Prospectus

$44,744,830
(Approximate)

FannieMae®

Guaranteed Trust Pass-Through Certificates
Fannie Mae Multifamily Grantor Trust 2004-T7

Carefully consider the risk factors on page 5 of this prospectus. Unless you understand and are able to tolerate these risks, you should not invest in the certificates.

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 of its agencies or instrumentalities 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.

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 and
- in the case of the A Class only, principal to the extent paid on the underlying Fannie Mae MBS, with any remaining principal of the A Class to be paid on the final distribution date.

The Fannie Mae Guaranty

We will guarantee that required payments of principal and interest on the certificates are distributed to investors on time and that any remaining principal balance of each class of certificates is paid on the final distribution date. **We will not guarantee the payment to certificateholders of any prepayment premiums.**

The Trust and Related Assets

The trust will own Fannie Mae MBS.

The mortgage loans underlying the Fannie Mae MBS are first lien, multifamily, fixed-rate loans. In addition, the mortgage loans are either fully amortizing or provide for balloon payments at maturity.

Class	Original Class Balance	Principal Type	Interest Rate	Interest Type	CUSIP Number	Final Distribution Date
A	$44,744,830	PT	5.124%	FIX	31394A3A2	July 2041
X.	$44,744,830(1)	NTL	(2)	WAC/IO	31394A3B0	July 2041

(1) Notional principal balance. This class is an interest only class.
(2) Variable interest rate. During the initial interest accrual period, it is expected that the X Class will bear interest at the annual rate of approximately 1.87819%.

The dealer specified below will offer the certificates from time to time in negotiated transactions at varying prices to be determined at the time of sale. We expect the settlement date to be September 30, 2004.

JPMorgan

The date of this prospectus is September 14, 2004.

TABLE OF CONTENTS

AVAILABLE INFORMATION

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

- the Prospectus for Fannie Mae Guaranteed Mortgage Pass-Through Certificates (Multifamily Residential Mortgage Loans) dated September 1, 2003 (the "MBS Prospectus");
- our Prospectus Supplement to the MBS Prospectus for each pool identified in Exhibit A to this prospectus (each, an "MBS Prospectus Supplement"); 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 class factors for the certificates, are available on our corporate Web site at www.fanniemae.com.

You can also obtain additional copies of this prospectus 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)

INCORPORATION BY REFERENCE

We are incorporating by reference in this prospectus the documents listed below. This means that we are disclosing information to you by referring you to these documents. These documents are considered part of this prospectus, so you should read this prospectus, and any applicable supplements or amendments, together with these documents.

You should rely only on the information provided or incorporated by reference in this prospectus, the additional Disclosure Documents and any applicable supplements or amendments.

We incorporate by reference the following documents we have filed, or may file, with the Securities and Exchange Commission ("SEC"):

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2003 ("Form 10-K");
- all other reports we have filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 since the end of the fiscal year covered by the Form 10-K until the date of this prospectus, excluding any information "furnished" to the SEC on Form 8-K; and
- all proxy statements that we file with the SEC and all documents that we file with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 subsequent to the date of this

prospectus and prior to the completion of the offering of the certificates, excluding any information we "furnish" to the SEC on Form 8-K.

Any information incorporated by reference in this prospectus is deemed to be modified or superseded for purposes of this prospectus to the extent information contained or incorporated by reference in this prospectus modifies or supersedes such information. In such case, the information will constitute a part of this prospectus only as so modified or superseded.

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You can obtain copies of the periodic reports we file with the SEC without charge by calling or writing our Office of Investor Relations, Fannie Mae, 3900 Wisconsin Avenue, NW, Washington, DC 20016, telephone: (202) 752-7115. The periodic and current reports that we file with the SEC are also available on our Web site. Information appearing on our Web site is not incorporated in this prospectus except as specifically stated in this prospectus.

In addition, you may read our SEC filings and other information about Fannie Mae at the offices of the New York Stock Exchange, the Chicago Stock Exchange and the Pacific Exchange. Our SEC filings are also available at the SEC's Web site at www.sec.gov. You also may read and copy any document we file with the SEC by visiting the SEC's Public Reference Room at 450 Fifth Street, NW, Washington, DC 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 internet site solely for the information of prospective investors. Information appearing on the SEC's Web site is not incorporated in this prospectus except as specifically stated in this prospectus.

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 and each of the other Disclosure Documents.

Certain Characteristics of the Mortgage Loans underlying the MBS

The trust will own the MBS specified on Exhibit A to this prospectus. Exhibit A contains certain information about the individual MBS and the related mortgage loans as of September 1, 2004.

Prepayment Premiums

Most of the mortgage loans underlying the MBS require the borrower to pay a prepayment premium in the form of either a yield maintenance charge or fixed prepayment fee, collectively referred to in this prospectus as a prepayment premium, in connection with the prepayment of the related mortgage loan prior to one or more specified dates as further described in the related MBS Prospectus Supplement.

With respect to one or more of the mortgage loans, the borrower may prepay at any time without paying any prepayment premium. Other mortgage loans provide that prepayments in full made prior to a specified date, known as the Yield Maintenance End Date, must be accompanied by a prepayment premium in the form of a yield maintenance charge. Some of those mortgage loans also provide that, after the Yield Maintenance End Date, but before another date known as the Prepayment Premium End Date, the mortgage loan may be prepaid only if the prepayment is accompanied by a fixed prepayment fee. Other mortgage loans permit prepayment after the Yield Maintenance End Date without payment of any yield maintenance charge or fixed prepayment fee. Some mortgage loans prohibit prepayment for a period of time known as a Lockout Period, but other mortgage loans contain no Lockout Period. The mortgage loans generally prohibit partial prepayments, but some of the mortgage loans provide for the imposition of a prepayment premium, in the form of yield maintenance charge, if a partial prepayment is required in connection with a default or if the lender accepts a partial prepayment. A portion of any yield maintenance charges and fixed prepayment fees, to the extent collected, will be included in distributions on the related MBS, as described in the related MBS Prospectus Supplement. We will allocate these prepayment premiums, to the extent collected, with respect to any distribution date among the classes of certificates as described in this prospectus.

Class Factors

A class factor is a number that, when multiplied by the initial principal balance (or notional principal balance) of a certificate, can be used to calculate the current principal balance (or notional principal balance) of that certificate (after taking into account principal payments in the same month). We publish the class factor for each class of certificates on or shortly after the 11th day of each month.

Settlement Date

We expect to issue the certificates on September 30, 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, beginning in October 2004.

Book-Entry Certificates

We will issue the certificates through the U.S. Federal Reserve Banks, which will electronically track ownership of the certificates and payments on them.

Interest Rates

During each interest accrual period, the A Class will bear interest at the applicable annual interest rate specified on the cover of this prospectus.

During the initial interest accrual period, it is expected that the X Class will bear interest approximately at the applicable annual interest rate specified on the cover of this prospectus. During subsequent interest accrual periods, the X Class will bear interest at the variable annual interest rate described in this prospectus.

Notional Class

The X Class is a notional class and will not receive any principal. The notional principal balance is the balance used to calculate accrued interest on the X Class. The notional principal balance of the X Class will equal the percentage of the outstanding balances specified below immediately before the related distribution date:

Class	
X...	100% of the A Class

Payments of Principal

On each distribution date prior to the final distribution date, we will pay to the holders of the A Class principal in amounts that correspond to the principal payments received on the MBS.

On the final distribution date, we will pay an amount equal to any remaining principal balance of the A Class to the holders of the A Class.

Weighted Average Lives (years)*

	CPR Prepayment Assumption**				
Classes	**0%**	**25%**	**50%**	**75%**	**100%**
A and X	13.3	11.7	11.1	10.7	10.3

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

** Assumes no prepayment during any applicable lockout or yield maintenance periods. See "Risk Factors" in this prospectus.

RISK FACTORS

We have listed below some of the risks associated with an investment in the certificates. Because each investor has different investment needs and a different risk tolerance, you should consult your own financial and legal advisors to determine whether the certificates are a suitable investment for you.

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 MBS, including prepayments.

Most, but not all, of the mortgage loans provide for the payment of prepayment premiums or yield maintenance charges or both. Several of the mortgage loans prohibit the related borrowers from making voluntary prepayments until after the expiration of a specified lockout period. Subject to any applicable yield maintenance charges, prepayment premiums and after any specified lockout period, the mortgage loans may be prepaid at any time. Therefore, the rate of principal payments on the mortgage loans is likely to vary over time. It is highly unlikely that the mortgage loans will prepay

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

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 or if you buy the interest only certificate 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 the interest only certificate and certificates purchased at a premium, you could lose money on your investment if prepayments occur at a rapid rate.

Defaults may increase the risk of prepayment. Multifamily lending is generally viewed as exposing the lender to a greater risk of loss than single family lending. Mortgage loan defaults may result in distributions of substantial portions of the principal balance of the related MBS, or in case of MBS backed by a single mortgage, the full principal balance of the related MBS, thereby affecting prepayment rates.

Yield maintenance charges and fixed prepayment fees may reduce the prepayment rate of the related mortgage loans. Some of the mortgage loans impose a yield maintenance charge in connection with prepayments occurring on or before a specified date, and some impose a fixed prepayment fee in connection with prepayments occurring after that date but before another specified date. No yield maintenance charge or fixed prepayment fee will be imposed, however, if a borrower defaults on its mortgage loan. Portions of yield maintenance charges and fixed prepayment fees, as applicable, to the extent collected, will be paid to the trust as the holder of the related MBS, in the amounts described in the related MBS prospectus supplements. We will allocate to certificateholders these yield maintenance charges or fixed prepayment fees as further described in this prospectus.

Mortgage loans having yield maintenance charges or fixed prepayment fees, or both, may be less likely to prepay than mortgage loans without such prepayment premiums.

Allocation of prepayment premiums to your class may not offset the adverse effect on yields of the corresponding prepayments. If any yield maintenance charges or fixed prepayment fees are payable to the holder of the MBS with respect to any distribution date, we will include these amounts in the payments to be made on the certificates on that distribution date as described in this prospectus. We do not, however, guarantee that any prepayment premiums (whether in the form of yield maintenance charges or fixed prepayment fees) will in fact be collected from mortgagors, or paid to holders of the MBS or the related certificateholders. Accordingly, holders of the applicable classes will receive yield maintenance charges and fixed prepayment fees, or portions thereof as described in the related MBS prospectus supplements, only to the extent we receive them. Moreover, even if we pay the yield maintenance charges and the fixed prepayment fees to the holders of these classes, the additional amounts may not offset the reductions in yield caused by the related prepayments.

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

Delay classes have lower yields and market values. Because the certificates do not receive interest immediately following each interest accrual period, they 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. 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 of certificates. 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.

If we could not perform our obligations, including our guaranty, the yields on your certificates could be reduced. If we were unable to perform our guaranty obligations, distributions on the certificates generally would be limited to borrower payments and other recoveries on the mortgage loans backing the MBS. As a result, delinquencies and defaults on the underlying mortgage loans could directly and adversely affect the amounts that certificateholders would receive each month.

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, as well as in the additional Disclosure Documents and the Trust Agreement. If we use a capitalized term in this prospectus 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 Multifamily Grantor Trust 2004-T7 (the "Trust") pursuant to a trust agreement dated as of September 1, 2004 (the "Trust Agreement"). We will issue the Guaranteed Trust Pass-Through Certificates (the "Certificates" or "Classes") pursuant to the Trust Agreement.

The assets of the Trust will consist of certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the "MBS"). Each MBS represents a beneficial ownership interest in one or more fixed-rate fully amortizing or balloon mortgage loans secured generally by first liens on multifamily properties having the characteristics described in this prospectus and on Exhibit A (each, a "Mortgage Loan" and, collectively, the "Mortgage Loans").

Fannie Mae Guaranty. We guarantee that we will pay to Certificateholders of the A and X Classes required installments of interest on the Certificates on time. We also guarantee that we will pay principal of the Certificates to the A Class in amounts that correspond to the principal paid on the MBS, with any remaining principal balance to be paid on the Final Distribution Date set forth on the cover of this prospectus.

At all times, the notional principal balance of the X Class will equal the outstanding balance of the A Class.

Our guarantees are not backed by the full faith and credit of the United States. If we were unable to perform our guaranty obligations, Certificateholders would receive only the amounts paid on the related MBS. If that happened, those amounts generally would be limited to borrower payments and other recoveries on the Mortgage Loans. As a result, delinquencies and defaults on the Mortgage Loans could directly and adversely affect the amounts that Certificateholders would receive each month.

Moreover, we will not guarantee the collection or the payment to the Certificateholders of any yield maintenance charges or fixed prepayment fees (individually and collectively referred to within this prospectus as "prepayment premiums"). Accordingly, Certificateholders will receive the portions of yield maintenance charges or fixed prepayment fees payable to the Trust, as the holder of the MBS, as described in the related MBS Prospectus Supplement only to the extent actually received in respect of the MBS. 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 of its agencies or instrumentalities other than Fannie Mae. We alone are responsible for making payments on our guaranty. See "Description of the Certificates—Fannie Mae Guaranty" in the MBS Prospectus.

Characteristics of Certificates. We will issue each Class of the Certificates in book-entry form on the book-entry system of the U.S. Federal Reserve Banks (the "Fed Book-Entry Certificates"). Entities whose names appear on the book-entry records of a Federal Reserve Bank as having had Certificates deposited in their accounts are the "Holders" or "Certificateholders" of the Fed Book-Entry Certificates.

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 "—Book-Entry Procedures" below.

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

Classes	Denominations
X Class	\$100,000 minimum plus whole dollar increments
A Class	\$1,000 minimum plus whole dollar increments

Distribution Dates. We will make monthly payments on the Certificates on the 25th day of each month (or, if the 25th day 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 day of each month, we will publish a factor (carried to eight decimal places) for each Class of Certificates. When the factor is multiplied by the original principal balance (or notional principal balance) of a Certificate of that Class, the product will equal the current principal balance (or notional principal balance) of that Certificate after taking into account payments on the Distribution Date in the same month.

No Optional Termination. We will not effect an early termination of the Trust. Further, we will not repurchase the Mortgage Loans underlying any MBS in a "clean up call."

Book-Entry Procedures

General. The Fed Book-Entry Certificates will be issued and maintained only on the book-entry system of the Federal Reserve Banks. The Fed Book-Entry Certificates may be held of record only by entities eligible to maintain book-entry accounts with the Federal Reserve Banks. Beneficial owners ordinarily will hold Fed Book-Entry Certificates through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. A Holder that is not the beneficial owner of a Fed Book-Entry Certificate, and each other financial intermediary in the chain to the beneficial owner, will have to establish and maintain accounts for their respective customers. A beneficial owner's rights with respect to us and the Federal Reserve Banks may be exercised only through the Holder of the related Certificate. Neither we nor the Federal Reserve Banks will have any direct obligation to a beneficial owner of a Fed Book-Entry Certificate that is not the Holder of that Certificate. The Federal Reserve Banks will act only upon the instructions of the Holder in recording transfers of a Fed Book-Entry Certificate.

We have a fiscal agency agreement in effect with the Federal Reserve Bank of New York. Under this agreement, the regulations (found at 24 C.F.R. Part 81, Subpart E) that govern our use of the book-entry system and the pledging and transfer of interests apply to the Fed Book-Entry Certificates. These regulations may be modified, amended, supplemented, superseded, eliminated or otherwise altered without the consent of any Certificateholder. The Federal Reserve Banks' operating circulars and letters also apply. The Fed Book-Entry Certificates are freely transferable on the records of any Federal Reserve Bank but are not convertible to physical certificates. Certificates maintained on the book-entry system of a Federal Reserve Bank can be separately traded and owned.

Method of Payment. Our fiscal agent for the Fed Book-Entry Certificates is the Federal Reserve Bank of New York. On each Distribution Date, the Federal Reserve Banks, acting on our behalf, will make payments on the Fed Book-Entry Certificates by crediting Holders' accounts at the Federal Reserve Banks.

The MBS

The following table contains certain information about the MBS. The MBS will have the aggregate unpaid principal balance and weighted average Pass-Through Rate shown below and the general characteristics described in the MBS Prospectus and the related MBS Prospectus Supplement. The MBS provide that principal and interest on the related Mortgage Loans are passed through monthly. The Mortgage Loans underlying the MBS are conventional, fixed-rate mortgage loans secured by first mortgages or deeds of trust on multifamily residential properties, each either fully amortizing or providing for a balloon payment at maturity. See "Multifamily Mortgage Loan Pools" and "Yield Considerations" in the MBS Prospectus. We expect the characteristics of the MBS and the related Mortgage Loans as of the Issue Date to be as follows:

Aggregate Unpaid Principal Balance	$44,744,830
Weighted Average MBS Pass-Through Rate	7.0253%
WAC (annual percentage)	7.9434%
Weighted Average Remaining Term to Maturity	293 months
Weighted Average Certificate Age	30 months

Exhibit A contains certain information about the individual MBS and related Mortgage Loans as of the Issue Date for such MBS.

Payments of Interest on the Certificates

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

Interest Type*	Classes
Fixed Rate	A
Weighted Average Coupon	X
Interest Only	X

* See "—Class Definitions and Abbreviations" below.

General. We will pay interest on the A and X Classes at the applicable annual interest rates shown on the cover or described in this prospectus. We calculate interest on the certificates based on an assumed 360-day year consisting of twelve 30-day months. We pay interest monthly on each Distribution Date, beginning in the month after the Settlement Date specified in the Reference Sheet. Interest to be paid on each Certificate on a Distribution Date will consist of one month's interest on the outstanding balance of the Certificate immediately prior to that Distribution Date.

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

Classes	Interest Accrual Period
A and X (collectively, the "Delay Classes")	Calendar month preceding the month in which the Distribution Date occurs

See "Risk Factors — Delay classes have lower yields and market values" in this prospectus.

Notional Class. The X Class is a Notional Class and will not have a principal balance. During each Interest Accrual Period, the X Class will bear interest on its notional principal balance at its applicable interest rate. The notional principal balance of the X Class will be calculated as indicated under "Reference Sheet—Notional Class" in this prospectus.

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

Weighted Average Coupon Class. During the initial Interest Accrual Period, the X Class will bear interest at the annual rate specified on the cover of this prospectus. The X Class will bear interest during each subsequent Interest Accrual Period at an annual rate equal to the *excess* of the MBS WAC Rate for such Interest Accrual Period *over* the interest rate on the A Class.

The "MBS WAC Rate" with respect to any Interest Accrual Period equals the weighted average of the MBS Pass-Through Rates for such Interest Accrual Period, weighted on the basis of the principal balances of the MBS as of the last day of such Interest Accrual Period. The "MBS Pass-Through Rate" of each MBS is specified on Exhibit A. If the interest on the related Mortgage Loan is calculated on an actual/360 basis (see "Description of the Mortgage Loans" in this prospectus), then, for purposes of calculating the MBS WAC Rate with respect to an Interest Accrual Period during which other than 30 days' interest accrued on such Mortgage Loan, the related MBS Pass-Through Rate will be converted to a 30/360 equivalent rate.

Our determination of the interest rate for the X Class will be final and binding in the absence of manifest error. You may obtain the interest rate by telephoning us at 1-800-237-8627.

Allocation of Prepayment Premiums. Some of the Mortgage Loans provide for the payment of prepayment premiums in the form of yield maintenance charges or fixed prepayment fees or both. On each Distribution Date, we will pay any yield maintenance or fixed prepayment fees that are actually included in the MBS distributions and payable to the Trust, as holder of the MBS, in accordance with the terms of the related MBS Prospectus Supplements on that date as follows:

- 75% to the X Class, and
- 25% to the A Class.

Payments of Principal of the Certificates

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

Principal Type*	Classes
Pass-Through	A
Notional	X

* See "—Class Definitions and Abbreviations" below.

Principal Distribution Amount. On the Distribution Date in each month, we will pay principal on the A Class in an aggregate amount (the "Principal Distribution Amount") equal to the sum of the principal then paid on the MBS.

Class Definitions and Abbreviations

Classes of Certificates fall into different categories. The following chart identifies and generally defines these categories. The first column of the chart shows our abbreviation for each category. We identify the categories of Classes of Certificates on the cover page of this prospectus by means of one or more of these abbreviations.

Abbreviation	Category of Class	Definition
		INTEREST TYPES
FIX	Fixed Rate	A Class whose interest rate is fixed throughout the life of the Class.
IO	Interest Only	A Class that receives a portion of the interest payments made on the underlying MBS, but no principal. A notional principal balance is the amount used as a reference to calculate the amount of interest due on an Interest Only Class.
WAC	Weighted Average Coupon	A Class whose Class coupon represents blended interest rates that may change from period to period.

Abbreviation	Category of Class	Definition
		PRINCIPAL TYPES
NTL	Notional	A Class having no principal balance that bears interest on the related notional principal balance. The notional principal balance is the amount used as a reference to calculate the amount of interest due on an Interest Only Class.
PT	Pass-Through	A Class that receives principal payments based on the actual distributions on the corresponding class or classes of MBS.

Structuring Assumptions

Pricing Assumptions. Except where otherwise noted, the information in the tables in this prospectus has been prepared based on the actual characteristics of the MBS (as described in Exhibit A) and the following assumptions (such characteristics and assumptions, collectively, the "Pricing Assumptions"):

- we pay all payments (including prepayments) on the Mortgage Loans on the Distribution Date relating to the month in which we receive them;
- the Mortgage Loans underlying the MBS prepay at the percentages of CPR specified in the related table at all times, including during any fixed prepayment fee periods, except that no prepayments occur during the related lockout or yield maintenance periods;
- payments on the Certificates are always received on the 25th of the month, whether or not a business day;
- no yield maintenance charges or prepayment premiums are received on the MBS; and
- the settlement date for the sale of the Certificates is September 30, 2004.

Prepayment Assumptions. Prepayments of Mortgage Loans commonly are measured relative to a prepayment standard or model. The model used here is the "Constant Prepayment Rate" or "CPR" model. The CPR model represents an assumed constant rate of prepayment each month, expressed as an annual percentage of the then outstanding principal balance of the pool of Mortgage Loans.

It is highly unlikely that prepayments will occur at any particular level of CPR, or at any other *constant* rate. Moreover, it is unlikely that all of the Mortgage Loans will prepay at the same rate.

Weighted Average Lives of the Certificates

The weighted average life of a Certificate is determined by

(a) multiplying the amount of the reduction, if any, of the principal balance (or the notional 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,

(b) summing the results, and

(c) dividing the sum by the aggregate amount of the reductions in principal balance (or the notional principal balance) of the Certificate referred to in clause (a).

The actual weighted average life of a Class of Certificates will be affected by the rate at which principal payments are in fact made on the underlying Mortgage Loans. Principal payments include scheduled principal payments, voluntary principal prepayments, liquidations due to default, casualty or condemnation, guaranty payments by us, and repurchases that we or another party make. Each of these types of principal payments on the Mortgage Loans will be applied to payment of principal on the related MBS.

In general, the weighted average lives of the Certificates will be shortened if the level of prepayments of principal of the 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 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 Table below.

Decrement Table

The following table indicates the percentages of original principal balances of the specified Classes that would be outstanding after each date shown at the constant percentages of CPR and the corresponding weighted average lives of such Classes. The table has been prepared on the basis of the Pricing Assumptions.

It is unlikely that the underlying Mortgage Loans will prepay at any *constant* CPR level. We do not represent that the Mortgage Loans will prepay at the CPRs shown or at any other constant prepayment rate.

Percent of Original Principal Balance Outstanding†
A and X Classes

	CPR Prepayment Assumption				
Date	**0%**	**25%**	**50%**	**75%**	**100%**
Initial Percent	100	100	100	100	100
September 2005	98	97	96	96	95
September 2006	95	94	94	93	93
September 2007	92	91	91	91	91
September 2008	89	89	88	88	88
September 2009	86	86	86	86	86
September 2010	83	83	83	82	82
September 2011	80	79	79	78	78
September 2012	76	76	75	75	74
September 2013	73	71	70	69	67
September 2014	70	68	66	65	64
September 2015	67	64	62	60	56
September 2016	64	57	53	49	45
September 2017	60	51	46	43	42
September 2018	52	41	34	28	17
September 2019	45	30	19	10	0
September 2020	43	21	9	2	0
September 2021	24	10	3	*	0
September 2022	11	3	*	*	0
September 2023	10	2	*	*	0
September 2024	9	1	*	*	0
September 2025	8	1	*	*	0
September 2026	8	1	*	*	0
September 2027	7	*	*	*	0
September 2028	6	*	*	0	0
September 2029	5	*	*	0	0
September 2030	4	*	*	0	0
September 2031	3	*	*	0	0
September 2032	2	*	*	0	0
September 2033	1	*	*	0	0
September 2034	1	*	*	0	0
September 2035	1	*	0	0	0
September 2036	1	*	0	0	0
September 2037	1	*	0	0	0
September 2038	1	*	0	0	0
September 2039	*	*	0	0	0
September 2040	*	*	0	0	0
September 2041	0	0	0	0	0
Weighted Average Life (years)**	13.3	11.7	11.1	10.7	10.3

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

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

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

DESCRIPTION OF THE MORTGAGE LOANS

The Mortgage Loans are fixed-rate Mortgage Loans secured primarily by first mortgages on multifamily properties with at least five residential units. With the exception of one Mortgage Loan, each Mortgage Loan is a LIHTC Loan. See "Multifamily Mortgage Loan Pools—Special Feature Mortgage Loans—Multifamily Affordable Housing Loans and Low-Income Housing Tax Credit Loans" in the MBS Prospectus for a discussion of some of the characteristics of LIHTC loans. One of the Mortgage Loans is both an LIHTC Loan and an RHS Rural Housing Loan as further described in the related MBS Prospectus Supplement. See "Multifamily Mortgage Loan Pools—Special Feature Mortgage Loans—RHS Rural Housing Loans" in the MBS Prospectus. One Mortgage Loan is a multifamily affordable housing loan other than an LIHTC Loan. See "Multifamily Mortgage Loan Pools—Special Feature Mortgage Loans—Multifamily Affordable Housing Loans and Low-Income Housing Tax Credit Loans" in the MBS Prospectus for a general discussion of the characteristics of multifamily affordable housing loans.

There are a total of 31 Mortgage Loans underlying the MBS. Twenty-eight of the Mortgage Loans are 30/360 loans, where interest is calculated on the basis of an assumed 360-day year assumed to consist of twelve 30-day months. Three of the Mortgage Loans are actual/360 loans, where interest is calculated on the basis of the actual number of days elapsed in the related interest accrual period and a year assumed to consist of 360 days. While the actual/360 Mortgage Loans also provide for monthly payments of principal and interest, they generate more interest and amortize at a slower rate than an otherwise comparable 30/360 Mortgage Loan. As a result, although a fully amortizing loan accruing interest on the 30/360 method is expected to have no principal balance payable on the stated maturity date, the same loan accruing interest on an actual/360 basis is expected to have a balloon payment due at maturity. Moreover, an actual/360 Mortgage Loan with a balloon maturity date set earlier than the end of the amortization term will have a larger balloon payment due at maturity than an otherwise comparable 30/360 Mortgage Loan. See Exhibit A to this prospectus and the related MBS Prospectus Supplements for additional information concerning the Mortgage Loans.

THE TRUST AGREEMENT

We summarize below certain provisions of the Trust Agreement that are not discussed elsewhere in this prospectus. However, you must understand that these summaries are not complete. If there is ever a conflict between the information in this prospectus and the actual terms of the Trust Agreement, the terms of the Trust Agreement will prevail.

Transfer of Assets to the Trust

The Trust Agreement will contain a mortgage security schedule that will identify the MBS and any other assets that are being transferred to the Trust. As trustee, we will hold the MBS, and any other assets for the Holders of the Certificates.

Certain Fannie Mae Matters

We may not resign from our duties under the Trust Agreement unless a change in law requires it. Even then, our resignation would not become effective until a successor has assumed our duties under the Trust Agreement. In no event, however, would any successor take over our guaranty obligations. Even if our other duties under the Trust Agreement should terminate, we would still be obligated under our guaranty.

We are not liable under the Trust Agreement to the Trust or to Certificateholders for our errors in judgment or for anything we do, or do not do, in good faith. This also applies to our directors, officers, employees and agents. Nevertheless, neither we nor they will be protected from liability that results from willful misfeasance, bad faith or gross negligence or as a result of a willful disregard of duties.

The Trust Agreement also provides that we may refuse involvement in any legal action that we think will expose us to expense or liability unless the action is related to our duties under the Trust Agreement. On the other hand, we may decide to participate in legal actions if we think our participation would be in the interests of the Certificateholders. In this case, we will pay our legal expenses and costs.

If we merge or consolidate with another corporation, the successor corporation will be our successor under the Trust Agreement.

Events of Default

Any of the following will be considered an "Event of Default" under the Trust Agreement:

- if we fail to pay Certificateholders of a Class any required amount and our failure continues uncorrected for 15 days after Certificateholders owning at least 5% of that Class have given us written notice;

- if we fail in a material way to fulfill any of our obligations under the Trust Agreement and our failure continues uncorrected for 60 days after Certificateholders owning at least 25% of any Class have given us written notice; or

- if we become insolvent or unable to pay our debts when due or if other events of insolvency occur.

Rights upon Event of Default

If any of the Events of Default under the Trust Agreement has occurred and continues uncorrected, Certificateholders who own at least 25% of any Class have the right to terminate, in writing, all of our obligations under the Trust Agreement. These obligations include our duties as trustee as well as in our corporate capacity. However, our guaranty obligations will continue in effect. The same proportion of Certificateholders also may appoint, in writing, a successor to assume all of our terminated obligations. This successor will take legal title to the MBS and other assets of the Trust.

Amendment

We may amend the Trust Agreement, without notifying the Certificateholders or obtaining their consent, for any of the following purposes:

- to add to our duties;

- to evidence that another party has become our successor and has assumed our duties under the Trust Agreement as trustee or in our corporate capacity or both;

- to eliminate any of our rights in our corporate capacity under the Trust Agreement;

- to cure any ambiguity or correct or add to any provision in the Trust Agreement, so long as no Certificateholder is adversely affected; and

- to modify the Trust Agreement to maintain the legal status of the Trust as one or more trusts under subpart E of part I of subchapter J of the Code.

If Certificateholders who own at least 66% of each Class give their consent, we may amend the Trust Agreement to eliminate, change or add to its terms or to waive our compliance with any of those terms. Nevertheless, we may not terminate or change our guaranty obligations or reduce the percentage of Certificateholders who must consent to the types of amendments listed in the previous sentence. In addition, unless each affected Certificateholder consents, no amendment may reduce or delay the funds that we must pay on any Certificate.

Termination

The Trust will terminate when we have paid the Certificateholders all required interest and principal amounts and not before. In addition, we will not terminate any related MBS trust early except in the case of a repurchase or prepayment in full of a Mortgage Loan that is the sole Mortgage Loan backing that MBS.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The Certificates and payments on the Certificates generally are not exempt from taxation. Therefore, you should consider the tax consequences of holding a Certificate before you acquire one. The following discussion describes certain U.S. federal income tax consequences to beneficial owners of Certificates. The discussion is general and does not purport to deal with all aspects of federal taxation that may be relevant to particular investors. This discussion may not apply to your particular circumstances for one of the following, or other, reasons:

- This discussion is based on federal tax laws in effect as of the date of this prospectus. Changes to any of these laws after the date of this prospectus may affect the tax consequences discussed below, and such changes may have retroactive effect.

- This discussion addresses only Certificates acquired at original issuance and held as "capital assets" (generally, property held for investment).

- This discussion does not address tax consequences to beneficial owners subject to special rules, such as dealers in securities, certain traders in securities, banks, tax-exempt organizations, life insurance companies, persons that hold Certificates as part of a hedging transaction or as a position in a straddle or conversion transaction, or persons whose functional currency is not the U.S. dollar.

- This discussion does not address taxes imposed by any state, local or foreign taxing jurisdiction.

For these reasons, 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.

General

Arnold & Porter LLP, special tax counsel to Fannie Mae, will deliver its opinion that, assuming compliance with the Trust Agreement, the Trust will be classified as a trust under subpart E, part I of subchapter J of the Internal Revenue Code of 1986, as amended (the "Code") and not as an association taxable as a corporation. For federal income tax purposes, the Trust will be treated as owning the Mortgage Loans underlying the MBS.

Taxation of Beneficial Owners of the Certificates

The X Class. A beneficial owner of a Certificate of the X Class will be treated as owning, pursuant to section 1286 of the Code, "stripped coupons" to the extent of its share of the related interest payments. Fannie Mae intends to treat each such Certificate as a single debt instrument representing rights to future cashflows from the Mortgage Loans for purposes of information reporting. You should consult your own tax advisor as to the proper treatment of a Certificate of the X Class in this regard.

Under section 1286 of the Code, a beneficial owner of a Certificate of the X Class must treat the Certificate as a debt instrument originally issued on the date the owner acquires it and as having original issue discount ("OID") equal to the *excess*, if any, of its "stated redemption price at maturity" *over* the price paid by the owner to acquire it. For information reporting purposes, we intend to treat all amounts to be distributed on each Certificate of the X Class as included in the stated redemption price at maturity and, as a result, each Certificate of the X Class will be treated as if issued with OID.

The beneficial owner of a Certificate of the X Class must include in its ordinary income for federal income tax purposes, generally in advance of receipt of the cash attributable to that income, the sum of the "daily portions" of OID on its Certificate for each day during its taxable year on which it held that Certificate. The daily portions of OID are determined as follows:

- first, the portion of OID that accrued during each "accrual period" is calculated;
- then, the OID accruing during an accrual period is allocated ratably to each day during the period to determine the daily portion of OID.

Final regulations issued by the Treasury Department relating to the tax treatment of debt instruments with OID (the "OID Regulations") provide that a holder of a debt instrument may use an accrual period of any length, up to one year, as long as each distribution of principal or interest occurs on either the final day or the first day of an accrual period. We intend to report OID based on accrual periods of one month. Each of these accrual periods will begin on a Distribution Date and end on the day before the next Distribution Date.

Although the matter is not entirely clear, a beneficial owner of a Certificate of the X Class should determine the amount of OID accruing during any accrual period with respect to that Certificate using the method described in section 1272(a)(6) of the Code. Under section 1272(a)(6), the portion of OID treated as accruing with respect to a Certificate of the X Class for any accrual period equals the *excess*, if any, of

- the sum of (A) the present values of all the distributions remaining to be made on that Certificate, if any, as of the end of the accrual period, and (B) the distributions made on that Certificate during the accrual period of amounts included in the stated redemption price at maturity

over

- the sum of the present values of all the distributions remaining to be made on that Certificate as of the beginning of the accrual period.

The present values of the remaining distributions with respect to a Certificate of the X Class are calculated based on the following:

- an assumption that the Mortgage Loans prepay at a specified rate (the "Prepayment Assumption"),
- the yield to maturity of the Certificate giving effect to the Prepayment Assumption, and
- events (including actual prepayments) that have occurred prior to the end of the accrual period.

Each beneficial owner of a Certificate of the X Class determines its yield to maturity based on its purchase price. For a particular beneficial owner of a Certificate of the X Class, it is not clear whether the Prepayment Assumption used for calculating OID would be one determined at the time that Certificate is acquired or would be the original Prepayment Assumption for that Certificate. For information reporting purposes, we will use the original yield to maturity of that Certificate, calculated based on the original Prepayment Assumption. You should consult your own tax advisor regarding the proper method for accruing OID on a Certificate of the X Class.

The Code requires that the Prepayment Assumption be determined in the manner prescribed in Treasury Regulations. To date, no such regulations have been promulgated. For information reporting purposes, we will assume a Prepayment Assumption equal to 0% CPR until the last day of the Lockout Period or Yield Maintenance End Date, as applicable, for the related Mortgage Loans and 100% CPR thereafter. Because the last day of the Lockout Period or Yield Maintenance End Date for each Mortgage Loan is not the same, the effective Prepayment Assumption will increase, from 0% CPR to 100% CPR, as each Mortgage Loan reaches its last day of the Lockout Period or Yield Maintenance End Date. We make no representation, however, that the Mortgage Loans underlying the MBS will prepay at the rate reflected in the Prepayment Assumption or any other rate. You must make your own decision as to the appropriate prepayment assumption to be used in deciding whether or not to purchase a Certificate of the X Class.

The A Class. Interest paid on a Certificate of the A Class is taxable as ordinary interest income. A beneficial owner of a Certificate of the A Class must report this income when it accrues or is paid, consistent with the beneficial owner's method of accounting.

A beneficial owner that acquires a Certificate of the A Class for less than its principal amount generally has market discount in the amount of the difference between the principal amount and the beneficial owner's basis in that Certificate. In general, three consequences arise if a beneficial owner acquires an interest in such a Certificate with market discount. First, the beneficial owner must treat any principal payment with respect to that Certificate as ordinary income to the extent of the market discount that accrued while the beneficial owner held an interest in that Certificate. Second, the beneficial owner must treat gain on the disposition or retirement of that Certificate as ordinary income under the circumstances discussed below under "—Sales and Other Dispositions of Certificates." Third, if the beneficial owner incurs or continues indebtedness to acquire that Certificate, the beneficial owner may be required to defer the deduction of all or a portion of the interest on the indebtedness until the corresponding amount of market discount is included in income. Alternatively, a beneficial owner may elect to include market discount in income on a current basis as it accrues, in which case the three consequences discussed above will not apply. If a beneficial owner makes this election, the beneficial owner must also apply the election to all debt instruments acquired by the beneficial owner on or after the beginning of the first taxable year to which the election applies. A beneficial owner may revoke the election only with the consent of the IRS.

A beneficial owner of a Certificate of the A Class must determine the amount of accrued market discount for a period using a straight-line method, based on the maturity of that Certificate, unless the beneficial owner elects to determine accrued market discount using a constant yield method. The IRS has authority to provide regulations for determining the accrual of market discount in the case of debt instruments that provide for more than one principal payment, but has not yet issued such regulations. In addition, the legislative history to the Tax Reform Act of 1986 states that market discount on certain types of debt instruments may be treated as accruing in proportion to remaining accruals of OID, if any, or if none, in proportion to remaining distributions of interest. You should consult your own tax advisors regarding the method a beneficial owner should use to determine accrued market discount.

Notwithstanding the above rules, market discount on a Certificate of the A Class is considered to be zero if the discount is less than 0.25% of the principal balance of that Certificate multiplied by the number of complete years from the date the beneficial owner acquires that Certificate to the maturity of that Certificate ("*de minimis* market discount"). The IRS has authority to provide regulations to adjust the computation of *de minimis* market discount in the case of debt instruments that provide for more than one principal payment, but has not yet issued such regulations. The IRS could assert, nonetheless, that *de minimis* market discount should be calculated using the remaining weighted average life of that Certificate rather than its final maturity. You should consult your own tax advisors regarding the ability to compute *de minimis* market discount based on the final maturity of a Certificate of the A Class.

If a beneficial owner acquires a Certificate of the A Class for more than its principal amount, the beneficial owner generally will have premium with respect to that Certificate in the amount of the excess. In that event, the beneficial owner may elect to treat such premium as "amortizable bond premium." If the election is made, a beneficial owner must also apply the election to all debt instruments the interest on which is not excludible from gross income ("fully taxable bonds") held by the beneficial owner at the beginning of the first taxable year to which the election applies and to all fully taxable bonds thereafter acquired by the beneficial owner. A beneficial owner may revoke the election only with the consent of the IRS.

If a beneficial owner makes this election, the beneficial owner reduces the amount of any interest payment that must be included in the beneficial owner's income by the portion of the premium allocable to the period based on the yield to maturity of that Certificate. Correspondingly, a beneficial owner must reduce its basis in that Certificate by the amount of premium applied to reduce any interest income.

If a beneficial owner does not elect to amortize premium, (i) the beneficial owner must include the full amount of each interest payment in income, and (ii) the premium must be allocated to the principal distributions on that Certificate and, when each principal distribution is received, a loss equal to the premium allocated to that distribution will be recognized. Any tax benefit from premium not previously recognized will be taken into account in computing gain or loss upon the sale or disposition of that Certificate. See "—Sales and Other Dispositions of Certificates."

A beneficial owner may elect to include in income its entire return on a Certificate of the A Class (*i.e.*, the *excess* of all remaining payments to be received on the Certificate *over* the amount of the beneficial owner's basis in that Certificate) based on the compounding of interest at a constant yield. Such an election for a Certificate of the A Class with amortizable bond premium (or market discount) will result in a deemed election to amortize premium for all the beneficial owner's debt instruments with amortizable bond premium (or to accrue market discount currently for all the beneficial owner's debt instruments with market discount) as discussed above.

The application of the market discount and premium provisions to a Certificate of the A Class is not clear. You should be aware that the IRS could assert that a beneficial owner of a Certificate of the A Class should (i) allocate its purchase price of that Certificate among the Mortgage Loans in proportion to their relative fair market values at the time that Certificate was acquired and (ii) apply the market discount and premium provisions to each Mortgage Loan in light of the amount of the purchase price allocated to such loan. Given the lack of clear guidance in this regard, you should consult your tax advisor regarding the proper application of the market discount and premium provisions to a Certificate of the A Class.

Expenses of the Trust

Each beneficial owner of a Certificate will be required to include in income its allocable share of the expenses paid by the Trust with respect to the Mortgage Loans. Each beneficial owner of a Certificate can deduct its allocable share of such expenses as provided in section 162 or section 212 of the Code, consistent with its method of accounting. Fannie Mae intends to allocate expenses to beneficial owners in each monthly period in proportion to the respective amounts of income (including any OID) accrued for each Certificate. A beneficial owner's ability to deduct its share of these expenses is limited under section 67 of the Code in the case of (i) estates and trusts, and (ii) individuals owning an interest in a Certificate directly or through an investment in a "pass-through entity" (other than in connection with such individual's trade or business). Pass-through entities include partnerships, S corporations, grantor trusts, certain limited liability companies and non-publicly offered regulated investment companies, but do not include estates, non-grantor trusts, cooperatives, real estate investment trusts and publicly offered regulated investment companies. Generally, such a beneficial owner can deduct its share of these costs only to the extent that these costs, when aggregated with certain of the beneficial owner's other miscellaneous itemized deductions, exceed 2% of the beneficial owner's adjusted gross income. For this purpose, an estate or nongrantor trust computes adjusted gross income in the same manner as in the case of an individual, except that deductions for administrative expenses of the estate or trust that would not have been incurred if the property were not held in the trust or estate are treated as allowable in arriving at adjusted gross income. In addition, section 68 of the Code may provide for certain limitations on certain itemized deductions otherwise allowable for a beneficial owner who is an individual. Further, a beneficial owner may not be able to deduct any portion of these costs in computing its alternative minimum tax liability.

Sales and Other Dispositions of Certificates

Upon the sale, exchange or other disposition of a Certificate, a beneficial owner generally will recognize gain or loss equal to the difference between the amount realized upon the disposition and the beneficial owner's adjusted basis in that Certificate. The adjusted basis of a Certificate generally will equal the cost of that Certificate to the beneficial owner, increased by any amounts of OID and market discount included in the beneficial owner's gross income with respect to that Certificate, and reduced by distributions on that Certificate previously received by the beneficial owner as principal (or as amounts constituting stated redemption price at maturity in the case of a Certificate of the X Class) and by any premium that has reduced the beneficial owner's interest income with respect to that Certificate. Any such gain or loss generally will be capital gain or loss, except (i) as provided in section 582(c) of the Code (which generally applies to banks) or (ii) to the extent any gain represents OID or accrued market discount not previously included in income (to which extent such gain would be treated as ordinary income). Any capital gain (or loss) recognized upon the sale, exchange or other disposition of a Certificate will be long-term capital gain (or loss) if at the time of disposition the beneficial owner held that Certificate for more than one year. The ability to deduct capital losses is subject to limitations.

Special Tax Attributes

Several sections of the Code provide beneficial treatment to certain taxpayers that invest in mortgage loans of the type that comprise the Mortgage Loans. With respect to these Code sections, no specific legal authority exists regarding whether the character of the Certificates will be the same as that of the Mortgage Loans. Although the characterization of the Certificates for these purposes is not clear, the Certificates should be considered to represent "real estate assets" within the meaning of section 856(c)(5)(B) of the Code and "loans secured by an interest in real property" within the meaning of section 7701(a)(19)(C)(v) of the Code and OID and qualified stated interest with respect to the Certificates should be considered to represent "interest on obligations secured by mortgages on real property" within the meaning of section 856(c)(3)(B) of the Code; provided that in each case the underlying Mortgage Loans qualify for such treatment.

Information Reporting and Backup Withholding

Within a reasonable time after the end of each calendar year, we will furnish or make available to each Holder of a Certificate that received a distribution on that Certificate during that year a statement setting forth such information as is required by the Code or Treasury Regulations and such other information as we deem necessary or desirable to assist Holders in preparing their federal income tax returns, or to enable Holders to make such information available to beneficial owners or other financial intermediaries for which the Holders hold Certificates as nominees.

Payments of interest and principal, as well as payments of proceeds from the sale of Certificates may be subject to the "backup withholding tax" under section 3406 of the Code if recipients of the payments fail to furnish to the payor certain information, including their taxpayer identification numbers, or otherwise fail to establish an exemption from this tax. Any amounts deducted and withheld from a payment to a recipient would be allowed as a credit against the recipient's federal income tax. The IRS may impose certain penalties on a recipient of payments required to supply information who does not do so in the proper manner.

Foreign Investors

Additional rules apply to a beneficial owner of a Certificate that is not a U.S. Person (a "Non-U.S. Person"). The term "U.S. Person" means:

- a citizen or resident of the United States,
- a corporation, partnership or other entity created or organized in or under the laws of the United States or any State thereof (including the District of Columbia),
- an estate the income of which is subject to U.S. federal income tax regardless of the source of its income, or
- a trust if a court within the United States can exercise primary supervision over its administration and at least one U.S. Person has the authority to control all substantial decisions of the trust.

Payments on a Certificate to, or on behalf of, a beneficial owner that is a Non-U.S. Person generally will be exempt from U.S. federal income and withholding taxes, provided the following conditions are satisfied:

- the beneficial owner is not subject to U.S. tax as a result of a connection to the United States other than ownership of that Certificate,

- the beneficial owner signs a statement under penalties of perjury that certifies that the beneficial owner is a Non-U.S. Person, and provides the name and address of the beneficial owner, and

- the last U.S. Person in the chain of payment to the beneficial owner receives the statement from the beneficial owner or a financial institution holding on its behalf and does not have actual knowledge that the statement is false.

You should be aware that the IRS might take the position that this exemption does not apply to a beneficial owner that also owns 10% or more of the voting stock of Fannie Mae, or to a beneficial owner that is a "controlled foreign corporation" described in section 881(c)(3)(C) of the Code.

ERISA CONSIDERATIONS

General

The following is a summary of certain considerations associated with an investment in Certificates on behalf of a plan subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA") (such as employer-sponsored pension and profit sharing plans) and other types of benefit plans and arrangements subject to Section 4975 of the Code (such as individual retirement accounts). ERISA and the Code also impose these requirements on some entities in which these benefit plans or arrangements invest. We refer to these plans, arrangements and entities, collectively, as "Plans."

A fiduciary considering investing assets of a plan in a Certificate should consult its legal advisor about ERISA, fiduciary and other legal considerations before making such an investment. Specifically, before authorizing an investment in Certificates, any such fiduciary should, after considering the plan's particular circumstances, determine whether the investment is appropriate under the plan's governing documents and whether the investment is appropriate under the fiduciary standards of ERISA or other applicable law, including standards with respect to prudence, diversification and delegation of control and the prohibited transaction provisions of ERISA and the Code.

Regulations promulgated under ERISA by the U.S. Department of Labor (the "Plan Asset Regulations") generally provide that when a plan acquires an interest in an entity that is neither a publicly offered security nor a security issued by an investment company registered under the Investment Company Act of 1940, the plan's assets include both the security and an undivided interest in each of the underlying assets of the issuer unless it is established that an exception under the Plan Asset Regulations applies. The application of this general rule could cause the sponsor, trustee and other servicers of a mortgage pool to be subject to the fiduciary responsibility rules of ERISA and could cause an investment in certificates representing an interest in the mortgage pool to be a prohibited transaction under ERISA or the Code.

The Plan Asset Regulation provides that the general rule stated above does not apply to a plan's acquisition of a guaranteed governmental mortgage pool certificate. The definition of "guaranteed governmental mortgage pool certificate" includes certificates that are "backed by, or evidencing an interest in specified mortgages or participation interests therein" and are guaranteed by Fannie Mae as to the payment of interest and principal. Under the Plan Asset Regulations, investment by a Plan in a "guaranteed governmental mortgage pool certificate" does not cause the assets of the Plan to include the mortgages underlying the certificate or cause the sponsor, trustee and other servicers of the mortgage pool to be subject to the fiduciary responsibility provisions of ERISA or section 4975 of the Code in providing services with respect to the mortgages in the pool. At the time the regulation was originally issued, certificates similar to the Certificates did not exist. However, we have been advised by our counsel, Hunton & Williams LLP, that the Certificates qualify under the definition of "guaranteed governmental mortgage pool certificates" and, as a result, the purchase and holding of Certificates by Plans will not cause the MBS or the assets of Fannie Mae to be subject to the fiduciary requirements of ERISA or to the prohibited transaction requirements of ERISA and the Code.

LEGAL INVESTMENT CONSIDERATIONS

If you are an institution whose investment activities are subject to legal investment laws and regulations or to review by certain regulatory authorities, you may be subject to restrictions on investment in the Certificates. If you are a financial institution that is subject to the jurisdiction of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, the National Credit Union Administration or other federal or state agencies with similar authority, you should review any applicable rules, guidelines and regulations prior to purchasing the Certificates. You should also review and consider the applicability of the Federal Financial Institutions Examination Council Supervisory Policy Statement on Securities Activities (to the extent adopted by their respective federal regulators), which, among other things, sets forth guidelines for financial institutions investing in certain types of mortgage-related securities, including securities such as the Certificates. In addition, you should consult your regulators concerning the risk-based capital treatment of any Certificate.

Pursuant to the Secondary Mortgage Market Enhancement Act of 1984 ("SMMEA"), securities that we issue (such as the Certificates) will be legal investments for entities created under the laws of the United States or any state whose authorized investments are subject to state regulation to the same extent as obligations issued or guaranteed as to principal and interest by the United States or any agency or instrumentality thereof. Under SMMEA, if a state enacted legislation prior to October 4, 1991 specifically limiting the legal investment authority of any such entities with respect to securities that we issue or guaranty, such securities will constitute legal investments for such entities only to the extent provided in such legislation. Certain states have adopted such legislation prior to the October 4, 1991 deadline. **You should consult your own legal advisors in determining whether and to what extent the Certificates constitute legal investments or are subject to restrictions on investment and whether and to what extent the Certificates can be used as collateral for various types of borrowings.**

LEGAL OPINION

If you purchase Certificates, we will send you, upon request, an opinion of our General Counsel (or one of our Deputy General Counsels) as to the validity of the Certificates and the Trust Agreement.

PLAN OF DISTRIBUTION

We are obligated to deliver the Certificates to J.P. Morgan Securities Inc. (the "Dealer"). 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.

LEGAL MATTERS

Hunton & Williams LLP will provide legal representation for Fannie Mae. Cadwalader, Wickersham & Taft LLP will provide legal representation for the Dealer.

Exhibit A
Certain Mortgage Loan and MBS Information

		Location of Mortgaged Property													
Pool [1]	Loan Number	City	State	Principal Balance at Issue Date [2]	MBS Pass-Through Rate	Mortgage Interest Rate	Mortgage Loan Maturity Date	Age of Mortgage Loan (mos.)	Original Amortization Term of the Mortgage Loan (mos.)	Remaining Amortization Term of Mortgage Loan (mos.)	Original Term of Mortgage Loan (mos.)	Remaining Term of Mortgage Loan (mos.)	Remaining Term to Yield Maintenance End Date of Mortgage Loan (mos.)	Yield Maintenance End Date	Fixed Prepayment Fee End Date [6]
461767	1696357756	Philadelphia	PA	$1,264,691	7.8600%[3]	8.3500%	04/01/09	113	168	55	168	55	N/A	N/A	N/A
461769	1696357757	Philadelphia	PA	1,557,166	6.0500	6.5400	01/01/19	8	180	172	180	172	168	09/29/2018	N/A
461770	1696357758	Philadelphia	PA	1,384,959	6.9400	7.4300	02/01/14	67	180	113	180	113	112	01/31/2014	N/A
461771	1696357761	Philadelphia	PA	1,163,512	8.2100	8.9000	01/01/16	44	180	136	180	136	76	01/01/2011	10/02/2015
461771	1696357759	Philadelphia	PA	1,875,513	8.2100	8.7000	04/01/13	77	180	103	180	103	102	03/31/2013	N/A
461771	1696357760	Philadelphia	PA	1,626,564	8.2100	8.7000	01/01/15	56	180	124	180	124	121	10/02/2014	N/A
461772	1696357762	Philadelphia	PA	1,358,148	6.1100	6.6000	03/01/24	6	240	234	240	234	173	02/28/2019	11/29/2023
461773	1696357764	Ruston	LA	1,067,521	7.6200	8.2400	07/01/41	38	480	442	480	442	141	06/29/2016	04/01/2041
461773[4]	1696357763	Holmen	WI	487,071	7.6200	9.0500	04/01/31	41	360	319	360	319	N/A	N/A	N/A
461773	1696357765	Dallas	TX	5,236,739	7.6200	8.3500	03/01/33	18	360	342	360	342	161	02/25/2018	11/30/2032
461774	1696357773	Los Angeles	CA	1,515,809	6.3350	7.9000	04/01/22	5	360	355	216	211	174	03/31/2019	12/30/2021
461774	1696357774	Orangeburg	SC	841,494	6.3350	7.9000	07/01/21	14	360	346	216	202	165	06/30/2018	03/30/2021
461774	1696357776	Los Angeles	CA	3,316,952	6.3350	7.9900	03/01/21	18	360	342	216	198	161	02/21/2018	11/30/2020
461774	1696357772	Odessa	TX	1,616,248	6.3350	7.8500	06/01/21	15	360	345	216	201	165	06/30/2018	02/27/2021
461774	1696357766	Cincinnati	OH	697,572	6.3350	7.9000	04/01/21	5	360	355	204	199	175	04/30/2019	03/31/2021
461774	1696357768	Mathis	TX	867,148	6.3350	7.0000	04/01/21	17	360	343	216	199	162	03/25/2018	12/31/2020
461774	1696357770	Milwaukee	WI	1,809,878	6.3350	7.5000	06/01/18	51	360	309	216	165	128	05/31/2015	03/02/2018
461774	1696357775	Los Angeles	CA	1,899,737	6.3350	7.9500	04/01/22	5	360	355	216	211	174	03/31/2019	12/30/2021
461774	1696357769	Bridgeport	CT	2,364,239	6.3350	7.2100	03/01/21	18	360	342	216	198	101	02/03/2013	02/28/2021
461774	1696357767	Alamo	TX	877,921	6.3350	6.8600	01/01/22	8	360	352	216	208	171	12/31/2018	09/29/2021
461774	1696357771	Turtle Lake	WI	410,552	6.3350	7.5250	05/01/18	52	360	308	216	164	67	04/28/2010	01/30/2018
461775	1696357777	Wellford	SC	1,532,804	6.8550[3]	7.3750	05/01/18	52	360	308	216	164	128	05/01/2015	04/30/2018
461775	1696357778	Johnson City	TN	1,552,086	6.8550[3]	7.4375	10/01/18	47	360	313	216	169	133	10/01/2015	09/30/2018
461776	1696357784	Baldwin	WI	738,489	7.3750	8.4750	12/01/18	45	360	315	216	171	134	11/30/2015	09/01/2018
461776	1696357779	Los Angeles	CA	1,375,863	7.3750	8.0000	04/01/22	5	360	355	216	211	174	03/31/2019	12/30/2021
461776 [4][5]	1696357780	Baldwin	WI	588,194	7.3750	8.0000	06/01/17	63	360	297	216	153	N/A	N/A	N/A
461776	1696357781	Wichita Falls	TX	1,515,541	7.3750	8.0000	12/01/21	9	360	351	216	207	170	11/30/2018	08/30/2021
461776	1696357785	Shreveport	LA	728,085	7.3750	8.7500	12/01/18	45	360	315	216	171	134	11/10/2015	09/01/2018
461776	1696357782	Big Spring	TX	1,041,884	7.3750	8.0000	06/01/22	3	360	357	216	213	176	05/31/2019	02/27/2022
461776	1696357783	Los Angeles	CA	1,726,395	7.3750	8.3000	01/01/21	20	360	340	216	196	159	12/16/2017	10/02/2020
461776 [4]	1696357786	Portage	WI	706,056	7.3750	9.0000	02/01/16	79	360	281	216	137	N/A	N/A	N/A
Total/ Weighted Average				$44,744,830	7.0253%	7.9434%									

(1) The Issue Date for all of the MBS is July 1, 2004.

(2) The balances have been rounded to the nearest dollar, and the sum may not equal the printed total.

(3) Interest on these Mortgage Loans is calculated on an Actual/360 basis, so for purposes of calculating the MBS WAC Rate, the related MBS Pass-Through Rate will be converted to a 30/360 equivalent rate. The specified Mortgage Loans are assumed to have the fixed monthly payments (including principal and interest) as follows:

Pool Number	Loan Number	Payment
461767	1696357756	$27,304.94
461775	1696357777	$11,036.99
461775	1696357778	$11,188.53

(4) These Mortgage Loans permit voluntary prepayments in full only after expiration of a specified lockout period as further described in the related MBS Prospectus Supplement. The related Lockout Period End Dates and Remaining Lockout Periods are specified below:

Loan Number	Lockout Period End Date	Remaining Lockout Period
1696357763	03/31/2016	138 months
1696357780	05/31/2017	152 months
1696357786	01/31/2016	136 months

(5) For purposes of the decrement table included under “Description of the Certificates——Decrement Table” in this prospectus, we assumed that the Fixed P&I Payment is $4,549.34 for the Remaining Amortization Term of the Mortgage Loan.

(6) With respect to Mortgage Loans that have specified periods during which a yield maintenance charge and a fixed prepayment fee are payable in connection with certain principal prepayments as further described in the related MBS Prospectus Supplement, this column identifies the Prepayment Premium End Date as described in the related MBS Prospectus Supplement. To the extent that a Mortgage Loan is subject only to a lockout period or a yield maintenance period and such Mortgage Loan is not subject to a fixed prepayment fee period, then this column reflects “N/A” with respect to that Mortgage Loan.

NOTE: The information with respect to the related MBS and Mortgage Loans set forth on Exhibit A has been collected and summarized by J.P. Morgan Securities, Inc. and provided to Fannie Mae.

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 and the additional disclosure documents. You must not rely on any unauthorized information or representation. This prospectus 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 and the additional disclosure documents at any time, no one implies that the information contained in them is correct after their respective dates.

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

TABLE OF CONTENTS

$44,744,830
(Approximate)

FannieMae®

Guaranteed
Trust Pass-Through Certificates
Fannie Mae Multifamily
Grantor Trust 2004-T7

PROSPECTUS

JPMorgan

September 14, 2004