

\$264,510,083



FannieMae®

**Guaranteed REMIC Pass-Through Certificates
Fannie Mae REMIC Trust 2005-4**

The Certificates

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

Payments to Certificateholders

We will make monthly payments on the certificates. You, the investor, will receive

- interest accrued on the balance of your certificate (except in the case of the accrual classes), 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
- an underlying RCR certificate backed by Fannie Mae MBS.

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

Class	Group	Original Class Balance	Principal Type	Interest Rate	Interest Type	CUSIP Number	Final Distribution Date
BA	1	\$78,002,400	SEQ	5.5%	FIX	31394CAA0	May 2032
VA	1	6,350,000	SEQ/AD	5.5	FIX	31394CAB8	January 2016
VI(1)	1	7,838,400(2)	NTL	5.5	FIX/IO	31394CAC6	January 2024
VO(1)	1	7,838,400	SEQ/AD	(3)	PO	31394CAD4	January 2024
Z	1	7,809,200	SEQ	5.5	FIX/Z	31394CAE2	February 2035
SA	2	1,735,519	SC/PT	(4)	INV	31394CAF9	April 2034
SB	2	31,381,630(2)	NTL	(4)	INV/IO	31394CAG7	April 2034
ST	2	4,836,696	SC/PT	(4)	INV	31394CAH5	April 2034
SU	2	7,937,868	SC/PT	(4)	INV	31394CAJ1	April 2034
IE(1)	3	18,000,000(2)	NTL	5.0	FIX/IO	31394CAK8	July 2032
EK(1)	3	90,000,000	SEQ/AS	4.0	FIX	31394CAL6	July 2032
ED(1)	3	30,000,000	SEQ/NAS	5.0	FIX	31394CAM4	June 2027
VE	3	8,698,200	SEQ/AD	5.0	FIX	31394CAN2	February 2016
WI(1)	3	9,301,800(2)	NTL	5.0	FIX/IO	31394CAP7	July 2023
WO(1)	3	9,301,800	SEQ/AD	(3)	PO	31394CAQ5	July 2023
ZG	3	12,000,000	SEQ	5.0	FIX/Z	31394CAR3	February 2035
R		0	NPR	0	NPR	31394CAS1	February 2035
RL		0	NPR	0	NPR	31394CAT9	February 2035

(1) Exchangeable classes.

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

(3) Principal only classes.

(4) Based on LIBOR.

If you own certificates of certain classes, you can exchange them for the corresponding RCR certificates to be issued at the time of the exchange. The VB, EC, EG, EH, EJ, E and VG Classes are the RCR classes, as further described in this prospectus supplement.

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

Carefully consider the risk factors starting on page S-9 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.

UBS Investment Bank

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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 Class or the R or RL Class, the disclosure document relating to the Group 2 Underlying RCR Certificate (the “Underlying Disclosure Document”); 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.

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

UBS Securities LLC
Prospectus Department
1000 Harbor Boulevard
Weehawken, New Jersey 07087
(telephone 201-352-6858).

INCORPORATION BY REFERENCE

In this prospectus supplement, we are incorporating by reference the MBS Prospectus and the Underlying REMIC Disclosure Document 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. 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. 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 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 2004-18-PS RCR Certificate
3	Group 3 MBS

Assumed Characteristics of the Mortgage Loans Underlying the Trust 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	\$100,000,000	360	336	20	5.92%
Group 3 MBS	\$150,000,000	360	341	16	5.54%

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 Group 2 Underlying RCR Certificate

Exhibit A describes the Group 2 Underlying RCR Certificate, including certain information about the related mortgage loans. To learn more about the Group 2 Underlying RCR Certificate, you should obtain from us the current class factor and the related disclosure document 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 and RL Classes	R and RL Classes

Exchanging Certificates Through Combination and Recombination

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

Interest Rates

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

During each interest accrual period following the initial interest accrual period, the 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>Assumed Initial Interest Rate (1)</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate (2)</u>
SA	18.13%	35.00%	0.00%	$35\% - (7 \times \text{LIBOR})$
SB	2.59%	5.00%	0.00%	$5\% - \text{LIBOR}$
ST	9.00%	9.00%	0.00%	$54\% - (9 \times \text{LIBOR})$
SU	8.50%	8.50%	0.00%	$41.40322\% - (5.483871 \times \text{LIBOR})$

(1) We will calculate the actual initial interest rates on January 21, 2005 using the applicable formulas.

(2) We will establish LIBOR on the basis of the "BBA Method."

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

Notional Classes

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

<u>Class</u>	
VI	100% of the VO Class
SB	1808.1985849766% of the SA Class
IE	20% of the EK Class
WI	100% of the WO Class

Distributions of Principal

Group 1 Principal Distribution Amount

Z Accrual Amount

To the VA and VO Classes, in that order, to zero, and thereafter to the Z Class.

Group 1 Cash Flow Distribution Amount

To the BA, VA, VO and Z Classes, in that order, to zero.

Group 2 Principal Distribution Amount

To the SA, ST and SU Classes, pro rata, to zero.

Group 3 Principal Distribution Amount

ZG Accrual Amount

To the VE and WO Classes, in that order, to zero, and thereafter to the ZG Class.

Group 3 Cash Flow Distribution Amount

1. Beginning in June 2007, to the ED Class the amount specified in this prospectus supplement under “Description of the Certificates—Distributions of Principal—*Group 3 Principal Distribution Amount.*”

2. To the EK Class to zero.

3. To the ED, VE, WO and ZG Classes, in that order, to zero.

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

Weighted Average Lives (years) *

<u>Group 1 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>322%</u>	<u>500%</u>	<u>700%</u>
BA	18.2	7.0	2.6	1.7	1.2
VA	6.0	6.0	5.1	3.8	2.8
VI, VO and VB	15.2	14.9	8.0	5.4	3.8
Z	28.7	22.1	12.8	8.7	6.1
<u>Group 2 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>338%</u>	<u>500%</u>	<u>700%</u>
SA, SB, ST and SU	28.6	24.4	0.8	0.4	0.3
<u>Group 3 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>197%</u>	<u>500%</u>	<u>700%</u>
IE, EK, EC, EG, EH and EJ	21.1	8.3	4.5	1.3	1.0
ED	9.2	4.1	4.0	3.5	2.5
VE	6.0	6.0	6.0	4.0	3.0
WI, WO and VG	14.9	14.9	11.9	5.6	4.0
ZG	28.8	22.4	17.7	8.8	6.2
E	18.1	7.3	4.4	1.9	1.4

* 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 Classes also will be affected by the payment priority governing the related underlying RCR certificate. If you invest in any Group 2 Classes, the rate at which you receive payments also will be affected by the priority sequence governing principal payments on the Group 2 Underlying RCR Certificate.

As described in the related underlying disclosure document, principal payments on the Group 2 Underlying RCR Certificate are governed by a principal balance schedule. As a result, the Group 2 Underlying RCR Certificate may receive principal payments at a rate faster or slower than would otherwise have been the case. In some cases, the Group 2 Underlying RCR Certificate may receive no principal payments for extended periods. Prepayments on the related mortgage loans may have occurred at a rate faster or slower than the rate initially assumed. This prospectus supplement contains no information as to whether

- the Group 2 Underlying RCR Certificate has adhered to its principal balance schedule,
- any related Support classes remain outstanding, or
- the Group 2 Underlying RCR Certificate otherwise has performed as originally anticipated.

You may obtain additional information about the Group 2 Underlying RCR Certificate by reviewing its current class factor in light of other information available in the related disclosure document. You may obtain that document from us as described on page S-3.

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

- if you buy your certificates at a premium and principal payments are faster than you expect, or
- if you buy your certificates at a discount and principal payments are slower than you expect.

Furthermore, in the case of interest only certificates and certificates purchased at a premium, you could lose money on your investment if prepayments occur at a rapid rate.

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

Weighted average lives and yields on the certificates are affected by actual characteristics of the underlying mortgage loans. We have assumed that the mortgage loans underlying the Trust MBS have certain characteristics. However, the actual mortgage loans probably will have different characteristics from those we assumed. As a result, your yields could be lower than you expect, even if the mortgage loans prepay at the indicated constant prepayment rates. In addition, slight differences between the assumed mortgage loan characteristics and the actual mortgage loans could affect the weighted average lives of the classes of certificates.

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

Delay classes have lower yields and market values. Since certain classes do not receive

interest immediately following each interest accrual period, these classes have lower yields and lower market values than they would if there were no such delay.

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

Unpredictable timing of last payment affects yields on certificates. The actual final payment of your class is likely to occur earlier, and could occur much earlier, than the final distribution date listed on the cover page of this prospectus supplement. If you assume that the actual final payment will occur on the final distribution date specified, your yield could be lower than you expect.

Some investors may be unable to buy certain classes. Investors whose investment activities are subject to legal investment laws and regulations, or to review by regulatory authorities, may be unable to buy certain certificates. You should obtain legal advice to determine whether you may purchase the certificates.

Uncertain market for the certificates could make them difficult to sell and cause their values to fluctuate. We cannot be sure that a market for resale of the certificates will develop. Further, if a market develops, it may not continue or be sufficiently liquid to allow you to sell your certificates. Even if you are able to sell your

certificates, the sale price may not be comparable to similar investments that have a developed market. Moreover, you may not be able to sell small or large amounts of certificates at prices comparable to those available to other investors. You should purchase certificates only if you understand and can tolerate the risk that the value of your certificates will vary over time and that your certificates may not be easily sold.

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

DESCRIPTION OF THE CERTIFICATES

The material under this heading summarizes certain features of the Certificates. You will find additional information about the Certificates in the other sections of this prospectus supplement, as well as in the additional Disclosure Documents and the Trust Agreement. If we use a capitalized term in this prospectus supplement without defining it, you will find the definition of that term in the applicable Disclosure Document or in the Trust Agreement.

General

Structure. We will create the Fannie Mae REMIC Trust specified on the cover of this prospectus supplement (the “Trust”) and a separate trust (the “Lower Tier REMIC”) pursuant to a trust agreement dated as of January 1, 2005 (the “Issue Date”). We will issue the Guaranteed REMIC Pass-Through Certificates (the “REMIC Certificates”) pursuant to that trust agreement. We will issue the Combinable and Recombinable REMIC Certificates (the “RCR Certificates” and, together with the REMIC Certificates, the “Certificates”) pursuant to a separate trust agreement dated as of

the Issue Date (together with the trust agreement relating to the REMIC Certificates, the “Trust Agreement”). We will execute the Trust Agreement in our corporate capacity and as trustee (the “Trustee”). In general, the term “Classes” includes the Classes of REMIC Certificates and RCR Certificates.

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

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

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

The assets of the Lower Tier REMIC will consist of

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

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

Each MBS represents a beneficial ownership interest in a pool of first lien, one- to four-family (“single-family”), fixed-rate residential mortgage loans (the “Mortgage Loans”) having the characteristics described in this prospectus supplement.

Fannie Mae Guaranty. We guarantee that we will distribute to Certificateholders:

- required installments of principal and interest on the Certificates on time, and
- the principal balance of each Class of Certificates no later than its Final Distribution Date, whether or not we have received sufficient payments on the MBS.

In addition, we guarantee that we will distribute to each holder of an MBS:

- scheduled installments of principal and interest on the underlying Mortgage Loans on time, whether or not the related borrowers pay us, and
- the full principal balance of any foreclosed Mortgage Loan, whether or not we recover it.

Our guaranty obligations with respect to the Group 2 Underlying RCR Certificate are described in the Underlying Disclosure Document. 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 Document.

Characteristics of Certificates. We will issue the Certificates (except the R and RL Classes) in book-entry form on the book-entry system of the U.S. Federal Reserve Banks. Entities whose names appear on the book-entry records of a Federal Reserve Bank as having had Certificates deposited in their accounts are “Holders” or “Certificateholders.” A Holder is not necessarily the beneficial owner of a Certificate. Beneficial owners ordinarily will hold Certificates through one or more financial

intermediaries, such as banks, brokerage firms and securities clearing organizations. See “Description of Certificates—Denominations and Form” in the REMIC Prospectus.

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

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

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

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

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

Distribution Dates. We will make monthly payments on the Certificates on the 25th day of each month (or, if the 25th is not a business day, on the first business day after the 25th). We refer to each of these dates as a “Distribution Date.” We will make the first payments to Certificateholders the month after we issue the Certificates.

Record Date. On each Distribution Date, we will make each monthly payment on the Certificates to Holders of record on the last day of the preceding month.

Class Factors. On or shortly after the eleventh calendar day of each month, we will publish a factor (carried to eight decimal places) for each Class of Certificates. When the applicable class factor is multiplied by the original principal balance (or notional principal balance) of a Certificate of any Class, the product will equal the current principal balance (or notional principal balance) of that Certificate after taking into account payments on the Distribution Date in the same month (as well as any addition to principal in the case of the Accrual Classes).

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

Voting the Group 2 Underlying RCR Certificate. Holders of the Group 2 Underlying RCR Certificate may be asked to vote on issues arising under the related trust agreement. If so, the Trustee will vote the Group 2 Underlying RCR Certificate, as instructed by Holders of Certificates of the related Classes. The Trustee must receive instructions from Holders of Certificates having principal balances totaling at least 51% of the aggregate principal balance of the related Classes. In the absence of such instructions, the Trustee will vote in a manner consistent, in its sole judgment, with the best interests of Certificateholders.

Combination and Recombination

General. You are permitted to exchange all or a portion of the VI, VO, IE, EK, ED, WI and WO Classes of REMIC Certificates for a proportionate interest in the related RCR Certificates in the

combinations shown on Schedule 1. You also may exchange all or a portion of the RCR Certificates for the related REMIC Certificates in the same manner. This process may occur repeatedly.

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

The Classes of REMIC Certificates and RCR Certificates that are outstanding at any given time, and the outstanding principal balances (or notional principal balances) of these Classes, will depend upon any related distributions of principal, as well as any exchanges that occur. REMIC Certificates and RCR Certificates may be exchanged only in the proportions shown on Schedule 1.

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

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

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

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

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

The Trust MBS

The following table contains certain information about the Trust MBS. The Trust MBS included in each specified Group will have the aggregate unpaid principal balance and Pass-Through Rate shown below and the general characteristics described in the MBS Prospectus. The Trust MBS provides that principal and interest on the related Mortgage Loans are passed through monthly. The

Mortgage Loans underlying the Trust MBS are conventional, fixed-rate, fully-amortizing mortgage loans secured by first mortgages or deeds of trust on single-family residential properties. These Mortgage Loans have original maturities of up to 30 years. See “The Mortgage Pools” and “Yield, Maturity, and Prepayment Considerations” in the MBS Prospectus.

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

Group 1 MBS

Aggregate Unpaid Principal Balance	\$100,000,000
MBS Pass-Through Rate	5.50%
Range of WACs (annual percentages)	5.75% to 8.00%
Range of WAMs	241 months to 360 months
Approximate Weighted Average WAM	336 months
Approximate Weighted Average WALA (weighted average loan age)	20 months

Group 3 MBS

Aggregate Unpaid Principal Balance	\$150,000,000
MBS Pass-Through Rate	5.00%
Range of WACs (annual percentages)	5.25% to 7.50%
Range of WAMs	226 months to 360 months
Approximate Weighted Average WAM	341 months
Approximate Weighted Average WALA	16 months

The Group 2 Underlying RCR Certificate

The Group 2 Underlying RCR Certificate represents a beneficial ownership interest in the related Underlying REMIC Trust. The assets of that trust evidence direct or indirect beneficial ownership interests in certain MBS having the general characteristics set forth in the MBS Prospectus. Distributions on the Group 2 Underlying RCR Certificate will be passed through monthly, beginning in the month after we issue the Certificates. The general characteristics of the Group 2 Underlying RCR Certificate are described in the Underlying Disclosure Document. See Exhibit A for additional information about the Group 2 Underlying RCR Certificate.

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

For further information about the Group 2 Underlying RCR Certificate, telephone us at 1-800-237-8627. There may have been material changes in facts and circumstances since the date we prepared the Underlying Disclosure Document. These may include changes in prepayment speeds, prevailing interest rates and other economic factors. As a result, the usefulness of the information set forth in that document may be limited.

Final Data Statement

After issuing the Certificates, we will prepare a Final Data Statement containing certain information, including the principal balance of the Group 2 Underlying RCR Certificate as of the Issue Date and, with respect to the Trust MBS, the Pool number, the current WAC (or original WAC, if the current WAC is not available) and the current WAM (or Adjusted WAM, if the current WAM is not available) of the Mortgage Loans underlying each of the Trust MBS as of the Issue Date. The Final Data Statement also will include the weighted averages of all the current or original WACs and the weighted averages of all the current or Adjusted WAMs, based on the current unpaid principal balances of the Mortgage Loans underlying each of the Trust MBS as of the Issue Date. You may

obtain the Final Data Statement by telephoning us at 1-800-237-8627. In addition, the Final Data Statement is available on our corporate Web site at www.fanniemae.com.

Distributions of Interest

Categories of Classes

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

<u>Interest Type*</u>	<u>Classes</u>
Group 1 Classes	
Fixed Rate	BA, VA, VI and Z
Accrual	Z
Interest Only	VI
Principal Only	VO
RCR**	VB
Group 2 Classes	
Inverse Floating Rate	SA, SB, ST and SU
Interest Only	SB
Group 3 Classes	
Fixed Rate	IE, EK, ED, VE, WI and ZG
Accrual	ZG
Interest Only	IE and WI
Principal Only	WO
RCR**	EC, EG, EH, EJ, E and VG

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

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

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

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

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

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

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

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

The Dealer will treat the VO and WO Classes as Delay Classes for the sole purpose of facilitating trading.

Accrual Classes. The Z and ZG Classes are Accrual Classes. Interest will accrue on the Accrual Classes at the applicable annual rates specified on the cover of this prospectus supplement. However, we will not pay any interest on the Accrual Classes. Instead, interest accrued on the Accrual Classes will be added as principal to their respective principal balances on each Distribution Date. We will pay principal on the Accrual Classes as described under “—Distributions of Principal” below.

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

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

Inverse Floating Rate Classes. During each Interest Accrual Period, the 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 the 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 2.41%.

Distributions of Principal

Categories of Classes

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

<u>Principal Type*</u>	<u>Classes</u>
Group 1 Classes	
Sequential Pay	BA, VA, VO and Z
Accretion Directed	VA and VO
Notional	VI
RCR**	VB

<u>Principal Type*</u>	<u>Classes</u>
Group 2 Classes	
Structured Collateral/Pass Through	SA, ST and SU
Notional	SB
Group 3 Classes	
Sequential Pay	EK, ED, VE, WO and ZG
NAS†	ED
AS††	EK
Accretion Directed	VE and WO
Notional	IE and WI
RCR**	EC, EG, EH, EJ, E and VG

* See “Description of Certificates—Class Definitions and Abbreviations” in the REMIC Prospectus.
 ** See “—Combination and Recombination” above and Schedule 1 for a further description of the RCR Classes.
 † The “NAS” designation refers to a “non-accelerated security” that is designed to receive limited or no principal prepayments prior to a designated date and thereafter to receive a gradually increasing percentage of principal prepayments in each month.
 †† The “AS” designation refers to an “accelerated security” that is generally expected to receive principal payments more rapidly than the related NAS Class during the period in which the NAS Class is receiving limited or no principal prepayments.

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

Group 1 Principal Distribution Amount

Z Accrual Amount

On each Distribution Date, we will pay the Z Accrual Amount, sequentially, as principal of the VA and VO Classes, in that order, until their principal balances are reduced to zero. Thereafter, we will pay the Z Accrual Amount as principal of the Z Class. } Accretion Directed Classes and Accrual Class

Group 1 Cash Flow Distribution Amount

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

Group 2 Principal Distribution Amount

On each Distribution Date, we will pay the Group 2 Principal Distribution Amount, concurrently, as principal of the SA, ST and SU Classes, pro rata (or 11.9607792733%, 33.3333448196% and 54.7058759071%, respectively), until their principal balances are reduced to zero. } Structured Collateral/Pass-Through Classes

Group 3 Principal Distribution Amount

ZG Accrual Amount

On each Distribution Date, we will pay the ZG Accrual Amount, sequentially, as principal of the VE and WO Classes, in that order, until their principal balances are reduced to zero. Thereafter, we will pay the ZG Accrual Amount as principal of the ZG Class.

} Accretion
Directed
Classes
and
Accrual
Class

Group 3 Cash Flow Distribution Amount

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

(i) beginning in June 2007, to the ED Class an amount equal to the lesser of

- 99.0% of the Group 3 Cash Flow Distribution Amount

and

- the *sum* of

(A) the *product* of

- the aggregate amount of scheduled payments of principal included in the Group 3 Cash Flow Distribution Amount for that Distribution Date *multiplied* by
- the ED Class Specified Percentage (described below) for that date *multiplied* by
- 2.0

plus

(B) the *product* of

- the aggregate amount of unscheduled payments of principal included in the Group 3 Cash Flow Distribution Amount for that Distribution Date *multiplied* by
- the ED Class Specified Percentage for that date *multiplied* by
- 100% minus the ED Class Lockout Percentage (described below) for that date;

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

(iii) sequentially, to the ED, VE, WO and ZG Classes, in that order, until their principal balances are reduced to zero.

} Sequential
Pay Classes

} NAS
Class

} AS
Class

The “ED Class Specified Percentage” for any Distribution Date will be equal to

- the principal balance of the ED Class on that date (before taking into account payments made on that date) *plus* \$150,000,000

divided by

- the aggregate principal balance of the EK and ED Classes on that date (before taking into account payments made on that date).

The “ED Class Lockout Percentage” for any Distribution Date during the periods specified below will be as follows:

<u>Distribution Date in</u>	<u>ED Class Lockout Percentage</u>
February 2005 through January 2010	100%
February 2010 through January 2011	70%
February 2011 through January 2012	60%
February 2012 through January 2013	40%
February 2013 through January 2014	20%
February 2014 and thereafter	0%

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

Structuring Assumptions

Pricing Assumptions. Except where otherwise noted, the information in the tables in this prospectus supplement has been prepared based on the actual characteristics of each pool of Mortgage Loans backing the Group 2 Underlying RCR Certificate, the priority sequence affecting principal payments on the Group 2 Underlying RCR Certificate, and the following assumptions (such characteristics and assumptions, collectively, the “Pricing Assumptions”):

- the Mortgage Loans underlying the Trust MBS have the original terms to maturity, remaining terms to maturity, WALAs and interest rates specified under “Reference Sheet—Assumed Characteristics of the Mortgage Loans Underlying the Trust MBS” in this prospectus supplement;
- the Mortgage Loans prepay at the constant percentages of PSA 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 Fixed Rate Interest Only Classes.* The yields to investors in the Fixed Rate Interest Only Classes will be very sensitive to the rate of principal payments (including prepayments) of the related Mortgage Loans. The Mortgage Loans generally can be prepaid at any time without penalty. On the basis of the assumptions described below, the yield to maturity on the Fixed Rate Interest Only Classes would be 0% if prepayments of the related Mortgage Loans were to occur at the constant rates shown in the tables below:**

<u>Class</u>	<u>% PSA</u>
VI	479% PSA
IE	284% PSA
WI	463% PSA

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

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

<u>Class</u>	<u>Price*</u>
VI	30.5%
IE	14.5%
WI	30.0%

* 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 VI Class to Prepayments

	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>322%</u>	<u>500%</u>	<u>700%</u>
Pre-Tax Yields to Maturity ...	16.7%	16.6%	9.6%	(1.5)%	(18.4)%

Sensitivity of the IE Class to Prepayments

	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>197%</u>	<u>500%</u>	<u>700%</u>
Pre-Tax Yields to Maturity ...	30.8%	26.1%	13.9%	(57.0)%	(99.0)%

Sensitivity of the WI Class to Prepayments

	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>197%</u>	<u>500%</u>	<u>700%</u>
Pre-Tax Yields to Maturity ...	14.9%	14.9%	13.3%	(2.5)%	(18.3)%

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 table below, it is possible that investors in the SB Class would lose money on their initial investment 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 its original principal balance) are as follows:

<u>Class</u>	<u>Price*</u>
SA	89.5%
SB	1.5%
ST	98.0%
SU	100.0%

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>338%</u>	<u>500%</u>	<u>700%</u>
0.41%	38.2%	38.2%	51.8%	67.0%	85.6%
2.41%	21.1%	21.2%	35.8%	51.9%	71.7%
4.41%	5.0%	5.0%	20.6%	37.4%	58.2%
5.00%	0.5%	0.5%	16.2%	33.3%	54.3%

**Sensitivity of the SB 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>338%</u>	<u>500%</u>	<u>700%</u>
0.41%	511.1%	511.1%	293.3%	57.3%	*
2.41%	247.8%	247.8%	78.6%	(80.3)%	*
4.41%	47.7%	47.7%	*	*	*
5.00%	*	*	*	*	*

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

**Sensitivity of the ST 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>338%</u>	<u>500%</u>	<u>700%</u>
5.0%	9.4%	9.4%	11.9%	14.4%	17.4%
5.5%	4.7%	4.7%	7.6%	10.5%	13.9%
6.0%	0.1%	0.1%	3.3%	6.6%	10.5%

**Sensitivity of the SU 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>338%</u>	<u>500%</u>	<u>700%</u>
6.00%	8.7%	8.7%	8.7%	8.7%	8.7%
6.41%	6.3%	6.3%	6.6%	6.8%	7.0%
7.55%	0.0%	0.0%	0.8%	1.5%	2.4%

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

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

<u>Class</u>	<u>Price</u>
VO	72.0%
WO	67.5%

Sensitivity of the VO Class to Prepayments

	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>322%</u>	<u>500%</u>	<u>700%</u>
Pre-Tax Yields to Maturity	2.2%	2.2%	4.1%	6.2%	8.9%

Sensitivity of the WO Class to Prepayments

	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>197%</u>	<u>500%</u>	<u>700%</u>
Pre-Tax Yields to Maturity	2.7%	2.7%	3.3%	7.1%	10.1%

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,
- the priority sequences of payments of principal of the Classes, and
- in the case of the Group 2 Classes, the priority sequence affecting principal payments on the Group 2 Underlying RCR Certificate.

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

The effect of these factors may differ as to various Classes and the effects on any Class may vary at different times during the life of that Class. Accordingly, we can give no assurance as to the weighted average life of any Class. Further, to the extent the prices of the Certificates represent discounts or premiums to their original principal balances, variability in the weighted average lives of those Classes of Certificates could result in variability in the related yields to maturity. For an example of how the weighted average lives of the Classes may be affected at various constant prepayment rates, see the Decrement Tables below.

Decrement Tables

The following tables indicate the percentages of original principal balances of the specified Classes that would be outstanding after each date shown at various constant PSA 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	8.00%
Group 2 Underlying RCR Certificate	360 months	350 months	8.00%
Group 3 MBS	360 months	360 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	BA Class					VA Class					VI†, VO and VB Classes					Z Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	322%	500%	700%	0%	100%	322%	500%	700%	0%	100%	322%	500%	700%	0%	100%	322%	500%	700%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 2006	99	92	77	65	52	93	93	93	93	93	100	100	100	100	100	106	106	106	106	106
January 2007	98	83	55	36	17	86	86	86	86	86	100	100	100	100	100	112	112	112	112	112
January 2008	97	74	38	16	0	78	78	78	78	51	100	100	100	100	100	118	118	118	118	118
January 2009	95	66	24	2	0	70	70	70	70	0	100	100	100	100	23	125	125	125	125	125
January 2010	94	59	13	0	0	61	61	61	0	0	100	100	100	76	0	132	132	132	132	84
January 2011	92	52	5	0	0	52	52	52	0	0	100	100	100	4	0	139	139	139	139	48
January 2012	90	45	0	0	0	42	42	13	0	0	100	100	100	0	0	147	147	147	98	27
January 2013	88	39	0	0	0	32	32	0	0	0	100	100	48	0	0	155	155	155	67	15
January 2014	86	34	0	0	0	21	21	0	0	0	100	100	0	0	0	164	164	159	45	9
January 2015	84	28	0	0	0	10	10	0	0	0	100	100	0	0	0	173	173	125	31	5
January 2016	82	23	0	0	0	0	0	0	0	0	98	98	0	0	0	183	183	97	21	3
January 2017	79	18	0	0	0	0	0	0	0	0	88	88	0	0	0	193	193	76	14	2
January 2018	77	14	0	0	0	0	0	0	0	0	77	77	0	0	0	204	204	59	9	1
January 2019	74	10	0	0	0	0	0	0	0	0	66	66	0	0	0	216	216	45	6	*
January 2020	70	6	0	0	0	0	0	0	0	0	54	54	0	0	0	228	228	35	4	*
January 2021	67	2	0	0	0	0	0	0	0	0	41	41	0	0	0	241	241	27	3	*
January 2022	63	0	0	0	0	0	0	0	0	0	27	12	0	0	0	254	254	20	2	**
January 2023	59	0	0	0	0	0	0	0	0	0	13	0	0	0	0	269	234	15	1	**
January 2024	54	0	0	0	0	0	0	0	0	0	0	0	0	0	0	282	203	11	1	**
January 2025	49	0	0	0	0	0	0	0	0	0	0	0	0	0	0	282	174	8	1	**
January 2026	44	0	0	0	0	0	0	0	0	0	0	0	0	0	0	282	147	6	*	**
January 2027	38	0	0	0	0	0	0	0	0	0	0	0	0	0	0	282	122	4	*	**
January 2028	32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	282	98	3	*	**
January 2029	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	282	76	2	*	**
January 2030	18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	282	55	1	*	**
January 2031	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	282	36	1	*	**
January 2032	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	282	17	*	*	**
January 2033	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	208	0	0	0	0
January 2034	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	108	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	0
Weighted Average Life (years)**	18.2	7.0	2.6	1.7	1.2	6.0	6.0	5.1	3.8	2.8	15.2	14.9	8.0	5.4	3.8	28.7	22.1	12.8	8.7	6.1

* 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	SA, SB†, ST and SU Classes					IE†, EK, EC, EG, EH and EJ Classes					ED Class					VE Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	338%	500%	700%	0%	100%	197%	500%	700%	0%	100%	197%	500%	700%	0%	100%	197%	500%	700%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 2006	100	100	36	0	0	98	90	83	60	46	100	100	100	100	100	93	93	93	93	93
January 2007	100	100	0	0	0	97	78	63	21	0	100	100	100	100	92	86	86	86	86	86
January 2008	100	100	0	0	0	96	73	52	3	0	96	82	81	73	10	78	78	78	78	78
January 2009	100	100	0	0	0	96	73	47	1	0	91	53	50	22	0	70	70	70	70	0
January 2010	100	100	0	0	0	96	72	46	0	0	85	24	16	0	0	61	61	61	10	0
January 2011	100	100	0	0	0	96	71	39	0	0	78	0	0	0	0	52	52	52	0	0
January 2012	100	100	0	0	0	96	63	29	0	0	71	0	0	0	0	42	42	42	0	0
January 2013	100	100	0	0	0	96	55	20	0	0	63	0	0	0	0	32	32	32	0	0
January 2014	100	100	0	0	0	96	47	13	0	0	55	0	0	0	0	22	22	22	0	0
January 2015	100	100	0	0	0	96	40	6	0	0	46	0	0	0	0	11	11	11	0	0
January 2016	100	100	0	0	0	96	34	*	0	0	36	0	0	0	0	0	0	0	0	0
January 2017	100	100	0	0	0	96	27	0	0	0	26	0	0	0	0	0	0	0	0	0
January 2018	100	100	0	0	0	96	22	0	0	0	15	0	0	0	0	0	0	0	0	0
January 2019	100	100	0	0	0	96	16	0	0	0	3	0	0	0	0	0	0	0	0	0
January 2020	100	100	0	0	0	92	11	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2021	100	100	0	0	0	88	6	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2022	100	100	0	0	0	83	2	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2023	100	100	0	0	0	77	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2024	100	100	0	0	0	71	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2025	100	100	0	0	0	65	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2026	100	100	0	0	0	58	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2027	100	84	0	0	0	51	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2028	100	69	0	0	0	43	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2029	100	54	0	0	0	34	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2030	100	40	0	0	0	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2031	100	26	0	0	0	15	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2032	100	14	0	0	0	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2033	91	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2034	14	*	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	0	0
Weighted Average Life (years)**	28.6	24.4	0.8	0.4	0.3	21.1	8.3	4.5	1.3	1.0	9.2	4.1	4.0	3.5	2.5	6.0	6.0	6.0	4.0	3.0

Date	WI†, WO and VG Classes					ZG Class					E Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	197%	500%	700%	0%	100%	197%	500%	700%	0%	100%	197%	500%	700%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 2006	100	100	100	100	100	105	105	105	105	105	99	93	87	70	59
January 2007	100	100	100	100	100	110	110	110	110	110	98	84	72	41	23
January 2008	100	100	100	100	100	116	116	116	116	116	96	76	59	20	2
January 2009	100	100	100	100	44	122	122	122	122	122	95	68	48	6	0
January 2010	100	100	100	100	0	128	128	128	128	89	93	60	38	0	0
January 2011	100	100	100	14	0	135	135	135	135	50	92	54	29	0	0
January 2012	100	100	100	0	0	142	142	142	100	29	90	47	22	0	0
January 2013	100	100	100	0	0	149	149	149	68	16	88	41	15	0	0
January 2014	100	100	100	0	0	157	157	157	46	9	86	35	10	0	0
January 2015	100	100	100	0	0	165	165	165	32	5	83	30	5	0	0
January 2016	99	99	99	0	0	173	173	173	21	3	81	25	*	0	0
January 2017	88	88	43	0	0	182	182	182	14	2	78	21	0	0	0
January 2018	76	76	0	0	0	191	191	182	10	1	76	16	0	0	0
January 2019	63	63	0	0	0	201	201	154	7	*	73	12	0	0	0
January 2020	50	50	0	0	0	211	211	129	4	*	69	8	0	0	0
January 2021	36	36	0	0	0	222	222	108	3	*	66	5	0	0	0
January 2022	21	21	0	0	0	234	234	90	2	*	62	1	0	0	0
January 2023	6	0	0	0	0	246	230	74	1	*	58	0	0	0	0
January 2024	0	0	0	0	0	250	201	61	1	*	53	0	0	0	0
January 2025	0	0	0	0	0	250	173	49	1	*	49	0	0	0	0
January 2026	0	0	0	0	0	250	147	39	*	*	43	0	0	0	0
January 2027	0	0	0	0	0	250	123	31	*	*	38	0	0	0	0
January 2028	0	0	0	0	0	250	100	23	*	*	32	0	0	0	0
January 2029	0	0	0	0	0	250	79	17	*	*	26	0	0	0	0
January 2030	0	0	0	0	0	250	59	12	*	*	19	0	0	0	0
January 2031	0	0	0	0	0	250	40	8	*	*	11	0	0	0	0
January 2032	0	0	0	0	0	250	23	4	*	*	3	0	0	0	0
January 2033	0	0	0	0	0	194	6	1	*	*	0	0	0	0	0
January 2034	0	0	0	0	0	101	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
Weighted Average Life (years)**	14.9	14.9	11.9	5.6	4.0	28.8	22.4	17.7	8.8	6.2	18.1	7.3	4.4	1.9	1.4

* 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.

Characteristics of the R and RL Classes

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

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

Treasury Department regulations (the “Regulations”) provide that a transfer of a “noneconomic residual interest” will be disregarded for all federal tax purposes unless no significant purpose of the transfer is to impede the assessment or collection of tax. The R and RL Classes will constitute noneconomic residual interests under the Regulations. Having a significant purpose to impede the assessment or collection of tax means that the transferor of a Residual Certificate knew or should have known that the transferee would be unwilling or unable to pay taxes due on its share of the taxable income of the REMIC trust (that is, the transferor had “improper knowledge”).

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

A transfer satisfies the asset test if (i) the transferee’s gross assets exceed \$100 million and its net assets exceed \$10 million (in each case, at the time of the transfer and at the close of each of the transferee’s two fiscal years preceding the year of transfer), (ii) the transferee is an “eligible corporation” and the transferee agrees in writing that any subsequent transfer of the Residual Certificate will be to an eligible corporation and will comply with the safe harbor and satisfy the asset test, and (iii) the facts and circumstances known to the transferor do not reasonably indicate that the

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

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

CERTAIN ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES

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

REMIC Elections and Special Tax Attributes

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

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

Taxation of Beneficial Owners of Regular Certificates

The Notional Classes, the Principal Only Classes and the Accrual Classes will be issued with original issue discount (“OID”), and certain other Classes of REMIC Certificates may be issued with OID. If a Class is issued with OID, a beneficial owner of a Certificate of that Class generally must recognize some taxable income in advance of the receipt of the cash attributable to that income. See “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Regular Certificates—Treatment of Original Issue Discount*” in the REMIC Prospectus. In addition, certain other Classes of REMIC 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	322% PSA
2	338% PSA
3	197% PSA

See “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Regular Certificates*—Treatment of Original Issue Discount—*Daily Portions of Original Issue Discount*” in the REMIC Prospectus. No representation is made as to whether the Mortgage Loans underlying the MBS will prepay at any of those rates or any other rate. See “Description of the Certificates—Weighted Average Lives of the Certificates” in this prospectus supplement and “Description of Certificates—Weighted Average Life and Final Distribution Date” in the REMIC Prospectus.

Taxation of Beneficial Owners of Residual Certificates

For purposes of determining the portion of the taxable income of the Trust (or the Lower Tier REMIC) that generally will not be treated as excess inclusions, the rate to be used is 120% of the “federal long-term rate”. The rate will be published on or about 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.

Taxation of Beneficial Owners of RCR Certificates

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

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

Combination RCR Classes. A beneficial owner of a Combination RCR Certificate will be treated as the beneficial owner of a proportionate interest in the REMIC Certificates underlying that Combination RCR Certificate. Except in the case of a beneficial owner that acquires a Combination RCR Certificate in an exchange described under “—*Exchanges*” below, a beneficial owner of a

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

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

Tax Return Disclosure Requirements

The Treasury Department recently issued Regulations directed at “tax shelters” that could be read to apply to transactions generally not considered to be tax shelters. These Regulations require that taxpayers that participate in a “reportable transaction” disclose such transaction on their tax returns by attaching IRS Form 8886 and retain information related to the transaction. A transaction may be a “reportable transaction” based upon any of several indicia, one or more of which may be present with respect to the Certificates. You should consult your 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 UBS Securities LLC (the “Dealer”) in exchange for the Trust MBS and the Group 2 Underlying RCR Certificate. The Dealer proposes to offer the Certificates directly to the public from time to time in negotiated transactions at varying prices to be determined at the time of sale. The Dealer may effect these transactions to or through other dealers.

Increase in Certificates. Before the Settlement Date, we and the Dealer may agree to offer Group 1 or 3 Classes in addition to those contemplated as of the date of this prospectus supplement. In this event, we will increase the related Trust MBS in principal balance, but we expect that all these additional Trust MBS will have the same characteristics as described under “Description of the Certificates—The Trust MBS” in this prospectus supplement. The proportion that the original principal balance of each Group 1 or 3 Class bears to the aggregate original principal balance of all Group 1 or 3 Classes, respectively, will remain the same.

LEGAL MATTERS

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

Exhibit A

Group 2 Underlying RCR Certificate

Underlying REMIC Trust	Class	Date of Issue	CUSIP Number	Interest Rate	Interest Type (1)	Final Distribution Date	Principal Type (1)	Original Principal Balance of Class	January 2005 Class Factor	Principal Balance in the Lower Tier REMIC	Approximate Weighted Average WAC	Approximate Weighted Average WAM (in months)	Approximate Weighted Average WALA (in months)	Security Type	Class Group
2004-018	PS	March 2004	31393XUA3	(2)	INV	April 2034	TAC/AD	\$28,148,625	0.53348589	\$14,510,083	5.973%	337	18	MBS	2

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

(2) This class bears interest during the applicable interest accrual periods, subject to the applicable maximum and minimum interest rates, as further described in the Underlying Disclosure Document.

Available Recombinations (1) (2)

REMIC Certificates		RCR Certificates						
Classes	Original Principal or Notional Principal Balances	RCR Class	Original Principal Balance	Interest Rate	Interest Type(3)	Principal Type(3)	CUSIP Number	Final Distribution Date
Recombination 1								
VI	\$ 7,838,400(4)	VB	\$ 7,838,400	5.50%	FIX	SEQ/AD	31394CAU6	January 2024
VO	7,838,400							
Recombination 2								
IE	18,000,000(4)	EC	90,000,000	5.00	FIX	SEQ/AS	31394CAV4	July 2032
EK	90,000,000							
Recombination 3								
IE	13,500,000(4)	EG	90,000,000	4.75	FIX	SEQ/AS	31394CAW2	July 2032
EK	90,000,000							
Recombination 4								
IE	9,000,000(4)	EH	90,000,000	4.50	FIX	SEQ/AS	31394CAX0	July 2032
EK	90,000,000							
Recombination 5								
IE	4,500,000(4)	EJ	90,000,000	4.25	FIX	SEQ/AS	31394CAY8	July 2032
EK	90,000,000							
Recombination 6								
IE	18,000,000(4)	E	120,000,000	5.00	FIX	SEQ	31394CAZ5	July 2032
EK	90,000,000							
ED	30,000,000							
Recombination 7								
WI	9,301,800(4)	VG	9,301,800	5.00	FIX	SEQ/AD	31394CBA9	July 2023
WO	9,301,800							

(1) REMIC Certificates and RCR Certificates in any recombination (other than Recombination 6) may be exchanged only in the proportions shown in this Schedule 1. In any exchange under Recombination 6, the relative proportions of the REMIC Certificates to be delivered (or, if applicable, received) in such exchange will equal the proportion reflected by the outstanding principal balances of the related REMIC Classes at the time of exchange.

(2) If, as a result of a proposed exchange, a Certificateholder would hold a REMIC Certificate or RCR Certificate of a Class in an amount less than the applicable minimum denomination for that Class, the Certificateholder will be unable to effect the proposed exchange. See "Description of the Certificates—General—Authorized Denominations" in this prospectus supplement.

(3) See "Description of Certificates—Class Definitions and Abbreviations" in the REMIC Prospectus and "Description of the Certificates—Distributions of Interest" and "—Distributions of Principal" in this prospectus supplement.

(4) Notional principal balance.

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.

\$264,510,083



**Guaranteed REMIC
Pass-Through Certificates**

Fannie Mae REMIC Trust 2005-4

PROSPECTUS SUPPLEMENT

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UBS Investment Bank

December 17, 2004
