

**\$321,791,053**



**Guaranteed REMIC Pass-Through Certificates  
Fannie Mae REMIC Trust 2005-2**

**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
- 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

- Fannie Mae MBS, and
- underlying REMIC and RCR certificates backed by Fannie Mae MBS.

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

<i>Class</i>	<i>Group</i>	<i>Original Class Balance</i>	<i>Principal Type</i>	<i>Interest Rate</i>	<i>Interest Type</i>	<i>CUSIP Number</i>	<i>Final Distribution Date</i>
FJ .....	1	\$173,463,087	PT	(1)	FLT	31394CCJ9	February 2035
S .....	1	173,463,087 (2)	NTL	(1)	INV/IO	31394CCK6	February 2035
TA .....	1	173,463,087 (2)	NTL	(1)	INV/IO	31394CCL4	February 2035
FG .....	2	32,624,940	SC/PT	(1)	FLT	31394CCM2	May 2033
TS .....	2	32,624,940 (2)	NTL	(1)	INV/IO	31394CCN0	May 2033
FQ .....	3	72,539,161	SC/PT	(1)	FLT	31394CCP5	June 2034
TB .....	3	10,226,040 (2)	NTL	(1)	INV/IO	31394CCQ3	July 2033
TC .....	3	8,507,284 (2)	NTL	(1)	INV/IO	31394CCR1	September 2033
TD .....	3	26,581,266 (2)	NTL	(1)	INV/IO	31394CCS9	September 2033
TE .....	3	5,142,857 (2)	NTL	(1)	INV/IO	31394CCT7	June 2034
TG .....	3	7,189,940 (2)	NTL	(1)	INV/IO	31394CCU4	July 2033
TH .....	3	8,796,053 (2)	NTL	(1)	INV/IO	31394CCV2	August 2033
TJ .....	3	6,095,718 (2)	NTL	(1)	INV/IO	31394CCW0	July 2023
FP .....	4	43,163,865	SC/PT	(1)	FLT	31394CCX8	September 2033
TK .....	4	10,386,353 (2)	NTL	(1)	INV/IO	31394CCY6	August 2033
TL .....	4	32,777,512 (2)	NTL	(1)	INV/IO	31394CCZ3	September 2033
R .....		0	NPR	0	NPR	31394CDA7	February 2035

(1) Based on LIBOR.

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

The dealer will offer the certificates from time to time in negotiated transactions at varying prices. We expect the settlement date to be January 28, 2005.

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

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

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

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

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## AVAILABLE INFORMATION

You should purchase the certificates only if you have read and 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 July 1, 2004 (the “MBS Prospectus”);
- if you are purchasing any Group 2, Group 3 or Group 4 Class or the R Class, the disclosure documents relating to the applicable underlying REMIC or RCR certificates (the “Underlying Disclosure Documents”); and
- any information incorporated by reference in this prospectus supplement as discussed below under the heading “Incorporation by Reference.”

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](http://www.fanniemae.com).

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

Bear, Stearns & Co. Inc.  
c/o ADP Financial Services  
Prospectus Department  
1155 Long Island Avenue  
Edgewood, New York 11717  
(telephone 631-254-7106).

## INCORPORATION BY REFERENCE

In this prospectus supplement, we are incorporating by reference the MBS Prospectus and the Underlying Disclosure Documents described above. In addition, we are incorporating by reference 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 supplement, so you should read this prospectus supplement, 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 supplement, the REMIC Prospectus and the MBS Prospectus 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 supplement, 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 supplement 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 supplement is deemed to be modified or superseded for purposes of this prospectus supplement to the extent information contained or incorporated by reference in this prospectus supplement modifies or supersedes such information. In such case, the information will constitute a part of this prospectus supplement 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 supplement except as specifically stated in this prospectus supplement.

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](http://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 Web site solely for the information of prospective investors. Information appearing on the SEC’s Web site is not incorporated in this prospectus supplement except as specifically stated in this prospectus supplement.

## RECENT DEVELOPMENTS

On December 21, 2004, our Board of Directors (the “Board”) announced the retirement of Chairman and Chief Executive Officer Franklin D. Raines and the resignation of Vice Chairman and Chief Financial Officer J. Timothy Howard. A member of the Board, Stephen B. Ashley, currently is serving as the non-executive chairman of the Board, Vice Chairman and Chief Operating Officer Daniel H. Mudd currently is serving as interim chief executive officer, and Executive Vice President Robert Levin currently is serving as interim chief financial officer. The Board further announced that the Audit Committee of the Board dismissed KPMG LLP as our independent auditor. On January 4, 2005, the Audit Committee of the Board approved the engagement of Deloitte & Touche LLP (“Deloitte”) as our independent auditor, effective upon completion of Deloitte’s customary client acceptance procedures and execution of an engagement letter. Upon such completion, Deloitte will serve as the company’s auditor for each of the fiscal years 2001, 2002, 2003 and 2004.

On December 21, 2004, the Office of Federal Housing Enterprise Oversight (“OFHEO”) issued a letter (the “Letter”) to the Board stating that we were significantly undercapitalized at September 30, 2004. In accordance with the provisions of the Federal Housing Enterprise Financial Safety and Soundness Act of 1992, we must submit a capital restoration plan proposal to OFHEO for review and approval, and we are prohibited from making any capital distribution that would result in Fannie Mae being reclassified as critically undercapitalized. In addition, even if a capital distribution would not cause the company to become critically undercapitalized, we are prohibited from making the capital distribution unless OFHEO provides prior approval of the distribution after it finds that the distribution (i) will enhance the ability of the company to meet its capital requirements promptly; (ii) will contribute to long term safety and soundness; or (iii) is otherwise in the public interest. The Letter further states that the reclassification to significantly undercapitalized may lead to structural changes and restrictions on growth as well as OFHEO directives to terminate or modify any business

activities that pose excessive risk. On January 18, 2005, the Board decided to reduce the first quarter 2005 dividend on our common stock by 50 percent in order to accelerate an increase in our capital.

On December 15, 2004, the Office of the Chief Accountant of the Securities and Exchange Commission (the “SEC”) issued a statement (the “Statement”) regarding certain accounting issues relating to Fannie Mae, including determinations by the SEC that Fannie Mae should (i) restate our financial statements to eliminate the use of hedge accounting under Financial Accounting Standard No. 133, Accounting for Derivative Instruments and Hedging Activities (“FAS 133”), (ii) evaluate the accounting under Financial Accounting Standard No. 91, Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases (“FAS 91”) and restate our financial statements filed with the SEC if the amounts required for correction are material, and (iii) re-evaluate the information prepared under generally accepted accounting principles (“GAAP”) and non-GAAP information that we previously provided to investors. On December 16, 2004, we filed a Current Report on Form 8-K with the SEC that includes a copy of the Statement.

As a result of the SEC’s findings, we will restate our financial results from 2001 through June 30, 2004 to comply fully with the SEC’s determination. In a Form 12b-25 filed with the SEC on November 15, 2004, we estimated that a loss of hedge accounting under FAS 133 for all derivatives could result in recording into earnings a net cumulative loss on derivative transactions of approximately \$9.0 billion as of September 30, 2004. We also stated that there would be a corresponding decrease to retained earnings and, accordingly, regulatory capital. We are working to determine the effect of the restatement, including the effect on each prior reporting period. We expect that the impact will be material to our reported GAAP and core business results for many, if not all, periods and will vary substantially from period to period based on the amount and types of derivatives held and fluctuations in interest rates and volatility. Our restated financial statements also will reflect corrections as a result of our misapplication of FAS 91 for each prior reporting period described above. We also will consider the impact, if any, of the SEC’s decision on FAS 91 for periods prior to those described above.

Accordingly, on December 17, 2004, the Audit Committee of the Board concluded that our previously filed interim and audited financial statements and the independent auditor’s reports thereon for the periods from January 2001 through the second quarter of 2004 should no longer be relied upon because such financial statements were prepared applying accounting practices that did not comply with GAAP. We have not yet filed our quarterly report on Form 10-Q for the quarter ended September 30, 2004. The financial information regarding our anticipated results of operations for the quarter ended September 30, 2004 that was contained in our Form 12b-25 filed on November 15, 2004 and in a Form 8-K filed on November 16, 2004 was prepared applying the same policies and practices, and, accordingly, should not be relied upon. The Audit Committee has discussed the matters described above and in a Form 8-K filed with the SEC on December 22, 2004 with KPMG LLP, our independent auditor through December 21, 2004.

On September 20, 2004, OFHEO delivered its report to the Board of its findings to date of the agency’s special examination. Among other matters, the OFHEO report raised a number of questions and concerns about our accounting policies and practices with respect to FAS 91 and FAS 133.

Forms 8-K that we file with the SEC prior to the completion of the offering of the certificates are incorporated by reference in this prospectus supplement. This means that we are disclosing information to you by referring you to those documents. You should refer to “Incorporation by Reference” above for further details on the information that we incorporate by reference in this prospectus supplement and where to find it.



## REFERENCE SHEET

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

### Assets Underlying Each Group of Classes

<u>Group</u>	<u>Assets</u>
1	Group 1 MBS
2	Class 2003-37-FJ REMIC Certificate
3	Class 2003-64-FX REMIC Certificate
<i>Subgroup 3a</i>	Class 2003-88-CF REMIC Certificate
<i>Subgroup 3b</i>	Class 2003-89-DF REMIC Certificate
<i>Subgroup 3c</i>	Class 2004-45-WF REMIC Certificate
<i>Subgroup 3d</i>	Class 2003-62-FA REMIC Certificate
<i>Subgroup 3e</i>	Class 2003-71-DF RCR Certificate
<i>Subgroup 3f</i>	Class 2003-66-FM REMIC Certificate
<i>Subgroup 3g</i>	Class 2003-74-FJ REMIC Certificate
4	Class 2003-92-FK REMIC Certificate
<i>Subgroup 4a</i>	
<i>Subgroup 4b</i>	

### Assumed Characteristics of the Mortgage Loans Underlying the Group 1 MBS (as of January 1, 2005)

	<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 1 MBS	\$173,463,087	360	320	32	7.47318%

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.

### Characteristics of the Underlying REMIC and RCR Certificates

Exhibit A describes the underlying REMIC and RCR certificates, including certain information about the related mortgage loans. To learn more about the underlying REMIC and RCR certificates, you should obtain from us the current class factors and the related disclosure documents as described on page S-3.

### Class Factors

The class factors are numbers that, when multiplied by the initial principal balance of a certificate, can be used to calculate the current principal balance of that certificate (after taking into account 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 January 28, 2005.

### 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 Class	R Class

## Interest Rates

During the initial interest accrual period, the FJ, S, TA, FQ, TB, TC, TD, TE, TG, TH and TJ Classes will bear interest at the initial interest rates listed below. The initial interest rates listed below for FG, TS, FP, TK and TL Classes are assumed rates. 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>
FJ .....	2.7525%	7.00%	0.35%	LIBOR + 35 basis points
S .....	4.1975%	6.60%	0.00%	6.6% – LIBOR
TA .....	0.0500%	0.05%	0.00%	6.65% – LIBOR
FG .....	3.5670% (2)	7.00%	1.15%	LIBOR + 115 basis points
TS .....	0.4000% (2)	0.40%	0.00%	5.85% – LIBOR
FQ .....	3.4900%	7.00%	1.10%	LIBOR + 110 basis points
TB .....	0.4000%	0.40%	0.00%	5.9% – LIBOR
TC .....	0.4000%	0.40%	0.00%	5.9% – LIBOR
TD .....	0.3500%	0.35%	0.00%	5.9% – LIBOR
TE .....	0.7500%	0.75%	0.00%	5.9% – LIBOR
TG .....	0.3500%	0.35%	0.00%	5.9% – LIBOR
TH .....	0.3000%	0.30%	0.00%	5.9% – LIBOR
TJ .....	0.3000%	0.30%	0.00%	5.9% – LIBOR
FP .....	3.5180% (2)	7.00%	1.10%	LIBOR + 110 basis points
TK .....	0.2500% (2)	0.25%	0.00%	5.9% – LIBOR
TL .....	0.4000% (2)	0.40%	0.00%	5.9% – LIBOR

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

(2) Assumed initial interest rates. We will calculate the actual initial interest rates for these classes on January 21, 2005, using the applicable formulas.

## 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>	
S .....	100% of the FJ Class
TA .....	100% of the FJ Class
TS .....	100% of the FG Class
TB .....	100% of the Subgroup 3a Underlying REMIC Certificate
TC .....	100% of the Subgroup 3b Underlying REMIC Certificate
TD .....	100% of the Subgroup 3c Underlying REMIC Certificate
TE .....	100% of the Subgroup 3d Underlying REMIC Certificate
TG .....	100% of the Subgroup 3e Underlying REMIC Certificate
TH .....	100% of the Subgroup 3f Underlying RCR Certificate
TJ .....	100% of the Subgroup 3g Underlying REMIC Certificate
TK .....	100% of the Subgroup 4a Underlying REMIC Certificate
TL .....	100% of the Subgroup 4b Underlying REMIC Certificate

## Distributions of Principal

### *Group 1 Principal Distribution Amount*

To the FJ Class to zero.

### *Group 2 Principal Distribution Amount*

To the FG Class to zero.

### *Group 3 Principal Distribution Amount*

To the FQ Class to zero

### *Group 4 Principal Distribution Amount*

To the FP Class to zero.

## Weighted Average Lives (years) \*

<u>Group 1 Classes</u>	<u>PSA Prepayment Assumption</u>						
	<u>0%</u>	<u>100%</u>	<u>250%</u>	<u>400%</u>	<u>500%</u>	<u>750%</u>	<u>1000%</u>
FJ, S and TA .....	21.3	10.1	5.4	3.5	2.7	1.7	1.1

  

<u>Group 2 Classes</u>	<u>PSA Prepayment Assumption</u>						
	<u>0%</u>	<u>100%</u>	<u>250%</u>	<u>400%</u>	<u>500%</u>	<u>750%</u>	<u>750%</u>
FG and TS .....	27.5	23.0	1.9	0.6	0.4	0.3	



<u>Group 3 Classes</u>	<u>PSA Prepayment Assumption</u>					
	<u>0%</u>	<u>100%</u>	<u>250%</u>	<u>400%</u>	<u>500%</u>	<u>750%</u>
FQ .....	26.7	21.9	6.2	2.1	1.3	0.4
TB .....	26.4	19.5	11.2	6.5	4.3	1.1
TC .....	27.9	23.7	1.1	0.5	0.4	0.2
TD .....	27.6	22.5	1.8	0.7	0.5	0.3
TE .....	29.0	25.9	2.5	0.9	0.7	0.4
TG .....	27.5	23.2	14.8	6.2	3.5	0.5
TH .....	27.0	20.8	7.8	1.2	0.8	0.4
TJ .....	18.3	17.6	14.9	0.5	0.3	0.1

<u>Group 4 Classes</u>	<u>PSA Prepayment Assumption</u>					
	<u>0%</u>	<u>100%</u>	<u>250%</u>	<u>400%</u>	<u>500%</u>	<u>750%</u>
FP .....	27.7	22.9	1.5	0.6	0.5	0.3
TK .....	28.0	24.7	1.2	0.4	0.3	0.2
TL .....	27.6	22.4	1.6	0.7	0.5	0.3

\* 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 2, Group 3 and Group 4 Classes also will be affected by the payment priorities governing the related underlying REMIC and RCR certificates.* If you invest in any Group 2, Group 3 and Group 4 Classes, the rate at which you receive payments also will be affected by the priority sequences governing principal payments on the related underlying REMIC and RCR certificates.

As described in the related disclosure documents, the underlying REMIC and RCR certificates may be later in payment priority than certain other classes issued from the related underlying REMIC trusts. As a result, such other classes may receive principal before principal is paid on the related underlying REMIC and RCR certificates, possibly for long periods.

In particular, the underlying REMIC and RCR certificates are Support classes. A Support class is entitled to receive principal payments on any distribution date only if scheduled payments of principal have been made on certain other classes in the related underlying REMIC trust. Accordingly, a Support class may receive no principal payments for extended periods or may receive principal payments that vary widely from period to period.

You may obtain additional information about the underlying REMIC and RCR certificates by reviewing their current class factors in light of other information available in the re-

lated disclosure documents. You may obtain those documents from us as described on page S-3.

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

- if you 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 Group 1 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”) pursuant to a trust agreement (the “Trust Agreement”) dated as of January 1, 2005 (the “Issue Date”). We will issue the Guaranteed REMIC Pass-Through Certificates (the “Certificates”) pursuant to the Trust Agreement. We will execute the Trust Agreement in our corporate capacity and as trustee (the “Trustee”).

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

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

The assets of the Trust will consist of

- certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the “Group 1 MBS”), and
- three groups of previously issued REMIC and RCR certificates (the “Group 2 Underlying REMIC Certificate,” “Group 3 Underlying REMIC Certificates” and the “Group 4 Underlying REMIC Certificates” and, together, the “Underlying REMIC Certificates”) evidencing beneficial ownership interests in the related Fannie Mae REMIC trusts (the “Underlying REMIC Trusts”) as further described in Exhibit A.

The assets of the Underlying REMIC Trusts evidence direct or indirect beneficial ownership interests in certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (together with the Group 1 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 Underlying REMIC Certificates are described in the related Underlying Disclosure Documents. Our guarantees are not backed by the full faith and credit of the United States. See “Description of 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 Disclosure Documents.

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

We will issue the R Certificate in fully registered, certificated form. The “Holder” or “Certificateholder” of the R Certificate is its registered owner. The R Certificate can be transferred at the corporate trust office of the Transfer Agent, or at the office of the Transfer Agent in New York, New York. 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 Certificate and may require payment to cover any tax or other governmental charge. See also “—Characteristics of the R Class” below.

The Holder of the R Class will receive the proceeds of any remaining assets of the Trust 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>
The Interest Only and Inverse Floating Rate Classes	\$100,000 minimum plus whole dollar increments
All other Classes (except the R Class)	\$1,000 minimum plus whole dollar increments

We will issue the R Class as a single Certificate with no principal balance.

*Distribution Dates.* We will make monthly payments on the 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.

*No Optional Termination.* We have no option to effect an early termination of 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 Underlying REMIC Certificates.* Holders of the Underlying REMIC Certificates may be asked to vote on issues arising under the related trust agreements. If so, the Trustee will vote the related 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.

## **The Group 1 MBS**

The following table contains certain information about the Group 1 MBS. The Group 1 MBS will have the aggregate unpaid principal balance and Pass-Through Rate shown below and the general characteristics described in the MBS Prospectus. The Group 1 MBS provide that principal and interest on the related Mortgage Loans are passed through monthly. The Mortgage Loans underlying the Group 1 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. See “The Mortgage Pools” and “Yield, Maturity, and Prepayment Considerations” in the MBS Prospectus.

We expect the characteristics of the Group 1 MBS and the related Mortgage Loans as of the Issue Date to be as follows:

Aggregate Unpaid Principal Balance .....	\$173,463,087
MBS Pass-Through Rate .....	7.00%
Range of WACs (annual percentages) .....	7.25% to 9.50%
Range of WAMs .....	241 months to 360 months
Approximate Weighted Average WAM .....	320 months
Approximate Weighted Average WALA (weighted average loan age) .....	32 months

### **The Underlying REMIC Certificates**

The Underlying REMIC Certificates represent beneficial ownership interests in the related Underlying REMIC Trusts. The assets of those trusts evidence direct or indirect beneficial ownership interests in certain MBS having the general characteristics set forth in the MBS Prospectus. Distributions on the Underlying REMIC Certificates will be passed through monthly, beginning in the month after we issue the Certificates. The general characteristics of the Underlying REMIC Certificates are described in the related Underlying Disclosure Documents. See Exhibit A for additional information about the 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 Underlying REMIC Certificates, telephone us at 1-800-237-8627. There may have been material changes in facts and circumstances since the dates we prepared the Underlying Disclosure Documents. 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 those documents may be limited.

### **Final Data Statement**

After issuing the Certificates, we will prepare a Final Data Statement containing certain information, including the principal balances of the Underlying REMIC Certificates as of the Issue Date and, with respect to the Group 1 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 Group 1 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 Group 1 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](http://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>
<b>Group 1 Classes</b>	
Floating Rate	FJ
Inverse Floating Rate	S and TA
Interest Only	S and TA
<b>Group 2 Classes</b>	
Floating Rate	FG
Inverse Floating Rate	TS
Interest Only	TS
<b>Group 3 Classes</b>	
Floating Rate	FQ
Inverse Floating Rate	TB, TC, TD, TE, TG, TH and TJ
Interest Only	TB, TC, TD, TE, TG, TH and TJ
<b>Group 4 Classes</b>	
Floating Rate	FP
Inverse Floating Rate	TK and TL
Interest Only	TK and TL
<b>No Payment Residual</b>	R

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

*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 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 that Certificate immediately prior to that Distribution Date.

*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>
The FQ, TB, TC, TD, TE, TG, TH and TJ Classes (collectively, the “Delay Classes”)	Calendar month preceding the month in which the Distribution Date occurs
All other interest-bearing 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.

*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 equal to 2.4025% in the case of the FJ, S and TA Classes, 2.39% in the case of the FQ, TB, TC, TD, TE, TG, TH and TJ Classes, and will be equal to LIBOR as determined for that Interest Accrual Period for the related Underlying REMIC Certificates in the case of the FG, TS, FP, TK and TL Classes.

## Distributions of Principal

### *Categories of Classes*

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

<u>Principal Type*</u>	<u>Classes</u>
<b>Group 1 Classes</b>	
Pass-Through	FJ
Notional	S and TA
<b>Group 2 Classes</b>	
Structured Collateral/Pass-Through	FG
Notional	TS
<b>Group 3 Classes</b>	
Structured Collateral/Pass-Through	FQ
Notional	TB, TC, TD, TE, TG, TH and TJ
<b>Group 4 Classes</b>	
Structured Collateral/Pass-Through	FP
Notional	TK and TL
<b>No Payment Residual</b>	R

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

### *Principal Distribution Amount*

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

- the principal then paid on the Group 1 MBS (the “Group 1 Principal Distribution Amount”),
- the principal then paid on the Group 2 Underlying REMIC Certificate (the “Group 2 Principal Distribution Amount”),
- the principal then paid on the Group 3 Underlying REMIC Certificates (the “Group 3 Principal Distribution Amount”), and
- the principal then paid on the Group 4 Underlying REMIC Certificates (the “Group 4 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 FJ Class, until its principal balance is reduced to zero. } Pass-Through Class

### *Group 2 Principal Distribution Amount*

On each Distribution Date, we will pay the Group 2 Principal Distribution Amount as principal of the FG Class, until its principal balance is reduced to zero. } Structured Collateral / Pass-Through Class

### *Group 3 Principal Distribution Amount*

On each Distribution Date, we will pay the Group 3 Principal Distribution Amount as principal of the FQ Class, until its principal balance is reduced to zero. } Structured Collateral / Pass-Through Class

### *Group 4 Principal Distribution Amount*

On each Distribution Date, we will pay the Group 4 Principal Distribution Amount as principal of the FP Class, until its principal balance is reduced to zero. } Structured Collateral / Pass-Through Class

## **Structuring Assumptions**

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

- the Mortgage Loans underlying the Group 1 MBS have the original term to maturity, remaining term to maturity, WALA and interest rate specified under “Reference Sheet—Assumed Characteristics of the Mortgage Loans Underlying the Group 1 MBS” in this prospectus supplement;
- the Mortgage Loans prepay at the constant percentages of PSA specified in the related table;
- the settlement date for the sale of the Certificates is January 28, 2005; 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 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. It is highly unlikely that prepayments will occur at any *constant* PSA rate or at any other *constant* rate.

## 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 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. Moreover, it is unlikely that

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

***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 tables below, it is possible that investors in the Inverse Floating Rate 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 those Classes (expressed in each case as a percentage of original principal balance) are as follows:

<u>Class</u>	<u>Price*</u>
S .....	8.437500%
TA .....	0.109375%
TS .....	0.921875%
TB .....	1.390625%
TC .....	0.531250%
TD .....	0.656250%
TE .....	1.273438%
TG .....	0.890625%
TH .....	0.726563%
TJ .....	0.828125%
TK .....	0.546875%
TL .....	0.992188%

\* 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 S Class to Prepayments and LIBOR (Pre-Tax Yields to Maturity)

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>						
	<u>50%</u>	<u>100%</u>	<u>250%</u>	<u>400%</u>	<u>500%</u>	<u>750%</u>	<u>1000%</u>
1.4025% .....	63.7%	59.8%	47.6%	34.7%	25.7%	1.1%	(27.2)%
2.4025% .....	49.7%	46.0%	34.3%	22.0%	13.4%	(10.0)%	(37.0)%
4.4025% .....	22.7%	19.3%	8.7%	(2.4)%	(10.2)%	(31.3)%	(55.7)%
6.4025% .....	(10.0)%	(12.9)%	(22.1)%	(31.7)%	(38.4)%	(57.0)%	(80.5)%
6.6000% and above ....	*	*	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>						
	<u>50%</u>	<u>100%</u>	<u>250%</u>	<u>400%</u>	<u>500%</u>	<u>750%</u>	<u>1000%</u>
6.600% and below .....	44.9%	41.2%	29.7%	17.7%	9.2%	(13.8)%	(40.3)%
6.625% .....	19.0%	15.6%	5.2%	(5.7)%	(13.4)%	(34.3)%	(58.6)%
6.650% .....	*	*	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>					
	<u>50%</u>	<u>100%</u>	<u>250%</u>	<u>400%</u>	<u>500%</u>	<u>750%</u>
5.45% .....	47.5%	47.5%	(13.3)%	*	*	*
5.65% .....	23.0%	22.9%	(48.9)%	*	*	*
5.85% .....	*	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>					
	<u>50%</u>	<u>100%</u>	<u>250%</u>	<u>400%</u>	<u>500%</u>	<u>750%</u>
5.50% .....	29.9%	29.7%	27.1%	17.8%	5.6%	(70.5)%
5.70% .....	14.0%	13.3%	8.4%	(1.6)%	(11.5)%	(87.5)%
5.90% .....	*	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>					
	<u>50%</u>	<u>100%</u>	<u>250%</u>	<u>400%</u>	<u>500%</u>	<u>750%</u>
5.50% .....	83.3%	83.3%	(24.3)%	*	*	*
5.70% .....	39.7%	39.7%	(75.5)%	*	*	*
5.90% .....	*	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>					
	<u>50%</u>	<u>100%</u>	<u>250%</u>	<u>400%</u>	<u>500%</u>	<u>750%</u>
5.550% .....	57.3%	57.3%	(3.7)%	*	*	*
5.725% .....	27.7%	27.6%	(39.6)%	*	*	*
5.900% .....	*	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>					
	<u>50%</u>	<u>100%</u>	<u>250%</u>	<u>400%</u>	<u>500%</u>	<u>750%</u>
5.150% .....	63.8%	63.8%	30.7%	(83.8)%	*	*
5.525% .....	30.7%	30.7%	(20.7)%	*	*	*
5.900% .....	*	*	*	*	*	*

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



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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>					
	<u>50%</u>	<u>100%</u>	<u>250%</u>	<u>400%</u>	<u>500%</u>	<u>750%</u>
5.550% .....	41.5%	41.5%	41.1%	26.5%	8.6%	*
5.725% .....	20.1%	19.9%	18.3%	4.3%	(8.7)%	*
5.900% .....	*	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>					
	<u>50%</u>	<u>100%</u>	<u>250%</u>	<u>400%</u>	<u>500%</u>	<u>750%</u>
5.60% .....	43.7%	43.7%	27.7%	(61.9)%	*	*
5.75% .....	21.1%	20.8%	7.9%	(93.5)%	*	*
5.90% .....	*	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>					
	<u>50%</u>	<u>100%</u>	<u>250%</u>	<u>400%</u>	<u>500%</u>	<u>750%</u>
5.60% .....	38.0%	38.0%	37.8%	*	*	*
5.75% .....	17.7%	17.6%	16.8%	*	*	*
5.90% .....	*	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>					
	<u>50%</u>	<u>100%</u>	<u>250%</u>	<u>400%</u>	<u>500%</u>	<u>750%</u>
5.650% .....	50.3%	50.3%	(56.5)%	*	*	*
5.775% .....	24.3%	24.3%	(92.8)%	*	*	*
5.900% .....	*	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>					
	<u>50%</u>	<u>100%</u>	<u>250%</u>	<u>400%</u>	<u>500%</u>	<u>750%</u>
5.50% .....	43.9%	43.8%	(30.3)%	*	*	*
5.70% .....	21.2%	21.0%	(63.3)%	*	*	*
5.90% .....	*	*	*	*	*	*

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

## **Weighted Average Lives of the Certificates**

The weighted average life of a Certificate is determined by

- (a) multiplying the amount of the reduction, if any, of the principal balance of 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 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, and
- in the case of the Group 2, Group 3 and Group 4 Classes, the priority sequences affecting principal payments on the related Underlying REMIC Certificates.

See “—Distributions of Principal” above and “Description of the Certificates—Distributions of Principal” in the Underlying Disclosure Documents.

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 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 MBS	360 months	360 months	9.50%
Group 2 Underlying REMIC Certificate	360 months	339 months	7.75%
Group 3 Underlying REMIC Certificates			
Class 2003-64-FX	360 months	341 months	8.00%
Class 2003-88-CF	360 months	343 months	7.50%
Class 2003-89-DF	360 months	343 months	7.75%
Class 2004-45-WF	360 months	352 months	8.00%
Class 2003-62-FA	360 months	341 months	8.00%
Class 2003-71-DF	360 months	342 months	8.00%
Class 2003-66-FM	240 months	221 months	7.50%
Group 4 Underlying REMIC Certificates			
Class 2003-74-FJ	360 months	342 months	7.50%
Class 2003-92-FK	360 months	343 months	7.50%

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 level.

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

### Percent of Original Principal Balances Outstanding

Date	FJ, S† and TA† Classes							FG and TS† Classes						FQ Class					
	PSA Prepayment Assumption							PSA Prepayment Assumption						PSA Prepayment Assumption					
	0%	100%	250%	400%	500%	750%	1000%	0%	100%	250%	400%	500%	750%	0%	100%	250%	400%	500%	750%
Initial Percent .....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 2006 .....	99	93	84	75	69	54	40	100	100	73	13	0	0	100	100	81	39	21	6
January 2007 .....	99	86	70	56	48	29	16	100	100	45	0	0	0	100	100	62	22	14	1
January 2008 .....	98	80	59	42	33	16	6	100	100	19	0	0	0	100	100	48	19	12	1
January 2009 .....	97	74	49	32	23	9	2	100	100	0	0	0	0	100	100	41	17	10	*
January 2010 .....	96	68	41	24	16	5	1	100	100	0	0	0	0	100	100	39	14	8	*
January 2011 .....	95	63	34	18	11	3	*	100	100	0	0	0	0	100	100	38	12	6	0
January 2012 .....	94	58	29	13	7	1	*	100	100	0	0	0	0	100	100	36	9	4	0
January 2013 .....	93	53	24	10	5	1	*	100	100	0	0	0	0	100	100	34	7	3	0
January 2014 .....	92	49	20	7	3	*	*	100	100	0	0	0	0	100	100	32	5	2	0
January 2015 .....	90	44	16	5	2	*	*	100	100	0	0	0	0	100	100	29	4	2	0
January 2016 .....	89	40	13	4	2	*	*	100	100	0	0	0	0	100	100	26	3	1	0
January 2017 .....	87	37	11	3	1	*	*	100	100	0	0	0	0	100	100	24	2	1	0
January 2018 .....	85	33	9	2	1	*	*	100	100	0	0	0	0	100	100	20	2	1	0
January 2019 .....	83	30	7	2	*	*	*	100	100	0	0	0	0	100	99	16	1	*	0
January 2020 .....	81	27	6	1	*	*	*	100	100	0	0	0	0	100	97	12	1	*	0
January 2021 .....	78	24	5	1	*	*	*	100	100	0	0	0	0	100	95	9	1	*	0
January 2022 .....	75	21	4	1	*	*	*	100	100	0	0	0	0	100	92	7	*	*	0
January 2023 .....	72	18	3	*	*	*	*	100	100	0	0	0	0	100	82	5	*	*	0
January 2024 .....	69	16	2	*	*	*	*	100	95	0	0	0	0	92	73	4	*	*	0
January 2025 .....	65	13	2	*	*	*	0	100	83	0	0	0	0	92	66	3	*	*	0
January 2026 .....	61	11	1	*	*	*	0	100	71	0	0	0	0	92	58	2	*	*	0
January 2027 .....	56	9	1	*	*	*	0	100	59	0	0	0	0	92	50	2	*	*	0
January 2028 .....	51	7	1	*	*	*	0	100	48	0	0	0	0	92	42	1	*	*	0
January 2029 .....	46	5	*	*	*	*	0	100	37	0	0	0	0	92	34	1	*	*	0
January 2030 .....	40	3	*	*	*	*	0	100	26	0	0	0	0	89	25	1	*	*	0
January 2031 .....	33	1	*	*	*	*	0	100	16	0	0	0	0	84	16	*	*	*	0
January 2032 .....	26	0	0	0	0	0	0	76	7	0	0	0	0	66	8	*	*	*	0
January 2033 .....	18	0	0	0	0	0	0	16	0	0	0	0	0	29	1	*	*	*	0
January 2034 .....	10	0	0	0	0	0	0	0	0	0	0	0	0	4	0	0	0	0	0
January 2035 .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)** .....	21.3	10.1	5.4	3.5	2.7	1.7	1.1	27.5	23.0	1.9	0.6	0.4	0.3	26.7	21.9	6.2	2.1	1.3	0.4

\* 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	TB† Class						TC† Class						TD† Class					
	PSA Prepayment Assumption						PSA Prepayment Assumption						PSA Prepayment Assumption					
	0%	100%	250%	400%	500%	750%	0%	100%	250%	400%	500%	750%	0%	100%	250%	400%	500%	750%
Initial Percent .....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 2006 .....	100	100	100	96	80	40	100	100	54	0	0	0	100	100	68	24	0	0
January 2007 .....	100	100	100	91	65	10	100	100	9	0	0	0	100	100	39	0	0	0
January 2008 .....	100	100	100	85	57	4	100	100	0	0	0	0	100	100	19	0	0	0
January 2009 .....	100	100	100	73	46	1	100	100	0	0	0	0	100	100	7	0	0	0
January 2010 .....	100	100	100	60	35	*	100	100	0	0	0	0	100	100	*	0	0	0
January 2011 .....	100	100	99	47	26	0	100	100	0	0	0	0	100	100	0	0	0	0
January 2012 .....	100	100	85	37	19	0	100	100	0	0	0	0	100	100	0	0	0	0
January 2013 .....	100	100	71	28	14	0	100	100	0	0	0	0	100	100	0	0	0	0
January 2014 .....	100	100	60	21	10	0	100	100	0	0	0	0	100	100	0	0	0	0
January 2015 .....	100	100	50	16	7	0	100	100	0	0	0	0	100	100	0	0	0	0
January 2016 .....	100	100	41	12	5	0	100	100	0	0	0	0	100	100	0	0	0	0
January 2017 .....	100	100	34	9	3	0	100	100	0	0	0	0	100	100	0	0	0	0
January 2018 .....	100	100	28	6	2	0	100	100	0	0	0	0	100	100	0	0	0	0
January 2019 .....	100	91	23	5	1	0	100	100	0	0	0	0	100	100	0	0	0	0
January 2020 .....	100	82	18	3	1	0	100	100	0	0	0	0	100	100	0	0	0	0
January 2021 .....	100	73	15	2	1	0	100	100	0	0	0	0	100	100	0	0	0	0
January 2022 .....	100	64	12	2	*	0	100	100	0	0	0	0	100	100	0	0	0	0
January 2023 .....	100	56	9	1	*	0	100	100	0	0	0	0	100	97	0	0	0	0
January 2024 .....	100	49	7	1	*	0	100	100	0	0	0	0	100	85	0	0	0	0
January 2025 .....	100	42	6	1	*	0	100	95	0	0	0	0	100	74	0	0	0	0
January 2026 .....	100	36	4	*	*	0	100	82	0	0	0	0	100	63	0	0	0	0
January 2027 .....	100	30	3	*	*	0	100	69	0	0	0	0	100	53	0	0	0	0
January 2028 .....	100	24	2	*	*	0	100	57	0	0	0	0	100	43	0	0	0	0
January 2029 .....	100	19	2	*	*	0	100	45	0	0	0	0	100	34	0	0	0	0
January 2030 .....	83	14	1	*	*	0	100	34	0	0	0	0	100	25	0	0	0	0
January 2031 .....	61	9	1	*	*	0	100	23	0	0	0	0	100	16	0	0	0	0
January 2032 .....	37	5	*	*	*	0	100	12	0	0	0	0	76	8	0	0	0	0
January 2033 .....	11	*	*	*	*	0	39	3	0	0	0	0	29	1	0	0	0	0
January 2034 .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2035 .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)** .....	26.4	19.5	11.2	6.5	4.3	1.1	27.9	23.7	1.1	0.5	0.4	0.2	27.6	22.5	1.8	0.7	0.5	0.3

Date	TE† Class						TG† Class						TH† Class					
	PSA Prepayment Assumption						PSA Prepayment Assumption						PSA Prepayment Assumption					
	0%	100%	250%	400%	500%	750%	0%	100%	250%	400%	500%	750%	0%	100%	250%	400%	500%	750%
Initial Percent .....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 2006 .....	100	100	100	30	0	0	100	100	100	84	55	4	100	100	84	52	32	0
January 2007 .....	100	100	81	0	0	0	100	100	100	73	45	0	100	100	70	16	0	0
January 2008 .....	100	100	19	0	0	0	100	100	100	70	43	0	100	100	60	0	0	0
January 2009 .....	100	100	0	0	0	0	100	100	100	70	37	0	100	100	54	0	0	0
January 2010 .....	100	100	0	0	0	0	100	100	100	61	30	0	100	100	52	0	0	0
January 2011 .....	100	100	0	0	0	0	100	100	100	50	24	0	100	100	50	0	0	0
January 2012 .....	100	100	0	0	0	0	100	100	100	40	18	0	100	100	47	0	0	0
January 2013 .....	100	100	0	0	0	0	100	100	100	31	13	0	100	100	43	0	0	0
January 2014 .....	100	100	0	0	0	0	100	100	100	24	10	0	100	100	39	0	0	0
January 2015 .....	100	100	0	0	0	0	100	100	89	18	7	0	100	100	35	0	0	0
January 2016 .....	100	100	0	0	0	0	100	100	79	14	5	0	100	100	31	0	0	0
January 2017 .....	100	100	0	0	0	0	100	100	71	10	3	0	100	100	28	0	0	0
January 2018 .....	100	100	0	0	0	0	100	100	59	8	2	0	100	100	24	0	0	0
January 2019 .....	100	100	0	0	0	0	100	100	49	6	2	0	100	100	21	0	0	0
January 2020 .....	100	100	0	0	0	0	100	100	40	4	1	0	100	96	18	0	0	0
January 2021 .....	100	100	0	0	0	0	100	100	32	3	1	0	100	89	15	0	0	0
January 2022 .....	100	100	0	0	0	0	100	100	26	2	*	0	100	80	13	0	0	0
January 2023 .....	100	100	0	0	0	0	100	99	21	2	*	0	100	71	11	0	0	0
January 2024 .....	100	100	0	0	0	0	100	90	16	1	*	0	100	62	9	0	0	0
January 2025 .....	100	100	0	0	0	0	100	81	13	1	*	0	100	54	7	0	0	0
January 2026 .....	100	100	0	0	0	0	100	73	10	1	*	0	100	46	5	0	0	0
January 2027 .....	100	100	0	0	0	0	100	66	7	*	*	0	100	39	4	0	0	0
January 2028 .....	100	100	0	0	0	0	100	54	5	*	*	0	100	31	3	0	0	0
January 2029 .....	100	96	0	0	0	0	100	42	4	*	*	0	100	24	2	0	0	0
January 2030 .....	100	70	0	0	0	0	100	30	2	*	*	0	100	17	1	0	0	0
January 2031 .....	100	45	0	0	0	0	100	19	1	*	*	0	81	11	1	0	0	0
January 2032 .....	100	21	0	0	0	0	75	9	1	*	*	0	52	5	*	0	0	0
January 2033 .....	100	3	0	0	0	0	26	*	*	*	*	0	18	*	*	0	0	0
January 2034 .....	53	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2035 .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)** .....	29.0	25.9	2.5	0.9	0.7	0.4	27.5	23.2	14.8	6.2	3.5	0.5	27.0	20.8	7.8	1.2	0.8	0.4

\* 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	TJ† Class						FP Class						TK† Class					
	PSA Prepayment Assumption						PSA Prepayment Assumption						PSA Prepayment Assumption					
	0%	100%	250%	400%	500%	750%	0%	100%	250%	400%	500%	750%	0%	100%	250%	400%	500%	750%
Initial Percent .....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 2006 .....	100	100	100	0	0	0	100	100	65	18	0	0	100	100	55	0	0	0
January 2007 .....	100	100	100	0	0	0	100	100	29	0	0	0	100	100	13	0	0	0
January 2008 .....	100	100	100	0	0	0	100	100	8	0	0	0	100	100	0	0	0	0
January 2009 .....	100	100	100	0	0	0	100	100	0	0	0	0	100	100	0	0	0	0
January 2010 .....	100	100	100	0	0	0	100	100	0	0	0	0	100	100	0	0	0	0
January 2011 .....	100	100	100	0	0	0	100	100	0	0	0	0	100	100	0	0	0	0
January 2012 .....	100	100	100	0	0	0	100	100	0	0	0	0	100	100	0	0	0	0
January 2013 .....	100	100	100	0	0	0	100	100	0	0	0	0	100	100	0	0	0	0
January 2014 .....	100	100	100	0	0	0	100	100	0	0	0	0	100	100	0	0	0	0
January 2015 .....	100	100	100	0	0	0	100	100	0	0	0	0	100	100	0	0	0	0
January 2016 .....	100	100	100	0	0	0	100	100	0	0	0	0	100	100	0	0	0	0
January 2017 .....	100	100	100	0	0	0	100	100	0	0	0	0	100	100	0	0	0	0
January 2018 .....	100	100	87	0	0	0	100	100	0	0	0	0	100	100	0	0	0	0
January 2019 .....	100	100	64	0	0	0	100	100	0	0	0	0	100	100	0	0	0	0
January 2020 .....	100	100	44	0	0	0	100	100	0	0	0	0	100	100	0	0	0	0
January 2021 .....	100	100	27	0	0	0	100	100	0	0	0	0	100	100	0	0	0	0
January 2022 .....	100	92	14	0	0	0	100	100	0	0	0	0	100	100	0	0	0	0
January 2023 .....	100	18	2	0	0	0	100	93	0	0	0	0	100	100	0	0	0	0
January 2024 .....	0	0	0	0	0	0	100	85	0	0	0	0	100	100	0	0	0	0
January 2025 .....	0	0	0	0	0	0	100	78	0	0	0	0	100	100	0	0	0	0
January 2026 .....	0	0	0	0	0	0	100	70	0	0	0	0	100	100	0	0	0	0
January 2027 .....	0	0	0	0	0	0	100	61	0	0	0	0	100	93	0	0	0	0
January 2028 .....	0	0	0	0	0	0	100	50	0	0	0	0	100	76	0	0	0	0
January 2029 .....	0	0	0	0	0	0	100	40	0	0	0	0	100	60	0	0	0	0
January 2030 .....	0	0	0	0	0	0	100	29	0	0	0	0	100	44	0	0	0	0
January 2031 .....	0	0	0	0	0	0	100	20	0	0	0	0	100	29	0	0	0	0
January 2032 .....	0	0	0	0	0	0	83	11	0	0	0	0	100	15	0	0	0	0
January 2033 .....	0	0	0	0	0	0	34	2	0	0	0	0	47	2	0	0	0	0
January 2034 .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2035 .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)** .....	18.3	17.6	14.9	0.5	0.3	0.1	27.7	22.9	1.5	0.6	0.5	0.3	28.0	24.7	1.2	0.4	0.3	0.2

Date	TL† Class					
	PSA Prepayment Assumption					
	0%	100%	250%	400%	500%	750%
Initial Percent .....	100	100	100	100	100	100
January 2006 .....	100	100	68	24	0	0
January 2007 .....	100	100	34	0	0	0
January 2008 .....	100	100	11	0	0	0
January 2009 .....	100	100	0	0	0	0
January 2010 .....	100	100	0	0	0	0
January 2011 .....	100	100	0	0	0	0
January 2012 .....	100	100	0	0	0	0
January 2013 .....	100	100	0	0	0	0
January 2014 .....	100	100	0	0	0	0
January 2015 .....	100	100	0	0	0	0
January 2016 .....	100	100	0	0	0	0
January 2017 .....	100	100	0	0	0	0
January 2018 .....	100	100	0	0	0	0
January 2019 .....	100	100	0	0	0	0
January 2020 .....	100	100	0	0	0	0
January 2021 .....	100	100	0	0	0	0
January 2022 .....	100	100	0	0	0	0
January 2023 .....	100	91	0	0	0	0
January 2024 .....	100	81	0	0	0	0
January 2025 .....	100	71	0	0	0	0
January 2026 .....	100	61	0	0	0	0
January 2027 .....	100	51	0	0	0	0
January 2028 .....	100	42	0	0	0	0
January 2029 .....	100	33	0	0	0	0
January 2030 .....	100	25	0	0	0	0
January 2031 .....	100	17	0	0	0	0
January 2032 .....	77	9	0	0	0	0
January 2033 .....	30	2	0	0	0	0
January 2034 .....	0	0	0	0	0	0
January 2035 .....	0	0	0	0	0	0
Weighted Average Life (years)** .....	27.6	22.4	1.6	0.7	0.5	0.3

\*\* 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 Class

The R Class will not have a principal balance and will not bear interest. If any assets of the Trust remain after the principal balances of all Classes are reduced to zero, we will pay the Holder of the R Class the proceeds from those assets. Fannie Mae does not expect that any material assets will remain in that 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 Class will constitute a noneconomic residual interest 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. See “Certain Federal Income Tax Consequences” in the REMIC Prospectus. Pursuant to the Trust Agreement, we will be obligated to provide to this Holder (i) information necessary to enable it to prepare its federal income tax returns and (ii) any reports regarding the R Class that may be required under the Code.

## **CERTAIN ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES**

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

### **REMIC Election and Special Tax Attributes**

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

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

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

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

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

<u>Group</u>	<u>Prepayment Assumption</u>
1	500% PSA
2	250% PSA
3	250% PSA
4	250% 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 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 December 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.

### **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 own 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 Bear, Stearns & Co. Inc. (the “Dealer”) in exchange for the Group 1 MBS and the Underlying REMIC Certificates. The Dealer proposes to offer the Certificates directly to the public from time to time in negotiated transactions at varying prices to be determined at the time of sale. The Dealer may effect these transactions to or through other dealers.

*Increase in Certificates.* Before the Settlement Date, we and the Dealer may agree to offer Group 1 Classes in addition to those contemplated as of the date of this prospectus supplement. In

this event, we will increase the Group 1 MBS in principal balance, but we expect that all these additional Group 1 MBS will have the same characteristics as described under “Description of the Certificates—The Group 1 MBS” in this prospectus supplement. The proportion that the original principal balance of each Group 1 Class bears to the aggregate original principal balance of all Group 1 Classes will remain the same.

#### **LEGAL MATTERS**

Sidley Austin Brown & Wood LLP will provide legal representation for Fannie Mae. Stroock & Stroock & Lavan LLP will provide legal representation for the Dealer.

## 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 Balance of Class	January 2005 Class Factor	Principal Balance in the Lower Tier REMIC	Approximate Weighted Average WAC (in months)	Approximate Weighted Average WALA (in months)	
<b>Group 2</b>													
2003-037	FJ	April 2003	31393BRK3	(2)	FLT	May 2033	SUP	\$ 33,750,000	0.96666488	\$32,624,940	5.607%	334	21
<b>Group 3</b>													
2003-064	FX	June 2003	31393DJT9	(2)	FLT	July 2033	SUP	33,861,429	0.83206191	10,226,041	5.750	337	20
2003-088	CF	August 2003	31393EVQ9	(2)	FLT	September 2033	SUP	26,512,812	0.42536425	8,507,285	5.573	339	18
2003-089	DF	August 2003	31393TDF0	(2)	FLT	September 2033	SUP/AD	98,502,750	0.53162533	26,581,266	5.654	338	18
2004-045	WF	May 2004	31393YXU4	(2)	FLT	June 2034	SUP	5,142,857	1.00000000	5,142,857	5.949	335	20
2003-062	FA	June 2003	31393DNE7	(2)	FLT	July 2033	SEG/SUP	42,635,497	0.31764005	7,189,940	5.898	335	20
2003-071	DF	July 2003	31393EKR9	(2)	FLT	August 2033	SUP	79,098,304	0.67670782	8,796,054	(3)	(3)	(3)
2003-066	FM	June 2003	31393C5J8	(2)	FLT	July 2023	SUP	20,735,000	0.29398207	6,095,718	5.597	219	19
<b>Group 4</b>													
2003-074	FJ	July 2003	31393ECK3	(2)	FLT	August 2033	SUP	17,912,143	0.57984983	10,386,353	5.474	338	19
2003-092	FK	August 2003	31393TBS4	(2)	FLT	September 2033	SUP	129,386,428	0.63171650	32,777,512	5.403	339	18

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

(2) This class bears interest as described in the related Underlying Disclosure Document.

(3) The 2003-71-DF Class is an RCR Class formed from a combination of the Class 2003-71-FA, 2003-71-FB and 2003-71-FC REMIC Certificates. The approximate weighted average WACs, WALAs and WALAs of the mortgage loans backing those REMIC Certificates are as follows:

Class	Approximate Weighted Average WAC (in months)	Approximate Weighted Average WAM (in months)	Approximate Weighted Average WALA (in months)
2003-71-FA	5.834%	334	20
2003-71-FB	5.891	334	20
2003-71-FC	5.919	336	20

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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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**\$321,791,053**



**Guaranteed REMIC  
Pass-Through Certificates  
Fannie Mae REMIC Trust 2005-2**

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## PROSPECTUS SUPPLEMENT

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**Bear, Stearns & Co. Inc.**

**December 14, 2004**

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