

\$612,214,704



FannieMae®

Guaranteed REMIC Pass-Through Certificates Fannie Mae REMIC Trust 2004-41

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 the 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 own

- underlying REMIC certificates backed by Fannie Mae MBS, and
- 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	\$ 1,500,418	SC/SEQ	8.5%	FIX	31393YS E 6	February 2032
FA	1	50,000,000	SC/SEQ	(1)	FLT	31393YS F 3	February 2032
FB	1	25,000,000	SC/SEQ	(1)	FLT	31393YS G 1	February 2032
SA	1	75,000,000(2)	NTL	(1)	INV/IO	31393YS H 9	February 2032
IA	1	13,636,363(2)	NTL	5.5	FIX/IO	31393YS J 5	February 2032
PI	2	24,237,000(2)	NTL	5.0	FIX/IO	31393YS K 2	April 2017
PB	2	80,790,000	PAC	3.5	FIX	31393YS L 0	April 2017
FG(3)	2	52,472,000	TAC/AD	(1)	FLT	31393YS M 8	November 2021
SG(3)	2	26,236,000	TAC/AD	(1)	INV	31393YS N 6	November 2021
ZG(3)	2	502,000	SUP	5.0	FIX/Z	31393YS P 1	December 2021
BI(3)	2	340,000,000(2)	NTL	5.0	FIX/IO	31393YS Q 9	June 2034
BO(3)	2	340,000,000	SEQ	(4)	PO	31393YS R 7	June 2034
GA	3	25,000,000	SEQ	4.5	FIX	31393YS S 5	May 2016
GE	3	10,714,286	SEQ	4.5	FIX	31393YS T 3	June 2019
R		0	NPR	0	NPR	31393YS U 0	June 2034
RL		0	NPR	0	NPR	31393YS V 8	June 2034

(1) Based on LIBOR.

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

(3) Exchangeable classes.

(4) Principal only class.

If you own certificates of certain classes, you can exchange them for the corresponding RCR certificates to be issued at the time of the exchange. The B, CG and CA Classes are the RCR classes, as further described in this prospectus supplement.

The dealer will offer the certificates from time to time in negotiated transactions at varying prices. We expect the settlement date to be May 28, 2004.

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

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

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

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

JPMorgan

April 13, 2004

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AVAILABLE INFORMATION

You should purchase the certificates only if you have read and understood this prospectus supplement and the following documents (the “Disclosure Documents”):

- our Prospectus for Fannie Mae Guaranteed REMIC Pass-Through Certificates dated May 1, 2002 (the “REMIC Prospectus”);
- our Prospectus for Fannie Mae Guaranteed Mortgage Pass-Through Certificates (Single-Family Residential Mortgage Loans) dated April 1, 2003 (the “MBS Prospectus”);
- if you are purchasing any Group 1 Class or the R or RL Class, the disclosure document relating to the Group 1 Underlying REMIC Certificates (the “Underlying REMIC Disclosure Document”); and
- any Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K that we file with the SEC during the period specified in the final paragraph of this page.

You can obtain copies of 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).

In addition, the Disclosure Documents, together with the class factors, are available on our corporate Web site at www.fanniemae.com.

You also can obtain copies of the Disclosure Documents, except the Underlying REMIC Disclosure Document, by writing or calling the dealer at:

J.P. Morgan Securities Inc.
34 Exchange Place, 4th Floor, Plaza 2
Harborside Financial Center
Jersey City, New Jersey 07311
(telephone 201-524-8393).

In the first quarter of 2003, we began filing periodic reports with the SEC under the Securities Exchange Act of 1934. These filings include Form 10-Ks, Form 10-Qs and Form 8-Ks. Our SEC filings are available at the SEC’s Web site at www.sec.gov. You may also read and copy any document we file with the SEC by visiting the SEC’s Public Reference Room at 450 Fifth Street, NW, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the operation of the Public Reference Room. We are providing the address of the SEC’s Web site solely for the information of prospective investors. We do not intend the Web address to be an active link.

Information contained in any Form 10-K, Form 10-Q and Form 8-K that we file with the SEC prior to the termination of the offering of the certificates is hereby incorporated by reference in this prospectus supplement. In cases where we “furnish” information to the SEC on Form 8-K, as provided under the Securities Exchange Act of 1934, that information is not incorporated by reference in this prospectus supplement.

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	Class 2003-20-FM REMIC Certificate Class 2003-20-SM REMIC Certificate
2	Group 2 MBS
3	Group 3 MBS

Characteristics of the Group 1 Underlying REMIC Certificates

Exhibit A describes the Group 1 Underlying REMIC Certificates, including certain information about the related mortgage loans. To learn more about the Group 1 Underlying REMIC Certificates, you should obtain from us the current class factors and the related disclosure document as described on page S-3.

Assumed Characteristics of the Mortgage Loans Underlying the Trust MBS (as of May 1, 2004)

	<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 Weighted Average Loan Age (in months)</u>	<u>Approximate Weighted Average Coupon</u>
Group 2 MBS	\$500,000,000	360	350	8	5.521%
Group 3 MBS	\$ 35,714,286	180	175	4	4.950%

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

Class Factors

The class factors are numbers that, when multiplied by the initial principal balance of a certificate, can be used to calculate the current principal balance of that certificate (after taking into account principal payments 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 May 28, 2004.

Distribution Dates

We will make payments on the certificates on the 25th day of each calendar month, or on the next business day if the 25th day is not a business day.

Book-Entry and Physical Certificates

We will issue the 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>
All classes of certificates other than the R and RL Classes	R and RL Classes

Exchanging Certificates Through Combination and Recombination

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

Interest Rates

During each interest accrual period, the fixed rate classes will bear interest at the applicable annual interest rates listed on the cover of this prospectus supplement or on Schedule 1.

During the initial interest accrual period, the floating rate and inverse floating rate classes will bear interest at the initial interest rates listed below. During subsequent interest accrual periods, the floating rate and inverse floating rate classes will bear interest based on the formulas indicated below, but always subject to the specified maximum and minimum interest rates:

<u>Class</u>	<u>Initial Interest Rate</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate(1)</u>
FA	1.45%	7.50%	0.35%	LIBOR + 35 basis points
FB	1.45%	7.50%	0.35%	LIBOR + 35 basis points
SA	6.05%	7.15%	0.00%	7.15% – LIBOR
FG	1.35%	7.50%	0.25%	LIBOR + 25 basis points
SG	12.30%	14.50%	0.00%	14.50% – (2 × LIBOR)

(1) We will establish LIBOR on the basis of the “BBA Method.”

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

Notional Classes

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

<u>Class</u>	
SA	100% of the FA and FB Classes
IA	18.1818173333% of the FA and FB Classes
PI	30% of the PB Class
BI	100% of the BO Class

Distributions of Principal

Group 1 Principal Distribution Amount

1. To the A Class to zero.
2. To the FA and FB Classes, pro rata, to zero.

Group 2 Principal Distribution Amount

ZG Accrual Amount

To the Aggregate Group to its Targeted Balance, and thereafter to the ZG Class.

Group 2 Cash Flow Distribution Amount

1. To the PB Class to its Planned Balance.
2. To the Aggregate Group to its Targeted Balance.
3. To the ZG Class to zero.
4. To the Aggregate Group to zero.
5. To the PB Class to zero.
6. To the BO Class to zero.

For a description of the Aggregate Group, see “Description of the Certificates—Distributions of Principal—*Group 2 Principal Distribution Amount*” in this prospectus supplement.

Group 3 Principal Distribution Amount

1. To the GA and GE Classes, in that order, to zero.

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

Weighted Average Lives (years)*

		PSA Prepayment Assumption				
		0%	200%	400%	600%	800%
<u>Group 1 Classes</u>						
A		0.9	0.1	0.1	0.1	0.1
FA, FB, SA and IA		18.3	5.9	3.3	2.2	1.6
<u>Group 2 Classes</u>						
		PSA Prepayment Assumption				
		0%	100%	220%	250%	500%
PI and PB		6.6	1.6	1.6	1.6	1.2
FG, SG and CG		14.7	4.1	1.8	1.5	0.8
ZG		17.5	5.4	1.1	0.8	0.1
BI, BO and B		24.7	14.4	8.9	8.1	4.4
CA		14.7	4.1	1.8	1.5	0.8
		CPR Prepayment Assumption				
		6.5%				
PI and PB		1.6				
FG, SG and CG		2.8				
ZG		4.7				
BI, BO and B		13.5				
CA		2.9				
<u>Group 3 Classes</u>						
		PSA Prepayment Assumption				
		0%	100%	170%	250%	500%
GA		6.8	4.2	3.5	2.9	1.9
GE		13.5	11.5	10.3	9.0	6.0

* Determined as specified under “Description of the Certificates—Weighted Average Lives of the Certificates” in this prospectus supplement.

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 at which 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.

Payments on the Group 1 Classes also will be affected by the payment priority governing the Group 1 Underlying REMIC Certificates. If you invest in any of the Group 1 Classes, the rate at which you receive payments also will be affected by the priority sequence governing principal payments on (or notional balance reductions of) the Group 1 Underlying REMIC Certificates. You may obtain additional information about the Group 1 Underlying REMIC Certificates by reviewing their current class factors in light of other information available in the related disclosure document. You may obtain that document 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 buy your certificates at a premium and principal payments are faster than you expect, or
- if you buy your certificates at a discount and principal payments are slower than you expect.

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 Trust 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.

Level of floating rate index affects yields on certain certificates. The yield on any floating rate or inverse floating rate certificate will be affected by the level of its interest rate index. If the level of the index differs from the level you expect, then your actual yield may be lower than you expect.

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 distribution date listed on the cover page of this prospectus supplement. If you assume that 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 obtain 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.

Terrorist activities and related military and political actions by the U.S. government could cause reductions in investor confidence and substantial market volatility in real estate and securities markets. It is impossible to predict the extent to which terrorist activities may occur or, if they do occur, the extent of the effect on the certificates. Moreover, it is uncertain what effects any past or future terrorist activities or any related military or political actions on the part of the United States government and others will have on the United States and world financial markets, local, regional and national economies, real estate markets across the United States, or particular business sectors, including those affecting the performance of mortgage loan borrowers. Among other things, reduced investor confidence could result in substantial volatility in securities markets and a decline in real estate-related investments. In addition, defaults on the mortgage loans could increase, causing early payments of principal to you and, regardless of the performance of the underlying mortgage loans, the liquidity and market value of the certificates may be impaired.

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 that term in the applicable Disclosure Document or in the Trust Agreement.

General

Structure. We will create the Fannie Mae REMIC Trust specified on the cover of this prospectus supplement (the “Trust”) and a separate trust (the “Lower Tier REMIC”) pursuant to a trust agreement dated as of May 1, 2004 (the “Issue Date”). We will issue the Guaranteed REMIC Pass-Through Certificates (the “REMIC Certificates”) pursuant to that trust agreement. We will issue the Combinable and Recombinable REMIC Certificates (the “RCR Certificates” and, together with the REMIC Certificates, the “Certificates”) pursuant to a separate trust agreement dated as of the Issue Date (together with the trust agreement relating to the REMIC Certificates, the “Trust Agreement”). We will execute the Trust Agreement in our corporate capacity and as trustee (the “Trustee”). In general, the term “Classes” includes the Classes of REMIC Certificates and RCR Certificates.

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

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

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

The assets of the Trust will consist of the Lower Tier Regular Interests.

The assets of the Lower Tier REMIC will consist of

- certain previously issued REMIC certificates (the “Group 1 Underlying REMIC Certificates”) evidencing beneficial ownership interests in the related Fannie Mae REMIC trust (the “Underlying REMIC Trust”) as further described in Exhibit A, and
- two groups of Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the “Group 2 MBS” and “Group 3 MBS” and, together, the “Trust MBS”).

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 of first lien, one- to four-family (“single-family”), fixed-rate residential mortgage loans (the “Mortgage Loans”) having the characteristics described in this prospectus supplement.

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 Group 1 Underlying REMIC Certificates 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 the Certificates—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 and RL Classes) in book-entry form on the book-entry system of the U.S. Federal Reserve Banks. Entities whose names appear on the book-entry records of a Federal Reserve Bank as having had Certificates deposited in their accounts are “Holders” or “Certificateholders.” A Holder is not necessarily the beneficial owner of a Certificate. Beneficial owners ordinarily will hold Certificates through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. See “Description of Certificates—Denominations and Form” in the REMIC Prospectus.

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

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

Authorized Denominations. We will issue the Certificates in the following denominations:

<u>Classes</u>	<u>Denominations</u>
All Interest Only, Inverse Floating Rate and Principal Only Classes	\$100,000 minimum plus whole dollar increments
All other Classes (except the R and RL Classes)	\$1,000 minimum plus whole dollar increments

We will issue the R and RL Classes as single Certificates with no principal balances.

Distribution Dates. We will make monthly payments on the Certificates 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 of these dates 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 applicable class factor is multiplied by the original principal balance (or notional principal balance) of a Certificate of any Class, the product will equal the current principal balance (or notional principal balance) of that Certificate after taking into account payments on the Distribution Date in the same month (as well as any addition to principal in the case of the Accrual Class).

No Optional Termination. We have no option to effect an early termination of the Lower Tier REMIC or the Trust. Further, we will not repurchase the Mortgage Loans underlying any MBS in a “clean-up call.” See “Description of the Certificates—Termination” in the MBS Prospectus.

Voting the Group 1 Underlying REMIC Certificates. Holders of the Group 1 Underlying REMIC Certificates may be asked to vote on issues arising under the related trust agreement. If so, the Trustee will vote the Group 1 Underlying REMIC Certificates as instructed by Holders of Certificates of the related Classes. The Trustee must receive instructions from Holders of Certificates having principal balances totaling at least 51% of the aggregate principal balance of the related Classes. In the absence of such instructions, the Trustee will vote in a manner consistent, in its sole judgment, with the best interests of Certificateholders.

Combination and Recombination

General. You are permitted to exchange all or a portion of the FG, SG, ZG, BI and BO Classes of REMIC Certificates for a proportionate interest in the related RCR Certificates in the combinations shown on Schedule 1. You also may exchange all or a portion of the RCR Certificates for the related REMIC Certificates in the same manner. This process may occur repeatedly.

Holders of RCR Certificates will be the beneficial owners of a proportionate interest in the related REMIC Certificates and will receive a proportionate share of the distributions on the related REMIC Certificates.

The Classes of REMIC Certificates and RCR Certificates that are outstanding at any given time, and the outstanding principal balances (or notional principal balances) of these Classes, will

depend upon any related distributions of principal, as well as any exchanges that occur. REMIC Certificates and RCR Certificates may be exchanged only in the proportions shown on Schedule 1.

Procedures. If a Certificateholder wishes to exchange Certificates, the Certificateholder must notify our Structured Transactions Department through one of our “REMIC Dealer Group” dealers in writing or by telefax no later than two business days before the proposed exchange date. The exchange date can be any business day other than the first or last business day of the month subject to our approval. The notice must include the outstanding principal balance of both the Certificates to be exchanged and the Certificates to be received, and the proposed exchange date. After receiving the Holder’s notice, we will telephone the dealer with delivery and wire payment instructions. Notice becomes irrevocable on the second business day before the proposed exchange date.

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

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

Additional Considerations. The characteristics of RCR Certificates will reflect the characteristics of the REMIC Certificates used to form those RCR Certificates. You should also consider a number of factors that will limit a Certificateholder’s ability to exchange REMIC Certificates for RCR Certificates or vice versa:

- At the time of the proposed exchange, a Certificateholder must own Certificates of the related Class or Classes in the proportions necessary to make the desired exchange.
- A Certificateholder that does not own the Certificates may be unable to obtain the necessary REMIC Certificates or RCR Certificates.
- The Certificateholder of needed Certificates may refuse to sell them at a reasonable price (or any price) or may be unable to sell them.
- Certain Certificates may have been purchased and placed into other financial structures and thus be unavailable.
- Principal distributions will decrease the amounts available for exchange over time.
- Only the combinations listed on Schedule 1 are permitted.

The Group 1 Underlying REMIC Certificates

Each of the Group 1 Underlying REMIC Certificates represents a beneficial ownership interest in the Underlying REMIC Trust. The assets of that trust evidence direct or indirect beneficial ownership interests in certain MBS having the general characteristics set forth in the MBS Prospectus. Distributions on the Group 1 Underlying REMIC Certificates will be passed through monthly, beginning in the month after we issue the Certificates. The general characteristics of the Group 1 Underlying REMIC Certificates are described in the Underlying REMIC Disclosure Document. See Exhibit A for additional information about the Group 1 Underlying REMIC Certificates.

Each MBS evidences beneficial ownership interests in a pool of conventional, fixed-rate, fully-amortizing mortgage loans secured by first mortgages or deeds of trust on single-family residential properties, as described under “The Mortgage Pools” and “Yield, Maturity, and Prepayment Considerations” in the MBS Prospectus.

For further information about the Group 1 Underlying REMIC Certificates, telephone us at 1-800-237-8627. 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 that document may be limited.

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 provide that principal and interest on the related Mortgage Loans are passed through monthly. The Mortgage Loans underlying the Trust MBS are conventional, fixed-rate, fully-amortizing mortgage loans secured by first mortgages or deeds of trust on single-family residential properties. These Mortgage Loans have original maturities of up to 30 years in the case of the Group 2 MBS, and up to 15 years in the case of the Group 3 MBS. See “The Mortgage Pools” and “Yield, Maturity, and Prepayment Considerations” in the MBS Prospectus.

We expect the characteristics of the Trust MBS and the related Mortgage Loans as of the Issue Date to be as follows:

Group 2 MBS

Aggregate Unpaid Principal Balance	\$500,000,000
MBS Pass-Through Rate	5.00%
Range of WACs (annual percentages)	5.25% to 7.50%
Range of WAMs	241 months to 360 months
Approximate Weighted Average WAM	350 months
Approximate Weighted Average WALA (weighted average loan age)	8 months

Group 3 MBS

Aggregate Unpaid Principal Balance	\$35,714,286
MBS Pass-Through Rate	4.50%
Range of WACs (annual percentages)	4.75% to 7.00%
Range of WAMs	121 months to 180 months
Approximate Weighted Average WAM	175 months
Approximate Weighted Average WALA	4 months

Final Data Statement

After issuing the Certificates, we will prepare a Final Data Statement containing certain information, including the principal or notional principal balances of the Group 1 Underlying REMIC Certificates 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 each of the Trust MBS as of the Issue Date. The Final Data Statement also will 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. In addition, the Final Data Statement is available on our corporate Web site at www.fanniemae.com.

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 IA
Floating Rate	FA and FB
Inverse Floating Rate	SA
Interest Only	SA and IA
Group 2 Classes	
Fixed Rate	PI, PB, ZG and BI
Floating Rate	FG
Inverse Floating Rate	SG
Interest Only	PI and BI
Principal Only	BO
Accrual	ZG
RCR**	B, CG and CA
Group 3 Classes	
Fixed Rate	GA and GE
No Payment Residual	R and RL

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

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

General. We will pay interest on the Certificates at the applicable annual interest rates specified on the cover or described in this prospectus supplement. We calculate interest based on an assumed 360-day year consisting of twelve 30-day months. We pay interest monthly (except in the case of the Accrual Class) on each Distribution Date, beginning in the month after the Settlement Date specified in the Reference Sheet.

Interest to be paid on each Certificate (or added to principal, in the case of the Accrual Class) on a Distribution Date will consist of one month’s interest on the outstanding balance of that Certificate immediately prior to that Distribution Date. For a description of the Accrual Class, see “—*Accrual Class*” below.

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

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

<u>Classes</u>	<u>Interest Accrual Periods</u>
All Fixed Rate Classes (collectively, the “Delay Classes”)	Calendar month preceding the month in which the Distribution Date occurs
All Floating Rate and Inverse Floating Rate Classes	One-month period beginning on the 25th day of the month preceding the month in which the Distribution Date occurs

See “Additional Risk Factors—*Delay classes have lower yields and market values*” in this prospectus supplement.

The Dealer will treat the BO Class as a Delay Class for the sole purpose of facilitating trading.

Accrual Class. The ZG Class is an Accrual Class. Interest will accrue on the Accrual Class at the applicable annual rate specified on the cover of this prospectus supplement. However, we will not pay any interest on the Accrual Class. Instead, interest accrued on the Accrual Class will be added as principal to its respective principal balance on each Distribution Date. We will pay principal on the Accrual Class as described under “—Distributions of Principal” below.

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

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

Floating Rate and Inverse Floating Rate Classes. During each Interest Accrual Period, the Floating Rate and Inverse Floating Rate Classes will bear interest at rates determined as described under “Reference Sheet—Interest Rates” in this prospectus supplement.

Changes in the specified interest rate index (the “Index”) will affect the yields with respect to the related Classes. These changes may not correspond to changes in mortgage interest rates. Lower mortgage interest rates could occur while an increase in the level of the Index occurs. Similarly, higher mortgage interest rates could occur while a decrease in the level of the Index occurs.

Our establishment of each Index value and our determination of the interest rate for each applicable Class for the related Interest Accrual Period will be final and binding in the absence of manifest error. You may obtain each such interest rate by telephoning us at 1-800-237-8627.

Calculation of LIBOR

On each Index Determination Date, we will calculate LIBOR for the related Interest Accrual Period. We will calculate LIBOR on the basis of the “BBA Method,” as described in the REMIC Prospectus under “Description of Certificates—Indexes for Floating Rate Classes and Inverse Floating Rate Classes—*LIBOR*.”

If we are unable to calculate LIBOR on the initial Index Determination Date, LIBOR for the following Interest Accrual Period will be 1.10%.

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	
Structured Collateral/Sequential Pay	A, FA, and FB
Notional	SA and IA
Group 2 Classes	
PAC	PB
TAC	FG and SG
Support	ZG
Sequential Pay	BO
Accretion Directed	FG and SG
Notional	PI and BI
RCR**	B, CG and CA
Group 3 Classes	
Sequential Pay	GA and GE
No Payment Residual	R and RL

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

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

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 then paid on the Group 1 Underlying REMIC Certificates (the “Group 1 Principal Distribution Amount”),
- the principal then paid on the Group 2 MBS (the “Group 2 Cash Flow Distribution Amount”), plus any interest then accrued and added to the principal balance of the ZG Class (the “ZG Accrual Amount,” and together with the Group 2 Cash Flow Distribution Amount, the “Group 2 Principal Distribution Amount”), and
- the principal then paid on the Group 3 MBS (the “Group 3 Principal Distribution Amount”).

Group 1 Principal Distribution Amount

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

- (i) to the A Class, until its principal balance is reduced to zero; and
- (ii) concurrently, to the FA and FB Classes, pro rata (or 66.6666666667% and 33.3333333333%, respectively), until their principal balances are reduced to zero.

} Structured Collateral/Sequential Pay Classes

Group 2 Principal Distribution Amount

ZG Accrual Amount

On each Distribution Date, we will pay the ZG Accrual Amount as principal of the Aggregate Group (described below), until the Aggregate Balance (described below) is reduced to its Targeted Balance for that Distribution Date. Thereafter, we will pay the ZG Accrual Amount as principal of the ZG Class.

} Accretion Directed/TAC Group and Accrual Class

Group 2 Cash Flow Distribution Amount

On each Distribution Date, we will pay the Group 2 Cash Flow Distribution Amount as principal of the Group 2 Classes in the following priority:

- | | |
|---|------------------------|
| (i) to the PB Class, until its principal balance is reduced to its Planned Balance for that Distribution Date; | } PAC Class |
| (ii) to the Aggregate Group, until the Aggregate Balance is reduced to its Targeted Balance for that Distribution Date; | } TAC Group |
| (iii) to the ZG Class, until its principal balance is reduced to zero; | } Support Class |
| (iv) to the Aggregate Group, without regard to its Targeted Balance and until the Aggregate Balance is reduced to zero; | } TAC Group |
| (v) to the PB Class, without regard to its Planned Balance and until its principal balance is reduced to zero; and | } PAC Class |
| (vi) to the BO Class, until its principal balance is reduced to zero. | } Sequential Pay Class |

The “Aggregate Group” consists of the FG and SG Classes. On each Distribution Date, we will apply payments of principal of the Aggregate Group, concurrently, to the FG and SG Classes, pro rata (or 66.6666666667% and 33.3333333333%, respectively), until their principal balances are reduced to zero.

The “Aggregate Balance” is equal to the aggregate of the principal balances of the Classes in the Aggregate Group.

Group 3 Principal Distribution Amount

On each Distribution Date, we will pay the Group 3 Principal Distribution Amount, sequentially, as principal of the GA and GE Classes, in that order, until their principal balances are reduced to zero.

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

Structuring Assumptions

Pricing Assumptions. Except where otherwise noted, the information in the tables in this prospectus supplement has been prepared based on the actual characteristics of each pool of Mortgage Loans backing the Group 1 Underlying REMIC Certificates, the priority sequence affecting principal payments on the Group 1 Underlying REMIC Certificates and the following assumptions (such characteristics and assumptions, collectively the “Pricing Assumptions”):

- the Mortgage Loans underlying the Trust MBS have the original terms to maturity, remaining terms to maturity, WALAs and interest rates specified under “Reference Sheet—Assumed Characteristics of the Mortgage Loans Underlying the Trust MBS” in this prospectus supplement;
- the Mortgage Loans prepay at the constant percentages of PSA or CPR specified in the related table;
- the settlement date for the sale of the Certificates is May 28, 2004; and

- each Distribution Date occurs on the 25th day of a month.

Prepayment Assumptions. Prepayments of mortgage loans commonly are measured relative to a prepayment standard or model. The model used in this prospectus supplement with respect to all Classes (other than the Group 2 Targeted Balances) 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 Certificates—Prepayment Models" in the REMIC Prospectus.

The model used in this prospectus supplement with respect to the Group 2 Targeted Balances is the constant prepayment rate model ("CPR"). CPR represents the annual rate of prepayment relative to the then outstanding principal balance of a pool of new mortgage loans. Thus, "0% CPR" means no prepayments, "15% CPR" means an annual prepayment rate of 15%, and so forth.

It is highly unlikely that prepayments will occur at any *constant* PSA or CPR rate, as applicable, or at any other *constant* rate.

Structuring Range and Rate. The Principal Balance Schedules are found on page B-1 of this prospectus supplement. The Principal Balance Schedules have been prepared on the basis of the Pricing Assumptions and the assumption that the related Mortgage Loans will prepay at a constant PSA rate within the Structuring Range or at the CPR rate set forth below.

<u>Principal Balance Schedule Reference</u>	<u>Related Class or Group(1)</u>	<u>Structuring Range and Rate</u>
Planned Balances	PB	Between 100% and 250% PSA
Targeted Balances	Aggregate Group	6.5% CPR

(1) The Structuring Rate for the Aggregate Group is associated with the related Aggregate Balance but not with the individual balances of the related Classes.

We cannot assure you that the balance of the Class or Group 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 or Group 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 or Group to its scheduled balance on a Distribution Date. Accordingly, the ability to reduce a Class or Group to its scheduled balance will not be improved by the averaging of high and low principal payments from month to month. In addition, even if the related Mortgage Loans prepay at rates falling within the Structuring Range, principal distributions may be insufficient to reduce the applicable Class to its scheduled balances if the prepayments do not occur at a *constant* PSA rate. Moreover, because of the diverse remaining terms to maturity of the related Mortgage Loans, which may include recently originated Mortgage Loans, the Class and Group specified above may not be reduced to their scheduled balances, even if prepayments occur at a *constant* rate within the Structuring Range or at the rate specified above.

Initial Effective Range. The Effective Range for the PAC Class is the range of prepayment rates (measured by *constant* PSA rates) which would reduce that Class to its scheduled balance on each Distribution Date. The Initial Effective Range shown in the table below is based upon the assumed characteristics of the related Mortgage Loans specified in the Pricing Assumptions.

<u>Class</u>	<u>Initial Effective Range</u>
PB	Between 100% and 250% PSA

The actual Effective Range at any time will be based upon the actual characteristics of the related Mortgage Loans at that time, which are likely to vary (and may vary considerably) from the Pricing Assumptions. The actual Effective Range calculated on the basis of the actual characteristics is likely to differ from the Initial Effective Range. As a result, the applicable Class might not be

reduced to its scheduled balances even if prepayments were to occur at a *constant* PSA rate within the Initial Effective Range. This is so particularly if the rate were at the lower or higher end of this range. In addition, even if prepayments occur at rates falling within the actual Effective Range, principal distributions may be insufficient to reduce the applicable Class to its scheduled balances if such prepayments do not occur at a *constant* PSA rate. It is highly unlikely that the related Mortgage Loans will prepay at any *constant* PSA rate. In general, the actual Effective Range may narrow, widen or shift upward or downward to reflect actual prepayment experience over time.

The stability in principal payment of the PAC Class will be supported by the corresponding supporting Classes as indicated in the following table:

<u>Class</u>	<u>Supporting Classes</u>
PAC	TAC and Support

When the supporting Classes are retired, the PAC Class, if still outstanding, may no longer have an Effective Range and will be more sensitive to prepayments.

Yield Tables

General. The tables below illustrate the sensitivity of the pre-tax corporate bond equivalent yields to maturity of the applicable Classes to various constant percentages of PSA or CPR and, where specified, to changes in the Index. 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 the assumed streams of cash flows to equal the assumed aggregate purchase prices of those Classes, and
- converting the 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 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, it is unlikely that the Index will correspond to the levels shown here. Furthermore, because some of the Mortgage Loans are likely to have remaining terms to maturity shorter or longer than those assumed and interest rates higher or lower than those assumed, the principal payments on the Certificates are likely to differ from those assumed. This would be the case even if all Mortgage Loans prepay at the indicated constant percentages of PSA or CPR. Moreover, it is unlikely that

- the Mortgage Loans will prepay at a constant PSA or CPR rate until maturity,
- all of the Mortgage Loans will prepay at the same rate, or
- the level of the Index will remain constant.

***The Fixed Rate Interest Only Classes.* The yields to investors in the Fixed Rate Interest Only Classes will be very sensitive to the rate of principal payments (including prepayments) of the related Mortgage Loans. The Mortgage Loans generally can be prepaid at any time without penalty. On the basis of the assumptions described below, the yield to**

maturity on the Fixed Rate Interest Only Classes would be 0% if prepayments of the related Mortgage Loans were to occur at the constant rates shown in the table below:

<u>Class</u>	<u>% PSA</u>
IA	297% PSA
PI	368% PSA
BI	350% PSA

For any Fixed Rate Interest Only Class, if the actual prepayment rate of the related Mortgage Loans were to exceed the level specified for as little as one month while equaling that level for the remaining months, the investors in the applicable Class would lose money on their initial investments.

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

<u>Class</u>	<u>Price*</u>
IA	23.00000%
PI	6.828125%
BI	30.06250%

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

Sensitivity of the IA Class to Prepayments

	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>200%</u>	<u>400%</u>	<u>600%</u>	<u>800%</u>
Pre-Tax Yields to Maturity ...	19.2%	8.1%	(9.4)%	(29.5)%	(51.3)%

Sensitivity of the PI Class to Prepayments

	<u>PSA Prepayment Assumption</u>					<u>CPR Prepayment Assumption</u>
	<u>50%</u>	<u>100%</u>	<u>220%</u>	<u>250%</u>	<u>500%</u>	<u>6.5%</u>
Pre-Tax Yields to Maturity ...	39.1%	11.0%	11.0%	11.0%	(17.7)%	11.0%

Sensitivity of the BI Class to Prepayments

	<u>PSA Prepayment Assumption</u>					<u>CPR Prepayment Assumption</u>
	<u>50%</u>	<u>100%</u>	<u>220%</u>	<u>250%</u>	<u>500%</u>	<u>6.5%</u>
Pre-Tax Yields to Maturity ...	15.3%	13.4%	7.4%	5.8%	(9.2)%	12.7%

The Inverse Floating Rate Classes. The yields on the Inverse Floating Rate Classes will be sensitive in varying degrees to the rate of principal payments, including prepayments, of the related Mortgage Loans and to the level of the Index. The Mortgage Loans generally can be prepaid at any time without penalty. In addition, the rate of principal payments (including prepayments) of the Mortgage Loans is likely to vary, and may vary considerably, from pool to pool. As illustrated in the applicable tables below, it is possible that investors in the SA and SG Classes would lose money on their initial investments under certain Index and prepayment scenarios.

Changes in the Index may not correspond to changes in prevailing mortgage interest rates. It is possible that lower prevailing mortgage interest rates, which might be expected to result in faster prepayments, could occur while the level of the Index increased.

The information shown in the yield tables has been prepared on the basis of the Pricing Assumptions and the assumptions that

- the interest rates for the Inverse Floating Rate Classes for the initial Interest Accrual Period are the rates listed in the table under “Reference Sheet—Interest Rates” in this prospectus supplement and for each following Interest Accrual Period will be based on the specified level of the Index, and
- the aggregate purchase prices of the Inverse Floating Rate Classes (expressed in each case as a percentage of original principal balance) are as follows:

<u>Class</u>	<u>Price*</u>
SA	9.125%
SG	103.750%

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

Sensitivity of the SA Class to Prepayments and LIBOR (Pre-Tax Yields to Maturity)

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>200%</u>	<u>400%</u>	<u>600%</u>	<u>800%</u>
0.10%	85.6%	74.4%	58.2%	40.1%	20.0%
1.10%	71.7%	60.7%	44.6%	26.6%	6.4%
3.10%	44.8%	34.0%	17.9%	(0.5)%	(21.1)%
5.10%	18.9%	7.7%	(9.8)%	(29.9)%	(51.8)%
7.15%	*	*	*	*	*

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

Sensitivity of the SG Class to Prepayments and LIBOR (Pre-Tax Yields to Maturity)

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>					<u>CPR Prepayment Assumption</u>
	<u>50%</u>	<u>100%</u>	<u>220%</u>	<u>250%</u>	<u>500%</u>	<u>6.5%</u>
0.10%	13.7%	13.4%	12.2%	11.8%	9.1%	12.9%
1.10%	11.7%	11.4%	10.2%	9.8%	7.3%	10.9%
3.10%	7.7%	7.4%	6.3%	6.0%	3.7%	7.0%
5.10%	3.8%	3.5%	2.5%	2.2%	0.1%	3.1%
7.25%	(0.4)%	(0.7)%	(1.5)%	(1.8)%	(3.6)%	(1.0)%

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

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

<u>Class</u>	<u>Price</u>
BO	64.46875%

Sensitivity of the BO Class to Prepayments

	<u>PSA Prepayment Assumption</u>					<u>CPR Prepayment Assumption</u>
	<u>50%</u>	<u>100%</u>	<u>220%</u>	<u>250%</u>	<u>500%</u>	<u>6.5%</u>
Pre-Tax Yields to Maturity ...	2.5%	3.2%	5.4%	6.0%	11.0%	3.5%

Weighted Average Lives of the Certificates

The weighted average life of a Certificate is determined by

- multiplying the amount of the reduction, if any, of the principal balance of the 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 the 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 Certificates—Weighted Average Life and Final Distribution Date” 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 the rate of principal payments,
- the priority sequences of payments of principal of the Classes,
- in the case of the Group 1 Classes, the priority sequence affecting principal payments on the Group 1 Underlying REMIC Certificates, and
- in the case of the Group 2 Classes, the payment of principal of certain Classes in accordance with the Principal Balance Schedules.

See “—Distributions of Principal” above 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 those 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 or CPR rates, and the corresponding weighted average lives of those 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>
Group 1 Underlying REMIC Certificates	360 months	345 months	8.25%
Group 2 MBS	360 months	360 months	7.50%
Group 3 MBS	180 months	180 months	7.00%

It is unlikely

- that all of the underlying Mortgage Loans will have the interest rates, WALAs or remaining terms to maturity assumed or
- that the underlying Mortgage Loans will prepay at any *constant* PSA or CPR 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 or CPR rates. This is the case even if the dispersion of weighted average remaining terms to maturity and the weighted average WALAs of the Mortgage Loans are identical to the dispersion specified in the Pricing Assumptions.

Percent of Original Principal Balances Outstanding

Date	A Class					FA, FB, SA† and IA† Classes					PI† and PB Classes					CPR Prepayment Assumption
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					
	0%	200%	400%	600%	800%	0%	200%	400%	600%	800%	0%	100%	220%	250%	500%	
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
May 2005	43	0	0	0	0	100	91	82	72	63	94	73	73	73	73	73
May 2006	0	0	0	0	0	100	78	60	44	30	88	34	34	34	0	34
May 2007	0	0	0	0	0	98	67	44	26	13	82	0	0	0	0	0
May 2008	0	0	0	0	0	97	57	31	15	5	74	0	0	0	0	0
May 2009	0	0	0	0	0	95	49	22	7	*	67	0	0	0	0	0
May 2010	0	0	0	0	0	94	41	15	3	0	58	0	0	0	0	0
May 2011	0	0	0	0	0	92	34	10	0	0	49	0	0	0	0	0
May 2012	0	0	0	0	0	90	29	6	0	0	40	0	0	0	0	0
May 2013	0	0	0	0	0	88	23	3	0	0	29	0	0	0	0	0
May 2014	0	0	0	0	0	85	19	*	0	0	18	0	0	0	0	0
May 2015	0	0	0	0	0	83	15	0	0	0	6	0	0	0	0	0
May 2016	0	0	0	0	0	80	11	0	0	0	0	0	0	0	0	0
May 2017	0	0	0	0	0	77	8	0	0	0	0	0	0	0	0	0
May 2018	0	0	0	0	0	74	5	0	0	0	0	0	0	0	0	0
May 2019	0	0	0	0	0	71	3	0	0	0	0	0	0	0	0	0
May 2020	0	0	0	0	0	67	1	0	0	0	0	0	0	0	0	0
May 2021	0	0	0	0	0	63	0	0	0	0	0	0	0	0	0	0
May 2022	0	0	0	0	0	59	0	0	0	0	0	0	0	0	0	0
May 2023	0	0	0	0	0	54	0	0	0	0	0	0	0	0	0	0
May 2024	0	0	0	0	0	49	0	0	0	0	0	0	0	0	0	0
May 2025	0	0	0	0	0	44	0	0	0	0	0	0	0	0	0	0
May 2026	0	0	0	0	0	38	0	0	0	0	0	0	0	0	0	0
May 2027	0	0	0	0	0	31	0	0	0	0	0	0	0	0	0	0
May 2028	0	0	0	0	0	24	0	0	0	0	0	0	0	0	0	0
May 2029	0	0	0	0	0	17	0	0	0	0	0	0	0	0	0	0
May 2030	0	0	0	0	0	9	0	0	0	0	0	0	0	0	0	0
May 2031	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May 2032	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May 2033	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May 2034	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average																
Life (years)**	0.9	0.1	0.1	0.1	0.1	18.3	5.9	3.3	2.2	1.6	6.6	1.6	1.6	1.6	1.2	1.6

Date	FG, SG and CG Classes						ZG Class					
	PSA Prepayment Assumption					CPR Prepayment Assumption	PSA Prepayment Assumption					CPR Prepayment Assumption
	0%	100%	220%	250%	500%	6.5%	0%	100%	220%	250%	500%	6.5%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100
May 2005	100	100	78	73	28	77	105	105	105	0	0	105
May 2006	100	100	44	30	0	72	110	110	0	0	0	110
May 2007	100	92	4	0	0	63	116	116	0	0	0	116
May 2008	100	52	0	0	0	23	122	122	0	0	0	122
May 2009	100	14	0	0	0	0	128	128	0	0	0	0
May 2010	100	0	0	0	0	0	135	0	0	0	0	0
May 2011	100	0	0	0	0	0	142	0	0	0	0	0
May 2012	100	0	0	0	0	0	149	0	0	0	0	0
May 2013	100	0	0	0	0	0	157	0	0	0	0	0
May 2014	100	0	0	0	0	0	165	0	0	0	0	0
May 2015	100	0	0	0	0	0	173	0	0	0	0	0
May 2016	93	0	0	0	0	0	182	0	0	0	0	0
May 2017	78	0	0	0	0	0	191	0	0	0	0	0
May 2018	63	0	0	0	0	0	201	0	0	0	0	0
May 2019	46	0	0	0	0	0	211	0	0	0	0	0
May 2020	28	0	0	0	0	0	222	0	0	0	0	0
May 2021	8	0	0	0	0	0	234	0	0	0	0	0
May 2022	0	0	0	0	0	0	0	0	0	0	0	0
May 2023	0	0	0	0	0	0	0	0	0	0	0	0
May 2024	0	0	0	0	0	0	0	0	0	0	0	0
May 2025	0	0	0	0	0	0	0	0	0	0	0	0
May 2026	0	0	0	0	0	0	0	0	0	0	0	0
May 2027	0	0	0	0	0	0	0	0	0	0	0	0
May 2028	0	0	0	0	0	0	0	0	0	0	0	0
May 2029	0	0	0	0	0	0	0	0	0	0	0	0
May 2030	0	0	0	0	0	0	0	0	0	0	0	0
May 2031	0	0	0	0	0	0	0	0	0	0	0	0
May 2032	0	0	0	0	0	0	0	0	0	0	0	0
May 2033	0	0	0	0	0	0	0	0	0	0	0	0
May 2034	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	14.7	4.1	1.8	1.5	0.8	2.8	17.5	5.4	1.1	0.8	0.1	4.7

* 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” above.

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

Date	BI†, BO and B Classes						CA Class					
	PSA Prepayment Assumption					CPR Prepayment Assumption	PSA Prepayment Assumption					CPR Prepayment Assumption
	0%	100%	220%	250%	500%	6.5%	0%	100%	220%	250%	500%	6.5%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100
May 2005	100	100	100	100	100	100	100	100	78	73	27	78
May 2006	100	100	100	100	90	100	100	100	44	30	0	72
May 2007	100	100	100	96	62	100	100	92	4	0	0	63
May 2008	100	100	86	80	43	100	100	52	0	0	0	23
May 2009	100	100	73	67	29	97	100	15	0	0	0	0
May 2010	100	95	62	56	20	89	100	0	0	0	0	0
May 2011	100	88	53	46	14	81	100	0	0	0	0	0
May 2012	100	80	45	38	9	74	100	0	0	0	0	0
May 2013	100	74	38	32	6	67	100	0	0	0	0	0
May 2014	100	67	32	26	4	61	100	0	0	0	0	0
May 2015	100	61	27	22	3	56	100	0	0	0	0	0
May 2016	100	56	23	18	2	50	93	0	0	0	0	0
May 2017	100	51	19	15	1	45	79	0	0	0	0	0
May 2018	100	46	16	12	1	41	63	0	0	0	0	0
May 2019	100	41	13	10	1	36	47	0	0	0	0	0
May 2020	100	37	11	8	*	32	29	0	0	0	0	0
May 2021	100	33	9	6	*	29	10	0	0	0	0	0
May 2022	97	29	7	5	*	25	0	0	0	0	0	0
May 2023	92	25	6	4	*	22	0	0	0	0	0	0
May 2024	87	22	5	3	*	19	0	0	0	0	0	0
May 2025	81	19	4	2	*	16	0	0	0	0	0	0
May 2026	74	16	3	2	*	14	0	0	0	0	0	0
May 2027	67	13	2	1	*	11	0	0	0	0	0	0
May 2028	59	11	2	1	*	9	0	0	0	0	0	0
May 2029	51	8	1	1	*	7	0	0	0	0	0	0
May 2030	43	6	1	*	*	5	0	0	0	0	0	0
May 2031	33	4	*	*	*	3	0	0	0	0	0	0
May 2032	23	2	*	*	*	2	0	0	0	0	0	0
May 2033	12	*	*	*	*	*	0	0	0	0	0	0
May 2034	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	24.7	14.4	8.9	8.1	4.4	13.5	14.7	4.1	1.8	1.5	0.8	2.9

Date	GA Class					GE Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	170%	250%	500%	0%	100%	170%	250%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100
May 2005	94	90	88	86	79	100	100	100	100	100
May 2006	88	78	72	65	46	100	100	100	100	100
May 2007	82	64	54	44	16	100	100	100	100	100
May 2008	75	51	39	26	0	100	100	100	100	90
May 2009	68	39	25	11	0	100	100	100	100	58
May 2010	60	27	13	0	0	100	100	100	98	37
May 2011	51	17	2	0	0	100	100	100	76	24
May 2012	42	7	0	0	0	100	100	84	57	15
May 2013	32	0	0	0	0	100	95	66	42	9
May 2014	22	0	0	0	0	100	75	50	30	5
May 2015	11	0	0	0	0	100	56	36	21	3
May 2016	0	0	0	0	0	97	39	24	13	2
May 2017	0	0	0	0	0	67	23	13	7	1
May 2018	0	0	0	0	0	35	8	5	2	*
May 2019	0	0	0	0	0	0	0	0	0	0
May 2020	0	0	0	0	0	0	0	0	0	0
May 2021	0	0	0	0	0	0	0	0	0	0
May 2022	0	0	0	0	0	0	0	0	0	0
May 2023	0	0	0	0	0	0	0	0	0	0
May 2024	0	0	0	0	0	0	0	0	0	0
May 2025	0	0	0	0	0	0	0	0	0	0
May 2026	0	0	0	0	0	0	0	0	0	0
May 2027	0	0	0	0	0	0	0	0	0	0
May 2028	0	0	0	0	0	0	0	0	0	0
May 2029	0	0	0	0	0	0	0	0	0	0
May 2030	0	0	0	0	0	0	0	0	0	0
May 2031	0	0	0	0	0	0	0	0	0	0
May 2032	0	0	0	0	0	0	0	0	0	0
May 2033	0	0	0	0	0	0	0	0	0	0
May 2034	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	6.8	4.2	3.5	2.9	1.9	13.5	11.5	10.3	9.0	6.0

* 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” above.

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

Characteristics of the R and RL Classes

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

A Residual Certificate will be subject to certain transfer restrictions. We will not permit transfer of record or beneficial ownership of a Residual Certificate to a “disqualified organization.” In addition, we will not permit transfer of record or beneficial ownership of a Residual Certificate to any person that is not a “U.S. Person” or a foreign person subject to United States income taxation on a net basis on income derived from that Certificate. Any transferee of a Residual Certificate must execute and deliver an affidavit and an Internal Revenue Service Form W-9 (or, if applicable, a Form W-8ECI) 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. The affidavit must also state that the transferee is a “U.S. Person” or a foreign person subject to United States income taxation on a net basis on income derived from that Certificate and that, if the transferee is a partnership for U.S. federal income tax purposes, each person or entity that holds an interest (directly, or indirectly through a pass-through entity) in the partnership is a “U.S. Person” or a foreign person subject to United States income taxation on a net basis on income derived from that Certificate. In addition, the transferee must receive an affidavit containing these same representations from any new transferee. Transferors of a Residual Certificate should consult with their own tax advisors for further information regarding such transfers.

Treasury Department regulations (the “Regulations”) provide that a transfer of a “noneconomic residual interest” 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. Having a significant purpose to impede the assessment or collection of tax means that the transferor of a Residual Certificate knew or should have known that the transferee would be unwilling or unable to pay taxes due on its share of the taxable income of the REMIC trust (that is, the transferor had “improper knowledge”).

As discussed under the caption “Special Characteristics of Residual Certificates” in the REMIC Prospectus, the Regulations presume that a transferor does not have improper knowledge if two conditions are met. The Treasury Department has amended the Regulations to provide additional requirements that a transferor must satisfy to avail itself of the safe harbor regarding the presumed lack of improper knowledge. For transfers occurring on or after August 19, 2002, a transferor of a Residual Certificate is presumed not to have improper knowledge if, in addition to meeting the two conditions discussed in the REMIC Prospectus, both (i) the transferee represents that it will not cause income from the Residual Certificate to be attributed to a foreign permanent establishment or fixed base of the transferee or another taxpayer and (ii) the transfer satisfies either the “asset test” or the “formula test.” The representation described in (i) will be included in the affidavit discussed above. 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.

A transfer satisfies the asset test if (i) the transferee’s gross assets exceed \$100 million and its net assets exceed \$10 million (in each case, at the time of the transfer and at the close of each of the transferee’s two fiscal years preceding the year of transfer), (ii) the transferee is an “eligible corporation” and the transferee agrees in writing that any subsequent transfer of the Residual Certificate will be to an eligible corporation and will comply with the safe harbor and satisfy the

asset test, and (iii) the facts and circumstances known to the transferor do not reasonably indicate that the taxes associated with the Residual Certificate will not be paid. A transfer satisfies the formula test if the present value of the anticipated tax liabilities associated with holding the Residual Certificate is less than or equal to the present value of the sum of (i) any consideration given to the transferee to acquire the Residual Certificate, (ii) expected future distributions on the Residual Certificate, and (iii) anticipated tax savings associated with holding the Residual Certificate as the related REMIC trust generates losses. The Regulations contain additional details regarding their application and you should consult your own tax advisor regarding the application of the Regulations to a transfer of a Residual Certificate.

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

CERTAIN ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES

The Certificates and payments on the Certificates are not generally exempt from taxation. Therefore, you should consider the tax consequences of holding a Certificate before you acquire one. The following tax discussion supplements the discussion under the caption “Certain Federal Income Tax Consequences” in the REMIC Prospectus. When read together, the two discussions describe the current federal income tax treatment of beneficial owners of Certificates. These two tax discussions do not purport to deal with all federal tax consequences applicable to all categories of beneficial owners, some of which may be subject to special rules. In addition, these discussions may not apply to your particular circumstances for one of the reasons explained in the REMIC Prospectus. You should consult your own tax advisors regarding the federal income tax consequences of holding and disposing of Certificates as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

REMIC Elections and Special Tax Attributes

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

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

Taxation of Beneficial Owners of Regular Certificates

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

treat the A Class, and we may treat certain other Classes of REMIC Certificates, 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>Group</u>	<u>Prepayment Assumption</u>
1	400% PSA
2	220% PSA
3	170% PSA

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 (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 April 20, 2004. 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.

The Treasury Department recently issued Regulations providing that, to clearly reflect income, an inducement fee paid to a transferee of a noneconomic residual interest in a REMIC must be included in income over a period that is reasonably related to the period during which the applicable REMIC is expected to generate taxable income or net loss allocable to the transferee. The Regulations set forth two safe harbor methods under which a taxpayer’s accounting for the inducement fee will be considered to clearly reflect income for these purposes. In addition, under the Regulations an inducement fee shall be treated as income from sources within the United States. The Regulations, which are effective for taxable years ending on or after May 11, 2004, contain additional details regarding their application. You should consult your own tax advisor regarding the application of the Regulations to the transfer of a Residual Certificate.

Taxation of Beneficial Owners of RCR Certificates

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

The RCR Classes (each, a “Combination RCR Class”) will represent the beneficial ownership of the underlying REMIC Certificates set forth in Schedule 1. Each Certificate of a Combination RCR Class (a “Combination RCR Certificate”) will represent beneficial ownership of undivided interest in two or more underlying REMIC Certificates.

Combination RCR Classes. A beneficial owner of a Combination RCR Certificate will be treated as the beneficial owner of a proportionate interest in the REMIC Certificates underlying

that Combination RCR Certificate. Except in the case of a beneficial owner that acquires a Combination RCR Certificate in an exchange described under “—*Exchanges*” below, a beneficial owner of a Combination RCR Certificate must allocate its cost to acquire that Certificate among the underlying REMIC Certificates in proportion to their relative fair market values at the time of acquisition. Such an owner should account for its ownership interest in each underlying REMIC Certificate as described under “—Taxation of Beneficial Owners of Regular Certificates” above and “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Regular Certificates*” in the REMIC Prospectus. When a beneficial owner sells a Combination RCR Certificate, the owner must allocate the sale proceeds among the underlying REMIC Certificates in proportion to their relative fair market values at the time of sale.

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

Tax Return Disclosure Requirements

The Treasury Department recently issued Regulations directed at “tax shelters” that could be read to apply to transactions generally not considered to be tax shelters. These Regulations require that taxpayers that participate in a “reportable transaction” disclose such transaction on their tax returns by attaching IRS Form 8886 and retain information related to the transaction. A transaction may be a “reportable transaction” based upon any of several indicia, one or more of which may be present with respect to the Certificates. You should consult your tax advisor concerning any possible disclosure obligation with respect to your investment in the Certificates.

PLAN OF DISTRIBUTION

General. We are obligated to deliver the Certificates to J.P. Morgan Securities Inc. (the “Dealer”) in exchange for the Group 1 Underlying REMIC Certificates and the Trust MBS. The Dealer proposes to offer the Certificates directly to the public from time to time in negotiated transactions at varying prices to be determined at the time of sale. The Dealer may effect these transactions to or through other dealers.

Increase in Certificates. Before the Settlement Date, we and the Dealer may agree to offer Group 2 or Group 3 Classes in addition to those contemplated as of the date of this prospectus supplement. In this event, we will increase the related Trust MBS in principal balance, but we expect that all these additional Trust MBS will have the same characteristics as described under “Description of the Certificates—The Trust MBS” in this prospectus supplement. The proportion that the original principal balance of each Group 2 or Group 3 Class bears to the aggregate original principal balance of all Group 2 or Group 3 Classes, respectively, will remain the same. In addition, the dollar amounts shown in the Principal Balance Schedules will be increased to correspond to the increase of the principal balances of the applicable Classes.

LEGAL MATTERS

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

Group 1 Underlying REMIC Certificates

Underlying REMIC Trust	Class	Date of Issue	CUSIP Number	Interest Rate	Interest Type(1)	Final Distribution Date	Principal Type(1)	Original Principal or Notional Balance of Class	May 2004 Class Factor	Principal or Notional Balance in the Lower REMIC	Approximate Weighted Average WAC (in months)	Approximate Weighted Average WALA (in months)
2003-020	FM	February 2003	31392JSW0	(2)	FLT	February 2032	SEQ	\$124,054,285	0.61666889	\$76,500,418	6.100%	16
2003-020	SM	February 2003	31392JSX8	(2)	INV/IO	February 2032	NTL	124,054,285	0.61666889	76,500,418	6.100	16

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

(2) These classes bear interest during each interest accrual period as described in the Underlying REMIC Disclosure Document.

Available Recombinations(1)

REMIC Certificates		RCR Certificates						
Classes	Original Principal or Notional Principal Balances	RCR Class	Original Principal Balances	Interest Rate	Interest Type(2)	Principal Type(2)	CUSIP Number	Final Distribution Date
Recombination 1								
BI	\$340,000,000(3)	B	\$340,000,000	5.0%	FIX	SEQ	31393YSW6	June 2034
BO	340,000,000							
Recombination 2								
FG	52,472,000	CG	78,708,000	5.0	FIX	TAC/AD	31393YSX4	November 2021
SG	26,236,000							
Recombination 3								
ZG	502,000	CA(4)	79,210,000	5.0	FIX	SUP	31393YSY2	December 2021
FG	52,472,000							
SG	26,236,000							

- (1) REMIC Certificates and RCR Certificates in Recombinations 1 and 2 may be exchanged only in the proportions shown in this Schedule 1. In any exchange under Recombination 3, the relative proportions of the REMIC Certificates to be delivered (or, if applicable, received) in such exchange will equal the proportions reflected by the outstanding principal balance of the related REMIC Classes at the time of exchange.
- (2) See "Description of Certificates—Class Definitions and Abbreviations" in the REMIC Prospectus and "Description of the Certificates—Distributions of Interest" and "—Distributions of Principal" in this prospectus supplement.
- (3) Notional principal balance.
- (4) Principal payments on the REMIC Certificates in Recombination 3 from the ZG Accrual Amount will be paid as interest on the related RCR Certificates and thus will not reduce the principal balances of those RCR Certificates.

Principal Balance Schedules

PB Class Planned Balances

<u>Distribution Date</u>	<u>Planned Balance</u>	<u>Distribution Date</u>	<u>Planned Balance</u>	<u>Distribution Date</u>	<u>Planned Balance</u>
Initial Balance	\$80,790,000.00	May 2005	\$59,380,145.14	May 2006	\$27,338,981.20
June 2004	79,457,463.73	June 2005	57,081,922.71	June 2006	24,452,618.57
July 2004	78,040,679.80	July 2005	54,708,761.51	July 2006	21,581,434.26
August 2004	76,540,192.11	August 2005	52,261,697.47	August 2006	18,725,350.00
September 2004	74,956,588.16	September 2005	49,741,803.49	September 2006	15,884,287.95
October 2004	73,290,498.69	October 2005	47,150,188.75	October 2006	13,058,170.67
November 2004	71,542,597.30	November 2005	44,487,997.83	November 2006	10,246,921.09
December 2004	69,713,600.00	December 2005	41,756,409.91	December 2006	7,450,462.57
January 2005	67,804,264.79	January 2006	38,956,637.89	January 2007	4,668,718.85
February 2005	65,815,391.15	February 2006	36,089,927.51	February 2007	1,901,614.06
March 2005	63,747,819.50	March 2006	33,157,556.40	March 2007 and thereafter	0.00
April 2005	61,602,430.64	April 2006	30,240,600.78		

Aggregate Group Targeted Balances

<u>Distribution Date</u>	<u>Targeted Balance</u>	<u>Distribution Date</u>	<u>Targeted Balance</u>	<u>Distribution Date</u>	<u>Targeted Balance</u>
Initial Balance	\$78,708,000.00	January 2006	\$56,729,889.98	August 2007	\$41,532,824.15
June 2004	76,671,981.27	February 2006	56,595,494.69	September 2007	38,844,428.70
July 2004	74,739,583.05	March 2006	56,544,067.40	October 2007	36,171,581.39
August 2004	72,910,152.59	April 2006	56,494,434.56	November 2007	33,514,194.70
September 2004	71,182,994.13	May 2006	56,446,578.83	December 2007	30,872,181.64
October 2004	69,557,369.25	June 2006	56,400,483.05	January 2008	28,245,455.67
November 2004	68,032,497.32	July 2006	56,356,130.16	February 2008	25,633,930.76
December 2004	66,607,555.87	August 2006	56,313,503.25	March 2008	23,037,521.34
January 2005	65,281,681.02	September 2006	56,272,585.52	April 2008	20,456,142.32
February 2005	64,053,968.04	October 2006	56,233,360.30	May 2008	17,889,709.11
March 2005	62,923,471.82	November 2006	56,195,811.08	June 2008	15,338,137.56
April 2005	61,889,207.46	December 2006	56,159,921.42	July 2008	12,801,344.01
May 2005	60,950,150.88	January 2007	56,125,675.06	August 2008	10,279,245.27
June 2005	60,105,239.43	February 2007	56,093,055.83	September 2008	7,771,758.60
July 2005	59,353,372.59	March 2007	55,211,120.43	October 2008	5,278,801.73
August 2005	58,693,412.64	April 2007	52,443,654.52	November 2008	2,800,292.84
September 2005	58,124,185.46	May 2007	49,692,181.67	December 2008	336,150.59
October 2005	57,644,481.21	June 2007	46,956,611.90	January 2009 and thereafter	0.00
November 2005	57,253,055.21	July 2007	44,236,855.72		
December 2005	56,948,628.76				

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.

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\$612,214,704



**Guaranteed
REMIC Pass-Through Certificates
Fannie Mae REMIC Trust 2004-41**

PROSPECTUS SUPPLEMENT

JPMorgan

April 13, 2004
