnership are treated as held by disqualified organizations for purposes of the tax imposed upon a pass-through entity by section 860E(e) of the Code. An exception to this tax, otherwise available to a pass-through entity that is furnished certain affidavits by record holders of interests in the entity and that does not know such affidavits are false, is not available to an electing large partnership.

PLAN OF DISTRIBUTION

The Dealer will receive the Certificates in exchange for the MBS pursuant to a Fannie Mae commitment. The Dealer proposes to offer the Certificates directly to the public from time to time in negotiated transactions at varying prices to be determined at the time of sale. The Dealer may effect such transactions to or through dealers.

LEGAL MATTERS

Certain legal matters will be passed upon for Fannie Mae by Brown & Wood LLP; and an opinion with respect to certain tax matters will be delivered to Fannie Mae by Arnold & Porter. Certain legal matters will also be passed upon for the Dealer by Stroock & Stroock & Lavan LLP.

Exhibit A

The MBS and Mortgage Loans

Pool Number	City	State	Approximate Principal Balance as of Issue Date	MBS Pass-Through Rate	Mortgage Interest Rate	Maturity Date	Original Amortization Term (mos.)	Remaining Amortization Term (mos.)	Remaining Term to Maturity (mos.)	Remaining Term to Balloon (mos.)	Certificate Age (mos.)	Issue Date	Yield Maintenance End Date	Remaining Yield Maintenance Term (mos.)
73134	Beltsville	MD	$ 1,069,228	7.000%	7.850%	07/01/2025	360	324	84	84	36	07/01/95	07/01/2002	48
73174	Baltimore	MD	1,254,032	7.225	8.300	09/01/2025	360	326	86	86	34	09/01/95	09/01/2002	50
73716	McKinney	TX	4,930,728	7.675	8.430	10/01/2026	360	339	195	195	21	10/01/96	10/01/2009	135
73813	Dallas	TX	9,300,404	7.170	7.925	12/01/2026	360	341	197	197	19	12/01/96	12/01/2009	137
73830	Various	Various	7,104,081	6.835	7.790	01/01/2027	360	342	102	102	18	01/01/97	01/01/2005	78
73841	Ballwin	MO	5,960,497	6.955	7.545	12/01/2026	360	341	161	161	19	12/01/96	12/01/2006	101
73964	Grand Prairie	TX	3,592,723	7.725	8.800	02/01/2027	360	343	343	—	17	02/01/97	02/01/2007	103
375096	Syracuse	NY	736,820	7.105	8.180	05/01/2022	300	286	70	70	14	05/01/97	11/01/2003	64
375112	Stanton	CA	7,933,768	7.775	8.850	05/01/2027	360	346	202	202	14	05/01/97	05/01/2012	166
375129	Douglasville	GA	1,127,396	7.900	8.750	05/01/2022	300	286	286	—	14	05/01/97	05/01/2012	166
375248	Richmond	VA	2,974,790	7.240	7.970	07/01/2027	360	348	168	168	12	07/01/97	07/01/2007	108
375320	Fitchburg	WI	3,796,050	7.300	8.130	09/01/2027	360	350	350	—	10	09/01/97	09/01/2012	170
375343**	Greenville	SC	1,387,047	6.680	7.580	08/01/2022	300	289	73	73	11	09/01/97	02/01/2004	67
375362	Cincinnati	OH	1,792,056	7.520	8.350	08/01/2027	360	349	349	—	11	08/01/97	08/01/2012	169
375489	Syracuse	NY	2,883,084	6.980	7.700	11/01/2027	360	352	172	172	8	11/01/97	11/01/2007	112
375495	Richmond	VA	4,075,314	6.740	7.540	11/01/2027	360	352	172	172	8	11/01/97	05/01/2012	166
375559	Terre Haute	IN	14,723,242	7.180	7.980	12/01/2022	300	293	293	—	7	12/01/97	12/01/2007	113
375600	Reno	NV	1,666,811	6.600	7.900	12/01/2027	360	353	77	77	7	12/01/97	12/01/2002	53
375623	White Plains	NY	3,185,105	6.580	7.355	01/01/2028	360	354	78	78	6	01/01/98	01/01/2003	54
380062	Syracuse	NY	4,780,711	6.565	7.160	02/01/2028	360	355	175	175	5	02/01/98	08/01/2012	169
380106	Washington D.C.	—	1,768,403	6.805	7.555	02/01/2028	360	355	355	—	5	02/01/98	02/01/2008	115
380116	Tustin	CA	3,663,745	6.640	7.390	03/01/2028	360	356	356	—	4	03/01/98	03/01/2013	176
380131**	Ammon	ID	1,894,718	6.615	7.875	03/01/2028	360	356	296	296	4	04/01/98	03/01/2013	176
380157**	Various	MA	4,386,389	6.660	7.340	03/01/2028	360	356	356	—	4	04/01/98	03/01/2013	176
380179	Evansville	IN	4,833,156	6.200	6.750	03/01/2028	360	356	176	176	4	03/01/98	09/01/2012	170
380215	Los Angeles	CA	996,362	6.550	7.150	04/01/2023	300	297	177	177	3	04/01/98	04/01/2008	117
380232	Brooklyn	NY	3,142,758	6.820	7.370	04/01/2028	360	357	357	—	3	04/01/98	04/01/2008	117
380253	Akron	OH	8,834,826	6.820	7.500	05/01/2028	360	358	358	—	2	05/01/98	05/01/2008	118
380263	Akron	OH	15,216,944	6.740	7.420	05/01/2028	360	358	358	—	2	05/01/98	05/01/2008	118
380281	Costa Mesa	CA	848,772	6.750	7.650	05/01/2028	360	358	358	—	2	05/01/98	05/01/2008	118
380286	Carson City	NV	2,739,640	6.500	7.180	05/01/2018	240	238	238	—	2	05/01/98	11/01/2017	232
380338	Mill Valley	CA	5,395,976	6.760	7.480	06/01/2028	360	359	359	—	1	06/01/98	06/01/2013	179
380342	Upland	CA	3,247,497	6.765	7.315	06/01/2028	360	359	359	—	1	06/01/98	06/01/2013	179
380406	Brooklyn	NY	4,286,916	6.760	7.660	06/01/2028	360	359	359	—	1	06/01/98	06/01/2013	179
380309	Rockaway Park	NY	1,746,155	6.850	7.750	05/01/2023	300	298	298	—	2	05/01/98	05/01/2013	178
380383	Syracuse	NY	2,497,090	6.840	7.370	06/01/2023	300	299	299	—	1	06/01/98	06/01/2008	119
380386	Denver	CO	8,118,818	6.825	7.375	06/01/2028	360	359	359	—	1	06/01/98	06/01/2008	119
380364	New York	NY	17,984,981	6.590	6.910	07/01/2028	360	360	360	—	0	07/01/98	07/01/2013	180
380412*	Fresno	CA	5,983,500	6.570	7.250	07/01/2028	360	360	300	300	0	07/01/98	07/01/2013	180
380438	Simi Valley	CA	7,600,000	6.365	6.985	07/01/2028	360	360	180	180	0	07/01/98	01/01/2013	174
109115**	Rochester	MN	4,873,475	7.000	8.000	01/01/2019	264	246	246	—	18	02/01/97	07/01/2018	240
73407†	Arlington	TX	925,121	6.710	7.785	05/01/2026	360	334	94	94	26	05/01/96	11/01/2005	88
73426†	Charlottesville	VA	5,074,076	6.980	7.935	04/01/2021	300	273	93	93	27	04/01/96	10/01/2005	87
73788†	Forest Hill	MD	5,329,898	7.129	8.204	11/01/2021	300	280	100	100	20	11/01/96	05/01/2006	94
73823†	Seattle	WA	1,658,638	6.870	7.945	12/01/2026	360	341	101	101	19	12/01/96	06/01/2006	95
73858†	Cottage Grove	MN	6,074,677	6.660	7.615	12/01/2026	360	341	101	101	19	12/01/96	06/01/2006	95
73876†	Arlington	TX	1,679,541	6.670	7.625	01/01/2022	300	282	102	102	18	01/01/97	07/01/2006	96
375049†	Biloxi	MS	2,615,454	6.875	7.950	04/01/2022	300	285	105	105	15	04/01/97	10/01/2006	99
375076†	New York	NY	1,868,112	7.160	8.115	04/01/2027	360	345	105	105	15	04/01/97	10/01/2006	99
375163†	Flushing	NY	33,063,888	7.225	8.300	06/01/2027	360	347	107	107	13	06/01/97	12/01/2006	101
375249†	Waukesha	WI	4,235,758	7.000	8.225	07/01/2022	300	288	108	108	12	07/01/97	01/01/2007	102
375257†	Indianapolis	IN	850,664	6.990	7.890	07/01/2027	360	348	108	108	12	07/01/97	01/01/2007	102
375268†	Seattle	WA	2,198,626	6.900	7.800	07/01/2027	360	348	108	108	12	07/01/97	01/01/2007	102
375272†	Raleigh	NC	6,295,233	6.870	7.920	07/01/2027	360	348	108	108	12	07/01/97	01/01/2007	102
375276†	New Hope	MN	2,491,993	6.910	7.680	07/01/2022	300	288	108	108	12	07/01/97	01/01/2007	102
375331†	Milwaukee	WI	1,330,416	6.750	7.800	08/01/2022	300	289	109	109	11	08/01/97	02/01/2007	103
375338†	Cheltenham Twp	PA	4,808,608	6.680	7.730	08/01/2027	360	349	109	109	11	08/01/97	02/01/2007	103
375341†	North Las Vegas	NV	3,278,872	6.870	7.670	09/01/2027	360	350	110	110	10	09/01/97	03/01/2007	104

Pool Number	City	State	Approximate Principal Balance as of Issue Date	MBS Pass-Through Rate	Mortgage Interest Rate	Maturity Date	Original Amortization Term (mos.)	Remaining Amortization Term (mos.)	Remaining Term to Maturity (mos.)	Remaining Term to Balloon (mos.)	Certificate Age (mos.)	Issue Date	Yield Maintenance End Date	Remaining Yield Maintenance Term (mos.)
375345†	Wilton	DE	$ 10,957,834	6.740%	7.540%	09/01/2027	360	350	110	110	10	09/01/97	03/01/2007	104
375387†	Phoenix	AZ	5,516,783	6.735	7.435	09/01/2027	360	350	110	110	10	09/01/97	03/01/2007	104
375389†	Manchester	NH	12,770,197	6.750	7.450	09/01/2027	360	350	110	110	10	09/01/97	03/01/2007	104
375400†	Tempe	AZ	1,852,431	6.800	7.700	09/01/2027	360	350	110	110	10	09/01/97	03/01/2007	104
375504†	Phoenix	AZ	2,989,594	6.570	7.370	11/01/2027	360	352	112	112	8	11/01/97	05/01/2007	106
375505†	Maple Valley	WA	5,198,225	6.380	6.930	11/01/2027	360	352	112	112	8	11/01/97	05/01/2007	106
375507†	Omaha	NE	2,974,527	6.500	7.400	11/01/2022	300	292	112	112	8	11/01/97	05/01/2007	106
73452††	Denver	CO	1,532,302	7.230	7.880	05/01/2026	360	334	190	190	26	05/01/96	05/01/2009	130
73453††	Denver	CO	743,682	7.320	8.395	05/01/2026	360	334	190	190	26	05/01/96	05/01/2011	154
73459††	Mesquite	TX	1,498,377	7.445	8.520	05/01/2026	360	334	190	190	26	05/01/96	05/01/2006	94
73495††	Logan	UT	665,749	7.670	8.745	06/01/2021	300	275	191	191	25	06/01/96	06/01/2011	155
73531††	New York	NY	3,385,696	7.705	8.295	06/01/2026	360	335	215	215	25	06/01/96	06/01/2006	95
73534††	Wooster	OH	596,833	7.640	8.715	07/01/2026	360	336	192	192	24	07/01/96	07/01/2006	96
73604††	Various	CA	2,327,540	7.535	8.610	08/01/2026	360	337	193	193	23	08/01/96	08/01/2011	157
73606††	Cathedral City	CA	663,069	7.610	8.685	08/01/2026	360	337	193	193	23	08/01/96	08/01/2011	157
Total/Weighted Average			$331,786,419	6.912%	7.718%									

* This Mortgage Loan bears interest on the basis of a 360-day year and actual days elapsed.
** The distribution which occurred on the first distribution date with respect to the related MBS consisted solely of interest.
† These pools are part of Mega Pool 313867, which will be delivered into the Lower Tier REMIC.
†† These pools are part of Mega Pool 313035, which will be delivered into the Lower Tier REMIC.

NOTE:

The information with respect to the MBS and the Mortgage Loans set forth on this Exhibit A has been collected and summarized by the Dealer and provided to Fannie Mae. Fannie Mae has made no independent verification of such information and, therefore, does not warrant its truth or accuracy.

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

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Prospectus Supplement

Multifamily REMIC Prospectus

$331,786,419
(Approximate)

FannieMae[SM]

Guaranteed REMIC

Pass-Through Certificates

Fannie Mae Multifamily

REMIC Trust 1998-M5

PROSPECTUS SUPPLEMENT

Bear, Stearns & Co. Inc.

June 16, 1998