

\$258,486,122



FannieMae

Guaranteed REMIC Pass-Through Certificates Fannie Mae REMIC Trust 1999-18

The Certificates

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

Payments to Certificateholders

We will make monthly payments 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 pay principal at rates that vary from time to time. We may not pay principal to certain classes for long periods of time.

The Fannie Mae Guaranty

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

The Trust and its Assets

The trust will indirectly own

- Fannie Mae MBS and
- an underlying REMIC certificate backed directly or indirectly by Fannie Mae MBS.

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

Class	Group	Original Class Balance	Principal Type	Interest Rate	Interest Type	CUSIP Number	Final Distribution Date
A	1	\$100,000,000	SEQ	5.50%	FIX	31359VRM7	October 2027
Z	1	2,770,000	SEQ	5.50	FIX/Z	31359VRN5	April 2029
D	2	2,717,000	PT	(2)	PO	31359VRP0	April 2029
B	2	72,743,000	SEQ	6.00	FIX	31359VRQ8	September 2026
C	2	8,777,000	SEQ	6.00	FIX	31359VRR6	November 2027
E	2	1,359,000	SEQ	(2)	PO	31359VRS4	April 2029
LL(1)	2	(1)	SEQ/RTL	6.50	FIX	31359VRL9	April 2029
T	3	68,686,000	SC/TAC	6.50	FIX	31359VRT2	March 2029
TZ	3	1,434,122	SC/SUP	6.50	FIX/Z	31359VRU9	March 2029
R		0	NPR	0	NPR	31359VRW5	April 2029

(1) The LL Class with an original principal balance of \$16,308,000 is being offered by means of the retail class supplement and is not offered hereby.

(2) Principal only classes.

The dealer will offer the certificates from time to time in negotiated transactions at varying prices. We expect the settlement date to be March 26, 1999.

Carefully consider the risk factors starting on page S-7 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.

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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”);
- our Information Statement dated March 31, 1998 and its supplements (the “Information Statement”); and
- the disclosure document relating to the underlying REMIC certificate (the “Underlying REMIC Disclosure Document”).

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
3	Class 1999-7-CD REMIC Certificate

Assumed Characteristics of the Mortgage Loans underlying the Group 1 and Group 2 MBS (as of March 1, 1999)

	<u>Approximate Principal Balance</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	\$102,770,000	360	357	3	6.45%
Group 2 5.50% MBS	32,604,000	360	357	3	6.70%
Group 2 6.00% MBS	69,300,000	360	357	3	6.70%

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.

Characteristics of the Underlying REMIC Certificate

Exhibit A describes the underlying REMIC certificate, including certain information about the related mortgage loans. To learn more about the underlying REMIC certificate, you should obtain the current principal factors and disclosure document for the underlying REMIC certificate as described on page S-3.

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 11th day of each month.

Settlement Date

We expect to issue the certificates on March 26, 1999.

Distribution Dates

We will make payments on the Group 1 and Group 2 Classes on the 18th day of each calendar month, or on the next business day if such day is not a business day. We will make payments on the Group 3 Classes on the 25th 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>
Group 1, Group 2 and Group 3 Classes	R Class

Interest Rates

During each interest accrual period, the interest-bearing classes will accrue interest at the applicable annual interest rates listed on the cover.

Distributions of Principal

Group 1 Principal Distribution Amount

Z Accrual Amount

To the A Class to zero, and thereafter to the Z Class.

Group 1 Cash Flow Distribution Amount

To the A and Z Classes, in that order, to zero.

Group 2 Principal Distribution Amount

1. Beginning in April 1999, we will pay 8.3333333333% of the principal distributions on the Group 2 5.5% MBS to the D Class, until its principal balance is reduced to zero.
2. Beginning in April 2002, we will pay the excess of the Group 2 Principal Distribution Amount over the amount applied pursuant to 1. above to the LL and E Classes, pro rata, in amounts up to \$16,308 and \$1,359, respectively.
3. Beginning in April 1999, we will pay the excess of the Group 2 Principal Distribution Amount over the amounts applied pursuant to 1. and 2. above as follows:

first, to the B and C Classes, in that order, to zero; and

second, to the LL and E Classes, pro rata, to zero.

Group 3 Principal Distribution Amount

TZ Accrual Amount

To the T Class to its Targeted Balance, and thereafter to the TZ Class.

Group 3 Cash Flow Distribution Amount

1. To the T Class to its Targeted Balance.
2. To the TZ Class to zero.
3. To the T Class to zero.

Weighted Average Lives (years) *

<u>Group 1 Classes</u>		PSA Prepayment Assumption				
		<u>0%</u>	<u>150%</u>	<u>315%</u>	<u>500%</u>	<u>630%</u>
A		19.1	7.9	4.7	3.3	2.7
Z		29.3	24.4	17.2	11.9	9.6
<u>Group 2 Classes</u>		PSA Prepayment Assumption				
		<u>0%</u>	<u>150%</u>	<u>350%</u>	<u>500%</u>	<u>650%</u>
D		20.5	9.1	4.9	3.6	2.9
B		18.7	5.7	3.0	2.3	1.9
C		28.0	15.0	7.2	5.2	4.1
LL and E		25.2	19.9	11.5	8.3	6.4
<u>Group 3 Classes</u>		PSA Prepayment Assumption				
		<u>0%</u>	<u>100%</u>	<u>166%</u>	<u>300%</u>	<u>500%</u>
T		20.6	9.1	6.0	2.5	1.6
TZ		27.3	20.3	26.4	1.1	0.7

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

ADDITIONAL RISK FACTORS

The rate of principal payments on the certificates will be affected by the rate of principal payments on the underlying mortgage loans. The rate that you receive principal payments on the certificates will be sensitive to the rate of principal payments on the mortgage loans underlying the related MBS, 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 any of the prepayment rates we assumed in this prospectus supplement, or
- at any constant prepayment rate until maturity.

The rate of prepayment of relocation mortgage loans may be higher than that of non-relocation mortgage loans. The mortgage loans underlying the Group 1 MBS and Group 2 MBS are relocation mortgage loans made to borrowers whose employers frequently relocate their employees. Accordingly, the rate of prepayment of these mortgage loans 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.

Payments on the Group 3 Classes will also be affected by payment priority governing the underlying REMIC certificate. If you invest in any Group 3 Classes, the rate that you receive payments will also be affected by the priority

sequence governing principal payments on the underlying REMIC certificate.

As described in the related disclosure document, the underlying REMIC certificate has a principal balance schedule and, as a result, may receive principal payments at rates faster or slower than would otherwise have been the case. In some cases, it may receive no principal payments for extended periods. Prepayments on the related mortgage loans may have occurred at a rate faster or slower than the rate initially assumed. This prospectus supplement contains no information as to whether

- such class has adhered to its principal balance schedule,
- any related support classes remain outstanding, or
- such class otherwise has performed as originally anticipated.

You may obtain additional information about the underlying REMIC certificate by reviewing our current class factors in light of other information available in the related disclosure documents. You may obtain these documents from us as described on page S-3.

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

Unpredictable timing of last payment affects yields on certificates. The actual final payment of your class is likely to occur earlier, and could occur much earlier, than the final distribu-

tion 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 certificates. 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”) pursuant to a trust agreement dated September 1, 1987, as supplemented by an issue supplement thereto dated as of March 1, 1999 (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 “Certificates”) pursuant to the Trust Agreement. In general, the term “Class” refers to a class of Certificates.

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

- The Certificates (except the R Class) will be “regular interests” in the Trust.
- The R Class will be the “residual interest” in the Trust.

The assets of the Trust will consist of

- two groups of Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the “Group 1 MBS” and “Group 2 MBS” and, together, the “Trust MBS”), and
- a previously issued REMIC certificate (the “Underlying REMIC Certificate”) evidencing a beneficial ownership interest in the related Fannie Mae REMIC trust (the “Underlying REMIC Trust”) as further described in Exhibit A.

The assets of the Underlying REMIC Trust evidence direct or indirect beneficial ownership interests in certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (together with the Trust MBS, the “MBS”).

Each MBS represents a beneficial ownership interest in a pool (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 full principal balance of any foreclosed Mortgage Loan, whether or not we recover it.

Our guaranty obligations with respect to the Underlying REMIC Certificate are described in the Underlying REMIC Disclosure Document. Our guarantees are not backed by the full faith and credit of the United States. See “Description of the Certificates—The Fannie Mae Guaranty” in the REMIC Prospectus, “Description of Certificates—The Fannie Mae Guaranty” in the MBS Prospectus, and “Description of the Certificates—General—Fannie Mae Guaranty” in the Underlying REMIC Disclosure Document.

Characteristics of Certificates. We will issue the Certificates (except the R Class) 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 Certificate in fully registered, certificated form. The “Holder” or “Certificateholder” of the R Certificate is its registered owner. The R 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 Certificate and may require payment to cover any tax or other governmental charge. See also “Characteristics of the R Class.”

The Holder of the R Class will receive the proceeds of any remaining assets of the Trust only by presenting and surrendering such 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 Certificate, in minimum denominations of \$1,000 and whole dollar increments. We will issue the R Class as a single Certificate with no principal balance.

Distribution Dates. We will make monthly payments on the Group 1 and Group 2 Classes on the 18th day of each month (or, if the 18th is not a business day, on the first business day after the 18th). We will make monthly payments on the Group 3 Classes 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 each such date as a “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 of a Certificate of that Class, the product will equal the current 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 the Accrual Classes).

Optional Termination. We will not terminate 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.

Voting the Underlying REMIC Certificate. Holders of certificates of the Underlying REMIC Trust may be asked to vote on issues arising under the applicable trust agreement. If so, the Trustee will vote the Underlying REMIC Certificate as instructed by Holders of Certificates of the Classes backed by the Underlying REMIC Certificate. The Trustee must receive instructions from Holders of Certificates having principal balances totaling at least 51% of the aggregate principal balance of all such Classes outstanding. In the absence of such instructions, the Trustee will vote in a manner consistent, in its sole judgment, with the best interests of Certificateholders.

The Trust MBS

The following table contains certain information about the Trust MBS. The Trust 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 Trust 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 Trust MBS. The Mortgage Loans underlying the Trust MBS will be conventional Level Payment Mortgage Loans secured by first mortgages or deeds of trust on one- to four-family (“single-family”) residential properties. These Mortgage Loans will have original maturities of up to 30 years. In addition, the Mortgage Loans underlying the Group 1 MBS and 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 MBS and Group 2 MBS and the related Mortgage Loans as of March 1, 1999 (the “Issue Date”) to be as follows:

Group 1 MBS

Aggregate Unpaid Principal Balance	\$102,770,000
MBS Pass-Through Rate	5.50%

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

Group 2 MBS

5.5% Group 2 MBS

Aggregate Unpaid Principal Balance	\$32,604,000
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

6.0% Group 2 MBS

Aggregate Unpaid Principal Balance	\$69,300,000
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

The Underlying REMIC Certificate

The Underlying REMIC Certificate represents a beneficial ownership interest in the Underlying REMIC Trust. The assets of this trust evidence direct or indirect beneficial ownership interests in certain MBS having the general characteristics set forth in the MBS Prospectus. Each MBS evidences beneficial ownership interests in a Pool of conventional Level Payment Mortgage Loans secured by first mortgages or deeds of trust on single-family residential properties, as described under “The Mortgage Pools” and “Yield Considerations” in the MBS Prospectus. Distributions on the Underlying REMIC Certificate will be passed through monthly. The general characteristics of the Underlying REMIC Certificate are described in the Underlying REMIC Disclosure Document.

See Exhibit A for additional information about the Underlying REMIC Certificate.

For further information about the Underlying REMIC Certificate, telephone us at 1-800-237-8627 or 202-752-6547. You also may obtain certain information in electronic form by calling us at 1-800-752-6440 or 202-752-6000. There may have been material changes in facts and circumstances since the date we prepared the Underlying REMIC Disclosure Document. These may include changes in prepayment speeds, prevailing interest rates and other economic factors. As a result, the usefulness of the information set forth in such document may be limited.

Final Data Statement

After issuing the Certificates, we will prepare a Final Data Statement containing certain information, including the principal balance of the Underlying REMIC Certificate as of the Issue Date and with respect to the Trust MBS, the Pool number, the current WAC (or original WAC, if the

current WAC is not available) and the current WAM (or Adjusted WAM, if the current WAM is not available) of the Mortgage Loans underlying the Trust MBS. 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 Trust 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>
Group 1 Classes	
Fixed Rate	A, and Z
Accrual	Z
Group 2 Classes	
Fixed Rate	B, C and LL
Principal Only	D and E
Group 3 Classes	
Fixed Rate	T and TZ
Accrual	TZ
No Payment Residual	R

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

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

<u>Classes</u>	<u>Interest Accrual Period</u>
All Fixed Rate Classes (collectively, the “Delay Classes”)	Calendar month preceding the month in which the Distribution Date occurs

See “Additional Risk Factors.”

We will treat the D and E Classes as Delay Classes for the sole purpose of facilitating trading.

Accrual Classes. The Z and TZ 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.

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>
Group 1 Classes	
Sequential Pay	A and Z
Accretion Directed	A
Group 2 Classes	
Pass-Through	D
Sequential Pay	B, C, LL and E
Group 3 Classes	
Structured Collateral/TAC	T
Structured Collateral/Support	TZ
Accretion Directed	T
No Payment Residual	R

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

Principal Distribution Amount

On the Distribution Date in each month, we will pay principal on the Certificates in an aggregate amount (the “Principal Distribution Amount”) equal to the sum of

- the principal to be paid on the Group 1 MBS in the month of such Distribution Date (the “Group 1 Cash Flow Distribution Amount”) plus any interest then accrued and added to the principal balance of the Z Class (the “Z Accrual Amount,” and together with the Group 1 Cash Flow Distribution Amount, the “Group 1 Principal Distribution Amount”),
- the principal to be paid on the Group 2 MBS in the month of such Distribution Date (the “Group 2 Principal Distribution Amount”), and
- the principal then paid on the Underlying REMIC Certificate (the “Group 3 Cash Flow Distribution Amount”) plus any interest then accrued and added to the principal balance of the TZ Class (the “TZ Accrual Amount”, and together with the Group 3 Cash Flow Distribution Amount, the “Group 3 Principal Distribution Amount”).

The portion of the class of Underlying REMIC Certificate held by the Trust is set forth in Exhibit A.

Group 1 Principal Distribution Amount

Z Accrual Amount

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

} Accretion
Directed
Class
and
Accrual
Class

Group 1 Cash Flow Distribution Amount

On each Distribution Date, we will pay the Group 1 Cash Flow Distribution Amount, sequentially, as principal of the A and Z Classes, in that order, until their principal balances are reduced to zero.

} Sequential
Pay
Classes

Group 2 Principal Distribution Amount

On each Distribution Date, we will pay the Group 2 Principal Distribution Amount as principal of the Group 2 Classes as specified below.

A. Beginning in April 1999, we will pay 8.3333333333% of the principal distributions on the 5.5% Group 2 MBS as principal of the D Class, until its principal balance is reduced to zero.

} Pass-Through
Class

B. Beginning in April 2002, we will pay the excess of the Group 2 Principal Distribution Amount over the amount applied pursuant to A. above, concurrently, to the LL and E Classes, pro rata (or 92.3076923077% and 7.6923076923%, respectively), in amounts up to \$16,308 and \$1,359, respectively.

} Sequential
Pay
Classes

C. Beginning in April 1999, we will pay the excess of the Group 2 Principal Distribution Amount over the amounts applied pursuant to A. and B. above as follows:

first, sequentially, to the B and C Classes, in that order, until their principal balances are reduced to zero; and

} Sequential
Pay
Classes

second, concurrently, to the LL and E Classes, pro rata, until their principal balances are reduced to zero.

Group 3 Principal Distribution Amount

TZ Accrual Amount

On each Distribution Date, we will pay the TZ Accrual Amount as principal of the T Class, until its principal balance is reduced to its Targeted Balance for such Distribution Date. Thereafter, we will pay the TZ Accrual Amount as principal of the TZ Class.

} Accretion
Directed
Class
and
Accrual
Class

Group 3 Cash Flow Distribution Amount

On each Distribution Date, we will pay the Group 3 Cash Flow Distribution Amount as principal of the Group 3 Classes in the following priority:

(i) to the T Class, until its principal balance is reduced to its Targeted Balance for such Distribution Date;

} Structured
Collateral/
TAC
Class

(ii) to the TZ Class, until its principal balance is reduced to zero; and

} Structured
Collateral/
Support
Class

(iii) to the T Class, without regard to its Targeted Balance and until its principal balance is reduced to zero.

} Structured
Collateral/
TAC
Class

Structuring Assumptions

Pricing Assumptions. Except where otherwise noted, the information in the tables in this prospectus supplement has been prepared based on the actual characteristics of each Pool of Mortgage Loans underlying the Underlying REMIC Certificate, the priority sequence affecting the principal

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

- the Mortgage Loans underlying the Group 1 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 Group 1 and Group 2 MBS”;
- 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 March 26, 1999.

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 Rate. 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 Mortgage Loans will prepay at the applicable rate set forth below.

<u>Principal Balance Schedule Reference</u>	<u>Related Class</u>	<u>Structuring Rate</u>
Targeted Balances	T	166%

We cannot assure you that the balance of the 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 the Class listed above will begin or end on the Distribution Dates specified in the Principal Balance Schedules. We will distribute any excess of principal payments 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, because of the diverse remaining terms to maturity of the related Mortgage Loans, which may include recently originated Mortgage Loans, the Class specified above may not be reduced to its scheduled balance, even if prepayments occur at the applicable *constant* rate specified above.

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.

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

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

<u>Class</u>	<u>Price</u>
D	75%
E	45%

**Sensitivity of the D Class to Prepayments
(Pre-Tax Yields to Maturity)**

<u>Class</u>	<u>PSA Prepayment Assumption</u>					
	<u>50%</u>	<u>100%</u>	<u>150%</u>	<u>350%</u>	<u>500%</u>	<u>650%</u>
D	2.1%	2.8%	3.5%	6.5%	8.8%	10.8%

**Sensitivity of the E Class to Prepayments
(Pre-Tax Yields to Maturity)**

<u>Class</u>	<u>PSA Prepayment Assumption</u>					
	<u>50%</u>	<u>100%</u>	<u>150%</u>	<u>350%</u>	<u>500%</u>	<u>650%</u>
E	3.5%	3.7%	4.2%	7.4%	10.3%	13.3%

Weighted Average Lives of the Certificates

The weighted average life of a Certificate is determined by

- multiplied 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,
- summing the results, and
- dividing the sum by the aggregate amount of the reductions in principal balance of such Certificate referred to in clause (a).

For a description of the factors which may influence the weighted average life of a Certificate, see “Description of the Certificates—Weighted Average Life and Final Distribution Dates” in the REMIC Prospectus.

In general, the weighted average lives of the Certificates will be shortened if the level of prepayments of principal of the related Mortgage Loans increases. However, the weighted average lives will depend upon a variety of other factors, including

- the timing of changes in such rate of principal payments,
- the priority sequences of distributions of principal of the Group 1, Group 2 and Group 3 Classes,
- in the case of the applicable Group 3 Class, the distribution of principal of such Class in accordance with the Principal Balance Schedules, and
- in the case of the Group 3 Classes, the priority sequence affecting distributions on the Underlying REMIC Certificate.

See “Distributions of Principal” herein and “Description of the Certificates—Distributions of Principal” in the Underlying REMIC Disclosure Document.

The effect of 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. The tables have been prepared 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 Groups</u>
Group 1 MBS	360 months	360 months	8.0%	Group 1
Group 2 5.50% MBS	360 months	360 months	8.0%	Group 2
Group 2 6.00% MBS	360 months	360 months	8.5%	Group 2
Underlying REMIC Certificate	360 months	359 months	9.0%	Group 3

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					Z Class					D Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	150%	315%	500%	630%	0%	150%	315%	500%	630%	0%	150%	350%	500%	650%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
March 2000	99	96	93	89	86	106	106	106	106	106	99	96	92	89	87
March 2001	98	88	78	68	61	112	112	112	112	112	98	89	77	69	62
March 2002	97	79	62	46	36	118	118	118	118	118	97	80	61	48	37
March 2003	95	70	49	31	21	125	125	125	125	125	96	72	47	33	22
March 2004	94	62	38	20	11	132	132	132	132	132	95	64	37	23	13
March 2005	93	55	29	12	5	139	139	139	139	139	94	57	29	16	8
March 2006	91	49	22	7	1	147	147	147	147	147	92	51	22	11	5
March 2007	89	43	17	3	0	155	155	155	155	122	91	46	17	7	3
March 2008	87	37	12	1	0	164	164	164	164	74	89	41	13	5	2
March 2009	85	32	8	0	0	173	173	173	128	45	88	36	10	3	1
March 2010	83	28	5	0	0	183	183	183	88	27	86	32	8	2	1
March 2011	81	24	3	0	0	193	193	193	60	17	84	29	6	2	*
March 2012	78	20	1	0	0	204	204	204	40	10	82	25	5	1	*
March 2013	76	17	0	0	0	216	216	183	27	6	79	22	4	1	*
March 2014	73	13	0	0	0	228	228	143	18	4	77	19	3	1	*
March 2015	69	11	0	0	0	241	241	111	12	2	74	17	2	*	*
March 2016	66	8	0	0	0	254	254	86	8	1	71	15	2	*	*
March 2017	62	5	0	0	0	269	269	66	5	1	68	13	1	*	*
March 2018	58	3	0	0	0	284	284	50	4	*	64	11	1	*	*
March 2019	54	1	0	0	0	300	300	38	2	*	60	9	1	*	*
March 2020	49	0	0	0	0	317	284	28	2	*	56	8	*	*	*
March 2021	44	0	0	0	0	334	236	21	1	*	52	6	*	*	*
March 2022	39	0	0	0	0	353	192	15	1	*	47	5	*	*	*
March 2023	33	0	0	0	0	373	154	11	*	*	42	4	*	*	*
March 2024	26	0	0	0	0	394	119	8	*	*	36	3	*	*	*
March 2025	19	0	0	0	0	417	88	5	*	*	30	2	*	*	*
March 2026	12	0	0	0	0	440	61	3	*	*	23	2	*	*	*
March 2027	4	0	0	0	0	465	36	2	*	*	16	1	*	*	*
March 2028	0	0	0	0	0	313	15	1	*	*	8	*	*	*	*
March 2029	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	19.1	7.9	4.7	3.3	2.7	29.3	24.4	17.2	11.9	9.6	20.5	9.1	4.9	3.6	2.9

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

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

Date	B Class					C Class					LL and E Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	150%	350%	500%	650%	0%	150%	350%	500%	650%	0%	150%	350%	500%	650%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
March 2000	99	95	89	86	82	100	100	100	100	100	100	100	100	100	100
March 2001	98	85	69	58	48	100	100	100	100	100	100	100	100	100	100
March 2002	97	73	46	29	14	100	100	100	100	100	100	100	100	100	100
March 2003	95	62	28	9	0	100	100	100	100	54	99	99	99	99	99
March 2004	94	52	14	0	0	100	100	100	62	0	98	98	98	98	76
March 2005	93	43	3	0	0	100	100	100	0	0	96	96	96	88	45
March 2006	91	35	0	0	0	100	100	58	0	0	95	95	95	61	27
March 2007	90	28	0	0	0	100	100	4	0	0	94	94	94	42	16
March 2008	88	21	0	0	0	100	100	0	0	0	93	93	74	29	10
March 2009	86	15	0	0	0	100	100	0	0	0	92	92	57	20	6
March 2010	84	10	0	0	0	100	100	0	0	0	90	90	44	13	3
March 2011	82	5	0	0	0	100	100	0	0	0	89	89	34	9	2
March 2012	79	1	0	0	0	100	100	0	0	0	88	88	26	6	1
March 2013	76	0	0	0	0	100	75	0	0	0	87	87	20	4	1
March 2014	73	0	0	0	0	100	47	0	0	0	86	86	15	3	*
March 2015	70	0	0	0	0	100	21	0	0	0	84	84	11	2	*
March 2016	66	0	0	0	0	100	0	0	0	0	83	82	9	1	*
March 2017	62	0	0	0	0	100	0	0	0	0	82	71	6	1	*
March 2018	57	0	0	0	0	100	0	0	0	0	81	61	5	1	*
March 2019	53	0	0	0	0	100	0	0	0	0	80	52	4	*	*
March 2020	47	0	0	0	0	100	0	0	0	0	78	44	3	*	*
March 2021	41	0	0	0	0	100	0	0	0	0	77	36	2	*	*
March 2022	35	0	0	0	0	100	0	0	0	0	76	30	1	*	*
March 2023	28	0	0	0	0	100	0	0	0	0	75	24	1	*	*
March 2024	21	0	0	0	0	100	0	0	0	0	74	18	1	*	*
March 2025	12	0	0	0	0	100	0	0	0	0	72	14	*	*	*
March 2026	3	0	0	0	0	100	0	0	0	0	71	9	*	*	*
March 2027	0	0	0	0	0	48	0	0	0	0	70	6	*	*	*
March 2028	0	0	0	0	0	0	0	0	0	0	49	2	*	*	*
March 2029	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	18.7	5.7	3.0	2.3	1.9	28.0	15.0	7.2	5.2	4.1	25.2	19.9	11.5	8.3	6.4

Date	T Class					TZ Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	166%	300%	500%	0%	100%	166%	300%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100
March 2000	97	91	89	89	79	107	107	107	107	0
March 2001	97	84	78	63	30	114	114	114	0	0
March 2002	96	77	66	32	0	121	121	121	0	0
March 2003	95	70	55	9	0	130	130	130	0	0
March 2004	94	63	44	0	0	138	138	138	0	0
March 2005	93	57	34	0	0	148	148	148	0	0
March 2006	91	52	27	0	0	157	157	157	0	0
March 2007	90	47	21	0	0	168	168	168	0	0
March 2008	89	43	17	0	0	179	179	179	0	0
March 2009	87	39	13	0	0	191	191	191	0	0
March 2010	86	36	11	0	0	204	204	204	0	0
March 2011	84	32	10	0	0	218	218	218	0	0
March 2012	82	29	10	0	0	232	232	232	0	0
March 2013	81	27	9	0	0	248	248	248	0	0
March 2014	79	24	9	0	0	264	264	264	0	0
March 2015	76	22	9	0	0	282	282	282	0	0
March 2016	74	19	8	0	0	301	301	301	0	0
March 2017	72	16	8	0	0	321	321	321	0	0
March 2018	69	13	7	0	0	343	343	343	0	0
March 2019	66	7	7	0	0	366	283	366	0	0
March 2020	63	4	6	0	0	390	0	390	0	0
March 2021	60	0	6	0	0	416	0	416	0	0
March 2022	57	0	3	0	0	444	0	444	0	0
March 2023	53	0	0	0	0	474	0	449	0	0
March 2024	48	0	0	0	0	506	0	344	0	0
March 2025	25	0	0	0	0	539	0	251	0	0
March 2026	1	0	0	0	0	576	0	169	0	0
March 2027	0	0	0	0	0	0	0	97	0	0
March 2028	0	0	0	0	0	0	0	35	0	0
March 2029	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	20.6	9.1	6.0	2.5	1.6	27.3	20.3	26.4	1.1	0.7

* 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.

Characteristics of the R Class

The R Class will not have a principal balance 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. Fannie Mae does not expect that any material assets will remain in such case.

The R Class will be subject to certain transfer restrictions. We will not permit transfer of record or beneficial ownership of an R Certificate to a “disqualified organization.” In addition, we will not permit transfer of record or beneficial ownership of an R 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 Class will constitute a noneconomic residual interest under the Regulations. Any transferee of an R Certificate must execute and deliver an affidavit and an Internal Revenue Service Form W-9 on which the transferee provides its taxpayer identification number. See “Description of Certificates—Special Characteristics of Residual Certificates” and “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Residual Certificates*” in the REMIC Prospectus. Transferors of an R Certificate should consult with their own tax advisors for further information regarding such transfers.

The Holder of the R Class will be considered to be the holder of the “residual interest” in the REMIC constituted by the Trust. See “Certain Federal Income Tax Consequences” in the REMIC Prospectus. Pursuant to the Trust Agreement, we will be obligated to provide to such Holder (i) information necessary to enable it to prepare its federal income tax returns and (ii) any reports regarding the R Class that may be required under the Code.

CERTAIN ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES

The 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 Election and Special Tax Attributes

We will elect to treat the Trust as a REMIC for federal income tax purposes. The Certificates, other than the R Class, will be designated as the “regular interests,” and the R Class will be designated as the “residual interest,” in the REMIC constituted by the Trust.

Because the Trust will qualify as a REMIC, the Certificates generally will be treated as “regular or residual interests in a REMIC” for domestic building and loan associations, “real estate assets” for real estate investment trusts, and, except for the R Class, as “qualified mortgages” for other REMICs. See “Certain Federal Income Tax Consequences—*REMIC Election and Special Tax Attributes*” in the REMIC Prospectus.

Taxation of Beneficial Owners of Regular Certificates

The Accrual Classes and Principal Only Classes will be issued with original issue discount (“OID”), and certain other Classes of 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 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 OID will be as follows:

<u>Class Group</u>	<u>PSA Prepayment Assumption</u>
1	315%
2	350%
3	166%

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 any 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 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 that generally will not be treated as excess inclusions, the rate to be used is 6.23% (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.

PLAN OF DISTRIBUTION

General. We are obligated to deliver the Certificates to Lehman Brothers Inc. (the “Dealer”) in exchange for the Group 1 and Group 2 MBS and the Underlying REMIC Certificate. 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 and 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 Trust MBS.” The proportion that the original principal balance of each Group 1 and Group 2 Class bears to the aggregate original principal balance of all Group 1 or Group 2 Classes, respectively, will remain the same.

LEGAL MATTERS

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

Exhibit A

Underlying REMIC Certificate

Underlying REMIC Trust	Class	Date of Issue	CUSIP Number	Interest Rate	Interest Type (1)	Final Distribution Date	Principal Type (1)	Original Principal Balance of Class	March 1999 Class Factor	Principal Balance as of the Trust Issue Date	Approximate Weighted Average WAC (in months)	Approximate Weighted Average WAM (in months)	Approximate Weighted Average CAGE (in months)	Underlying Security Type	Class Group
1999-7	CD	February 1999	31359VLD3	6.5%	FIX	March 2029	TAC	\$85,500,000	0.99461166	\$70,120,122	7.079%	355	4	MBS	3

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

Principal Balance Schedules

<u>Distribution Date</u>	<u>T Class Targeted Balance</u>	<u>Distribution Date</u>	<u>T Class Targeted Balance</u>	<u>Distribution Date</u>	<u>T Class Targeted Balance</u>
Initial Balance	\$68,686,000.00	March 2004	\$29,893,894.55	March 2009	\$ 9,157,480.54
April 1999	68,254,126.20	April 2004	29,319,081.41	April 2009	9,006,730.07
May 1999	67,778,116.30	May 2004	28,753,563.38	May 2009	8,861,130.59
June 1999	67,258,133.70	June 2004	28,197,251.01	June 2009	8,720,630.65
July 1999	66,694,371.64	July 2004	27,650,055.71	July 2009	8,585,179.32
August 1999	66,087,053.07	August 2004	27,111,889.64	August 2009	8,454,726.08
September 1999	65,436,430.60	September 2004	26,582,665.81	September 2009	8,329,220.93
October 1999	64,742,786.28	October 2004	26,062,298.00	October 2009	8,208,614.31
November 1999	64,006,431.48	November 2004	25,550,700.77	November 2009	8,092,857.14
December 1999	63,227,706.64	December 2004	25,047,789.47	December 2009	7,981,900.76
January 2000	62,406,981.03	January 2005	24,553,480.20	January 2010	7,875,697.00
February 2000	61,544,652.45	February 2005	24,067,689.86	February 2010	7,774,198.11
March 2000	61,080,299.74	March 2005	23,590,336.08	March 2010	7,677,356.81
April 2000	60,592,875.59	April 2005	23,121,337.25	April 2010	7,585,126.24
May 2000	60,082,746.15	May 2005	22,660,612.49	May 2010	7,497,459.98
June 2000	59,550,299.15	June 2005	22,208,081.68	June 2010	7,414,312.04
July 2000	58,995,943.51	July 2005	21,763,665.43	July 2010	7,335,636.88
August 2000	58,420,108.96	August 2005	21,327,285.05	August 2010	7,261,389.35
September 2000	57,823,245.48	September 2005	20,898,862.58	September 2010	7,191,524.75
October 2000	57,205,822.96	October 2005	20,478,320.80	October 2010	7,125,998.78
November 2000	56,568,330.57	November 2005	20,065,583.15	November 2010	7,064,767.56
December 2000	55,911,276.31	December 2005	19,660,573.80	December 2010	7,007,787.61
January 2001	55,235,186.38	January 2006	19,263,217.60	January 2011	6,955,015.89
February 2001	54,540,604.68	February 2006	18,873,440.09	February 2011	6,906,409.71
March 2001	53,828,092.15	March 2006	18,491,167.50	March 2011	6,861,926.82
April 2001	53,098,226.14	April 2006	18,116,326.72	April 2011	6,821,525.36
May 2001	52,351,599.79	May 2006	17,748,845.32	May 2011	6,785,163.82
June 2001	51,612,577.54	June 2006	17,388,651.52	June 2011	6,752,801.15
July 2001	50,881,098.43	July 2006	17,035,674.22	July 2011	6,724,396.62
August 2001	50,157,101.90	August 2006	16,689,842.95	August 2011	6,699,909.91
September 2001	49,440,527.83	September 2006	16,351,087.90	September 2011	6,679,301.09
October 2001	48,731,316.49	October 2006	16,019,339.89	October 2011	6,661,833.61
November 2001	48,029,408.61	November 2006	15,694,530.37	November 2011	6,644,271.51
December 2001	47,334,745.28	December 2006	15,376,591.43	December 2011	6,626,614.29
January 2002	46,647,268.04	January 2007	15,065,455.79	January 2012	6,608,861.43
February 2002	45,966,918.80	February 2007	14,761,056.76	February 2012	6,591,012.40
March 2002	45,293,639.90	March 2007	14,463,328.29	March 2012	6,573,066.69
April 2002	44,627,374.09	April 2007	14,172,204.93	April 2012	6,555,023.77
May 2002	43,968,064.48	May 2007	13,887,621.81	May 2012	6,536,883.12
June 2002	43,315,654.59	June 2007	13,609,514.69	June 2012	6,518,644.21
July 2002	42,670,088.35	July 2007	13,337,819.89	July 2012	6,500,306.51
August 2002	42,031,310.06	August 2007	13,072,474.34	August 2012	6,481,869.48
September 2002	41,399,264.40	September 2007	12,813,415.54	September 2012	6,463,332.58
October 2002	40,773,896.44	October 2007	12,560,581.55	October 2012	6,444,695.27
November 2002	40,155,151.64	November 2007	12,313,911.03	November 2012	6,425,957.01
December 2002	39,542,975.82	December 2007	12,073,343.18	December 2012	6,407,117.25
January 2003	38,937,315.21	January 2008	11,838,817.78	January 2013	6,388,175.44
February 2003	38,254,535.20	February 2008	11,610,275.15	February 2013	6,369,131.03
March 2003	37,550,364.26	March 2008	11,387,656.15	March 2013	6,349,983.46
April 2003	36,856,728.37	April 2008	11,170,902.22	April 2013	6,330,732.18
May 2003	36,173,526.88	May 2008	10,959,955.31	May 2013	6,311,376.62
June 2003	35,500,659.98	June 2008	10,754,757.92	June 2013	6,291,916.21
July 2003	34,838,028.84	July 2008	10,555,253.07	July 2013	6,272,350.40
August 2003	34,185,535.46	August 2008	10,361,384.32	August 2013	6,252,678.60
September 2003	33,543,082.77	September 2008	10,173,095.74	September 2013	6,232,900.25
October 2003	32,910,574.57	October 2008	9,990,331.92	October 2013	6,213,014.77
November 2003	32,287,915.53	November 2008	9,813,037.97	November 2013	6,193,021.57
December 2003	31,675,011.19	December 2008	9,641,159.49	December 2013	6,172,920.08
January 2004	31,071,767.94	January 2009	9,474,642.60	January 2014	6,152,709.70
February 2004	30,478,093.03	February 2009	9,313,433.92	February 2014	6,132,389.85

<u>Distribution Date</u>	<u>T Class Targeted Balance</u>	<u>Distribution Date</u>	<u>T Class Targeted Balance</u>	<u>Distribution Date</u>	<u>T Class Targeted Balance</u>
March 2014	\$ 6,111,959.94	March 2017	\$ 5,297,902.25	March 2020	\$ 4,309,089.48
April 2014	6,091,419.36	April 2017	5,272,952.19	April 2020	4,278,783.35
May 2014	6,070,767.52	May 2017	5,247,866.99	May 2020	4,248,313.07
June 2014	6,050,003.82	June 2017	5,222,645.91	June 2020	4,217,677.74
July 2014	6,029,127.65	July 2017	5,197,288.22	July 2020	4,186,876.46
August 2014	6,008,138.39	August 2017	5,171,793.17	August 2020	4,155,908.35
September 2014	5,987,035.45	September 2017	5,146,160.02	September 2020	4,124,772.49
October 2014	5,965,818.20	October 2017	5,120,388.03	October 2020	4,093,467.98
November 2014	5,944,486.02	November 2017	5,094,476.44	November 2020	4,061,993.91
December 2014	5,923,038.29	December 2017	5,068,424.49	December 2020	4,030,349.35
January 2015	5,901,474.39	January 2018	5,042,231.43	January 2021	3,998,533.38
February 2015	5,879,793.68	February 2018	5,015,896.49	February 2021	3,966,545.08
March 2015	5,857,995.54	March 2018	4,989,418.90	March 2021	3,934,383.50
April 2015	5,836,079.32	April 2018	4,962,797.89	April 2021	3,902,047.72
May 2015	5,814,044.39	May 2018	4,936,032.69	May 2021	3,722,214.33
June 2015	5,791,890.10	June 2018	4,909,122.50	June 2021	3,522,083.15
July 2015	5,769,615.81	July 2018	4,882,066.56	July 2021	3,323,468.21
August 2015	5,747,220.87	August 2018	4,854,864.06	August 2021	3,126,353.13
September 2015	5,724,704.63	September 2018	4,827,514.21	September 2021	2,930,721.67
October 2015	5,702,066.42	October 2018	4,800,016.22	October 2021	2,736,557.72
November 2015	5,679,305.58	November 2018	4,772,369.28	November 2021	2,543,845.30
December 2015	5,656,421.46	December 2018	4,744,572.59	December 2021	2,352,568.54
January 2016	5,633,413.38	January 2019	4,716,625.33	January 2022	2,162,711.72
February 2016	5,610,280.68	February 2019	4,688,526.69	February 2022	1,974,259.23
March 2016	5,587,022.67	March 2019	4,660,275.85	March 2022	1,787,195.60
April 2016	5,563,638.68	April 2019	4,631,871.98	April 2022	1,601,505.45
May 2016	5,540,128.03	May 2019	4,603,314.26	May 2022	1,417,173.55
June 2016	5,516,490.03	June 2019	4,574,601.85	June 2022	1,234,184.79
July 2016	5,492,723.99	July 2019	4,545,733.92	July 2022	1,052,524.17
August 2016	5,468,829.22	August 2019	4,516,709.62	August 2022	872,176.80
September 2016	5,444,805.02	September 2019	4,487,528.10	September 2022	693,127.93
October 2016	5,420,650.69	October 2019	4,458,188.52	October 2022	515,362.90
November 2016	5,396,365.52	November 2019	4,428,690.01	November 2022	338,867.18
December 2016	5,371,948.80	December 2019	4,399,031.72	December 2022	163,626.36
January 2017	5,347,399.83	January 2020	4,369,212.79	January 2023 and thereafter	0.00
February 2017	5,322,717.89	February 2020	4,339,232.33		

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.

\$258,486,122



FannieMae

Guaranteed REMIC
Pass-Through Certificates
Fannie Mae REMIC Trust 1999-18

PROSPECTUS SUPPLEMENT

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LEHMAN BROTHERS

March 3, 1999
