

\$327,866,731



FannieMae®

**Guaranteed REMIC Pass-Through Certificates
Fannie Mae REMIC Trust 2006-97**

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 available for distribution to investors on time.

The Trust and its Assets

The trust will own

- Fannie Mae MBS, and
- underlying REMIC certificates 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 |
|-------------|-------|------------------------|----------------|---------------|---------------|--------------|-------------------------|
| S | 1 | \$58,500,000(1) | NTL | (2) | INV/IO | 31396LDH0 | October 2036 |
| F | 1 | 72,428,571 | PT | (2) | FLT | 31396LDJ6 | October 2036 |
| SA | 1 | 5,571,429 | PT | (2) | INV | 31396LDK3 | October 2036 |
| JA | 2 | 6,748,073 | SC/SEQ | 5.50% | FIX | 31396LDL1 | November 2035 |
| FT | 2 | 10,000,000 | SC/SEQ/AD | (3) | T | 31396LDM9 | November 2035 |
| ST | 2 | 4,090,909 | SC/SEQ/AD | (3) | T | 31396LDN7 | November 2035 |
| ZM | 2 | 5,000 | SC/SEQ | 5.50 | FIX/Z | 31396LDP2 | November 2035 |
| TS(4) | 2 | 3,582,559 | SC/PT | (2) | INV | 31396LDQ0 | November 2035 |
| SD(4) | 2 | 13,787,426 | SC/PT | (2) | INV | 31396LDR8 | November 2035 |
| FA(4) | 3 | 91,404,944 | SC/PT | (2) | FLT | 31396LDS6 | October 2035 |
| MT(4) | 3 | 7,031,149 | SC/PT | (3) | T | 31396LDT4 | October 2035 |
| IA(4) | 4 | 2,231,287(1) | NTL | 6.00 | FIX/IO | 31396LDU1 | (5) |
| MB(4) | 4 | 53,550,907 | SC/GMC/PAC | 5.75 | FIX | 31396LDV9 | (5) |
| IE(4) | 4 | 579,799(1) | NTL | 6.00 | FIX/IO | 31396LDW7 | (5) |
| MG(4) | 4 | 13,915,192 | SC/GMC/PAC | 5.75 | FIX | 31396LDX5 | (5) |
| IJ(4) | 4 | 1,093,866(1) | NTL | 6.00 | FIX/IO | 31396LDY3 | (5) |
| ML(4) | 4 | 26,252,798 | SC/GMC/PAC/AD | 5.75 | FIX | 31396LDZ0 | (5) |
| CZ | 4 | 2,748,408 | SC/GMC/SUP | 6.00 | FIX/Z | 31396LEA4 | (5) |
| TA(4) | 4 | 16,673,678(1) | NTL | (3) | T/IO | 31396LEB2 | (5) |
| TB(4) | 4 | 16,673,678(1) | NTL | (3) | T/IO | 31396LEC0 | (5) |
| XB(4) | 4 | 16,673,678(1) | NTL | (3) | T/IO | 31396LED8 | (5) |
| XC(4) | 4 | 16,673,678(1) | NTL | (3) | T/IO | 31396LEE6 | (5) |
| PO(4) | 4 | 16,673,678 | SC/GMC/SUP/AD | (6) | PO | 31396LEF3 | (5) |
| ZC | 4 | 75,688 | SC/GMC/SUP | 6.00 | FIX/Z | 31396LEG1 | (5) |
| R | | 0 | NPR | 0 | NPR | 31396LEH9 | October 2036 |
| RL | | 0 | NPR | 0 | NPR | 31396LEJ5 | October 2036 |

- (1) Notional balances. These classes are interest only classes. See page S-10 for a description of how their notional balances are calculated.
- (2) Based on LIBOR.
- (3) These classes are toggle classes. See pages S-7 through S-9 for a description of their interest rates.
- (4) Exchangeable classes.
- (5) The guaranteed maturity date of each Group 4 Class is the distribution date in June 2016. For a description of the guaranteed maturity date, see footnote † on page S-21.
- (6) Principal only class.

If you own certificates of certain classes, you can exchange them for the corresponding RCR certificates to be issued at the time of the exchange. The SC, FE, MA, ME, MJ, CB, IO, MX, TJ, XJ, TK, XK, TL, XL, TM, XM and P 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 September 29, 2006.

Carefully consider the risk factors starting on page S-12 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 January 1, 2006 (the “MBS Prospectus”);
- if you are purchasing any Group 2, 3, or 4 Class or the R or RL Class, the disclosure documents relating to the applicable underlying REMIC certificates (the “Underlying REMIC Disclosure Documents”); and
- any information incorporated by reference in this prospectus supplement as discussed below under the heading “Incorporation by Reference.”

You can obtain copies of the Disclosure Documents by writing or calling us at:

Fannie Mae
MBS Helpline
3900 Wisconsin Avenue, N.W., Area 2H-3S
Washington, D.C. 20016
(telephone 1-800-237-8627).

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

You also can obtain copies of the REMIC Prospectus and the MBS Prospectus by writing or calling the dealer at:

UBS Securities LLC
Prospectus Department
1000 Harbor Boulevard
Weehawken, New Jersey 07086
(telephone 201-352-6858).

INCORPORATION BY REFERENCE

In this prospectus supplement, we are incorporating by reference the MBS Prospectus 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, 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. 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

Our safety and soundness regulator, the Office of Federal Housing Enterprise Oversight (“OFHEO”), announced in July 2003 that it was conducting a special examination of our accounting policies and practices, and in September 2004 issued a preliminary report of its findings to date. OFHEO subsequently identified additional accounting and internal control issues in February 2005, and issued its Report of the Special Examination of Fannie Mae (the “OFHEO Report”) on May 23, 2006.

On December 22, 2004, we reported that the Audit Committee of our Board of Directors (the “Board”) had determined that our previously filed interim and audited financial statements and the independent auditor’s reports thereon for the period from January 2001 through the second quarter of 2004 should no longer be relied upon because such financial statements were prepared using accounting principles that did not comply with U.S. generally accepted accounting principles (“GAAP”). We have subsequently initiated an extensive restatement and re-audit of our financial statements with our new independent auditor, Deloitte & Touche LLP. We anticipate that the impact of the restatement will be material to Fannie Mae’s financial statements for many, if not all, of the periods involved.

Our Board and management have initiated numerous internal and external reviews of our accounting processes and controls, our financial reporting processes, and our application of GAAP. See “Risk Factors—There are numerous ongoing internal reviews and external investigations of Fannie Mae” in the MBS Prospectus. One of these external investigations was conducted by the law firm of Paul, Weiss, Rifkind, Wharton & Garrison LLP (“Paul Weiss”), under the direction of former U.S. Senator Warren Rudman. On February 23, 2006, the Paul Weiss report to the Special Committee of the Board was publicly released, and included numerous findings about Fannie Mae’s accounting policies, practices and systems, compensation practices, corporate governance, and internal controls. On February 24, 2006, we filed a Form 8-K with the U.S. Securities and Exchange Commission (the “SEC”) that includes the Paul Weiss report.

The OFHEO Report presents OFHEO's findings about Fannie Mae's corporate culture, executive compensation programs, accounting policies and internal controls, internal and external auditors, senior management, and the Board. In conjunction with the release of the OFHEO Report, Fannie Mae entered into settlement agreements with both OFHEO and the SEC on May 23, 2006. The settlement agreements require Fannie Mae to pay civil penalties totaling \$400 million. In addition, the settlement agreement with OFHEO requires Fannie Mae to undertake certain remedial actions within a specified time frame to address the recommendations contained in the OFHEO Report, including an undertaking by Fannie Mae not to increase its "mortgage portfolio" assets except as permitted by a plan to be submitted by Fannie Mae for approval by OFHEO. The settlement agreements constitute comprehensive settlements between Fannie Mae and both OFHEO and the SEC relating to the activities of Fannie Mae during the time period in question. Please refer to our Form 8-K filed with the SEC on May 30, 2006 for further information about the OFHEO Report and the settlement agreements. A complete copy of the OFHEO Report is available on OFHEO's website at www.ofheo.gov.

On July 20, 2006, the Federal Reserve Board implemented revisions to its payment systems risk policy requiring all government sponsored enterprises, including Fannie Mae, to fully fund their accounts with the Federal Reserve Banks before making payments to debt and mortgage-backed securities investors. Fannie Mae complied with this policy by entering into various funding agreements with market participants. In connection with this policy change, Fannie Mae also entered into a new fiscal agency agreement with the Federal Reserve Bank of New York.

On August 24, 2006, we announced that we had been advised by the United States Attorney's Office for the District of Columbia that it was discontinuing its investigation of Fannie Mae's accounting policies and practices, and did not plan to file charges against Fannie Mae. Please refer to our Form 8-K filed with the SEC on August 24, 2006 for further information.

We have not filed Quarterly Reports on Form 10-Q for the third quarter of 2004, the first, second and third quarters of 2005, or the first and second quarters of 2006, nor have we filed our Annual Reports on Form 10-K for the years ended December 31, 2004 and December 31, 2005. As we most recently reported in the Current Report on Form 8-K filed with the SEC on August 9, 2006, we currently estimate that we will complete our financial restatement and file our Annual Report on Form 10-K for the year ended December 31, 2004 by the end of 2006. See "Risk Factors—There is a lack of financial information about us available in the market" in the MBS Prospectus.

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

REFERENCE SHEET

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

Assets Underlying Each Group of Classes

| <u>Group</u> | <u>Assets</u> |
|--------------|------------------------------------|
| 1 | Group 1 MBS |
| 2 | Class 2006-3-SG REMIC Certificate |
| 3 | Class 2005-87-FE REMIC Certificate |
| 4 | Class 2006-B1-AB REMIC Certificate |

Assumed Characteristics of the Mortgage Loans Underlying the Group 1 MBS (as of September 1, 2006)

| <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> |
|--|--|--|--|--|
| \$78,000,000 | 360 | 292 | 58 | 7.008% |

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

Characteristics of the Underlying REMIC Certificates

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

Class Factors

The class factors are numbers that, when multiplied by the initial principal balance of a certificate, can be used to calculate the current principal balance of that certificate (after taking into account principal payments in the same month). We publish the class factors on or shortly after the 11th day of each month.

Settlement Date

We expect to issue the certificates on September 29, 2006.

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:

Fed Book-Entry

All classes of certificates other
than the R and RL Classes

Physical

R and RL Classes

Exchanging Certificates Through Combination and Recombination

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

Interest Rates

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

During the initial interest accrual period, the floating rate, inverse floating rate and toggle classes will bear interest at the initial interest rates listed below, except that the initial interest rates listed for the FT, ST, TS, SD, FA, MT, SC and FE Classes are assumed rates. During subsequent interest accrual periods, the floating rate, inverse floating rate and toggle classes will bear interest based on the formulas indicated below, but always subject to the specified maximum and minimum interest rates:

| <u>Class</u> | <u>Initial Interest Rate</u> | <u>Maximum Interest Rate</u> | <u>Minimum Interest Rate</u> | <u>Formula for Calculation of Interest Rate (1)</u> |
|--------------|--------------------------------------|----------------------------------|--------------------------------------|---|
| S | 1.27000% | 6.60000% | 0.00% | 6.6% – LIBOR |
| F | 5.73000% | 7.00000% | 0.40% | LIBOR + 40 basis points |
| SA | 3.17500% | 16.50000% | 0.00% | 16.5% – (2.5 × LIBOR) |
| FT | 7.08000% (2) | 7.75000% | 0.00% | (3) |
| ST | 1.63780% (2) | 18.94444% | 0.00% | (4) |
| TS | 8.00000% (2) | 8.00000% | 0.00% | 114.66667% – (17.777778 × LIBOR) |
| SD | 3.09501% (2) | 27.71653% | 0.00% | 27.71653% – (4.619422 × LIBOR) |
| FA | 5.73000% (2) | 7.00000% | 0.40% | LIBOR + 40 basis points |
| MT | 6.43000% (2) | 7.15000% | 0.00% | (5) |
| TA | 6.00000% | 6.00000% | 0.00% | (6) |
| TB | 0.00000% | 6.00000% | 0.00% | (7) |
| XB | 0.00000% | 6.00000% | 0.00% | (8) |
| XC | 0.00000% | 6.00000% | 0.00% | (9) |
| SC | 4.10666% (2) | 23.65000% | 0.00% | 23.65% – (3.666667 × LIBOR) |
| FE | 5.78000% (2) | 6.50000% | 0.45% | LIBOR + 45 basis points |
| TJ | 7.50000% | 7.50000% | 0.00% | (10) |
| XJ | 0.00000% | 30.00000% | 0.00% | (11) |
| TK | 8.00000% | 8.00000% | 0.00% | (12) |
| XK | 0.00000% | 24.00000% | 0.00% | (13) |
| TL | 7.50000% | 7.50000% | 0.00% | (14) |
| XL | 0.00000% | 30.00000% | 0.00% | (15) |
| TM | 7.00000% | 7.00000% | 0.00% | (16) |

| <u>Class</u> | <u>Initial Interest Rate</u> | <u>Maximum Interest Rate</u> | <u>Minimum Interest Rate</u> | <u>Formula for Calculation of Interest Rate (1)</u> |
|--|------------------------------|-----------------------------------|------------------------------|---|
| XM | 0.00000% | 42.00000% | 0.00% | (17) |
| (1) We will establish LIBOR on the basis of the “BBA Method.” | | | | |
| (2) Assumed initial interest rate. We will calculate the actual initial interest rate for this class on September 21, 2006 using the applicable formula. | | | | |
| (3) The applicable interest rate for the FT Class during each interest accrual period will be determined as follows: | | | | |
| <u>If LIBOR is:</u> | | <u>Applicable Rate or Formula</u> | | |
| Less than 6.75% | | LIBOR + 175 basis points | | |
| Greater than or equal to 6.75% | | 0.00% | | |
| (4) The applicable interest rate for the ST Class during each interest accrual period will be determined as follows: | | | | |
| <u>If LIBOR is:</u> | | <u>Applicable Rate or Formula</u> | | |
| Less than 6.75% | | 14.66667% – (2.44444 × LIBOR) | | |
| Greater than or equal to 6.75% | | 18.94444% | | |
| (5) The applicable interest rate for the MT Class during each interest accrual period will be determined as follows: | | | | |
| <u>If LIBOR is:</u> | | <u>Applicable Formula</u> | | |
| Less than or equal to 6.05% | | LIBOR + 110 basis points | | |
| Greater than 6.05% | | 85.8% – (13 × LIBOR) | | |
| (6) The applicable interest rate for the TA Class during each interest accrual period will be determined as follows: | | | | |
| <u>If LIBOR is:</u> | | <u>Applicable Rate</u> | | |
| Less than or equal to 6.50% | | 6.00% | | |
| Greater than 6.50% | | 0.00% | | |
| (7) The applicable interest rate for the TB Class during each interest accrual period will be determined as follows: | | | | |
| <u>If LIBOR is:</u> | | <u>Applicable Rate or Formula</u> | | |
| Less than or equal to 6.50% | | 0.00% | | |
| Greater than 6.50% and less than or equal to 7.00% | | 84% – (12 × LIBOR) | | |
| Greater than 7.00% | | 0.00% | | |
| (8) The applicable interest rate for the XB Class during each interest accrual period will be determined as follows: | | | | |
| <u>If LIBOR is:</u> | | <u>Applicable Rate or Formula</u> | | |
| Less than or equal to 6.50% | | 0.00% | | |
| Greater than 6.50% and less than or equal to 7.00% | | (12 × LIBOR) – 78% | | |
| Greater than 7.00% | | 0.00% | | |
| (9) The applicable interest rate for the XC Class during each interest accrual period will be determined as follows: | | | | |
| <u>If LIBOR is:</u> | | <u>Applicable Rate</u> | | |
| Less than or equal to 7.00% | | 0.00% | | |
| Greater than 7.00% | | 6.00% | | |
| (10) The applicable interest rate for the TJ Class during each interest accrual period will be determined as follows: | | | | |
| <u>If LIBOR is:</u> | | <u>Applicable Rate</u> | | |
| Less than or equal to 6.50% | | 7.50% | | |
| Greater than 6.50% | | 0.00% | | |

(11) The applicable interest rate for the XJ Class during each interest accrual period will be determined as follows:

| <u>If LIBOR is:</u> | <u>Applicable Rate</u> |
|-----------------------------|------------------------|
| Less than or equal to 6.50% | 0.00% |
| Greater than 6.50% | 30.00% |

(12) The applicable interest rate for the TK Class during each interest accrual period will be determined as follows:

| <u>If LIBOR is:</u> | <u>Applicable Rate</u> |
|-----------------------------|------------------------|
| Less than or equal to 6.50% | 8.00% |
| Greater than 6.50% | 0.00% |

(13) The applicable interest rate for the XK Class during each interest accrual period will be determined as follows:

| <u>If LIBOR is:</u> | <u>Applicable Rate</u> |
|-----------------------------|------------------------|
| Less than or equal to 6.50% | 0.00% |
| Greater than 6.50% | 24.00% |

(14) The applicable interest rate for the TL Class during each interest accrual period will be determined as follows:

| <u>If LIBOR is:</u> | <u>Applicable Rate</u> |
|-----------------------------|------------------------|
| Less than or equal to 7.00% | 7.50% |
| Greater than 7.00% | 0.00% |

(15) The applicable interest rate for the XL Class during each interest accrual period will be determined as follows:

| <u>If LIBOR is:</u> | <u>Applicable Rate</u> |
|-----------------------------|------------------------|
| Less than or equal to 7.00% | 0.00% |
| Greater than 7.00% | 30.00% |

(16) The applicable interest rate for the TM Class during each interest accrual period will be determined as follows:

| <u>If LIBOR is:</u> | <u>Applicable Rate</u> |
|-----------------------------|------------------------|
| Less than or equal to 7.00% | 7.00% |
| Greater than 7.00% | 0.00% |

(17) The applicable interest rate for the XM Class during each interest accrual period will be determined as follows:

| <u>If LIBOR is:</u> | <u>Applicable Rate</u> |
|-----------------------------|------------------------|
| Less than or equal to 7.00% | 0.00% |
| Greater than 7.00% | 42.00% |

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> | |
|--------------|-------------------------------|
| S | 80.7692312472% of the F Class |
| IA | 4.1666666667% of the MB Class |
| IE | 4.1666666667% of the MG Class |
| IJ | 4.1666666667% of the ML Class |
| IO | 100% of the PO Class |
| TB | 100% of the PO Class |
| XB | 100% of the PO Class |
| XC | 100% of the PO Class |
| TA | 100% of the PO Class |

Distributions of Principal

Group 1 Principal Distribution Amount

To the F and SA Classes, pro rata, to zero.

Group 2 Principal Distribution Amount

ZM Accrual Amount

To the FT and ST Classes, pro rata, to zero, and thereafter to the ZM Class.

Group 2 Cash Flow Distribution Amount

(a) 54.5454545455% of such amount in the following priority:

first, to the JA Class to zero;

second, to the FT and ST Classes, pro rata, to zero; and

third, to the ZM Class to zero, and

(b) 45.4545454545% of such amount to the TS and SD Classes, pro rata, to zero.

Group 3 Principal Distribution Amount

To the FA and MT Classes, pro rata, to zero.

Group 4 Principal Distribution Amount

ZC Accrual Amount

To the PO Class to zero, and thereafter to the ZC Class.

CZ Accrual Amount

To the ML Class to zero, and thereafter to the CZ Class.

Group 4 Cash Flow Distribution Amount

1. To the Aggregate Group to its Planned Balance.

2. To the ML Class to its Planned Balance.

3. To the CZ, PO and ZC Classes, in that order, to zero.

4. To the ML Class to zero.

5. To the Aggregate Group to zero.

For a description of the Aggregate Group, see “Description of the Certificates—Distributions of Principal—*Group 4 Principal Distribution Amount*” in this prospectus supplement.

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

Weighted Average Lives (years) *

| | | PSA Prepayment Assumption | | | | | |
|---|--|---------------------------|-------------|-------------|-------------|-------------|-------------|
| <u>Group 1 Classes</u> | | <u>0%</u> | <u>100%</u> | <u>230%</u> | <u>350%</u> | <u>500%</u> | |
| S, F and SA | | 21.1 | 9.4 | 5.6 | 3.9 | 2.7 | |
| | | PSA Prepayment Assumption | | | | | |
| <u>Group 2 Classes</u> | | <u>0%</u> | <u>100%</u> | <u>173%</u> | <u>350%</u> | <u>500%</u> | |
| JA | | 25.9 | 14.0 | 2.3 | 0.3 | 0.2 | |
| FT and ST | | 27.7 | 19.3 | 12.9 | 1.7 | 0.9 | |
| ZM | | 28.7 | 23.3 | 19.3 | 3.1 | 1.4 | |
| TS, SD and SC | | 27.1 | 17.6 | 9.5 | 1.3 | 0.7 | |
| | | PSA Prepayment Assumption | | | | | |
| <u>Group 3 Classes</u> | | <u>0%</u> | <u>100%</u> | <u>210%</u> | <u>350%</u> | <u>500%</u> | |
| FA, MT and FE | | 19.9 | 9.7 | 6.1 | 3.9 | 2.7 | |
| | | PSA Prepayment Assumption | | | | | |
| <u>Group 4 Classes</u> | | <u>0%</u> | <u>100%</u> | <u>175%</u> | <u>210%</u> | <u>250%</u> | <u>500%</u> |
| IA, MB and MA | | 8.4 | 3.0 | 3.0 | 3.0 | 3.0 | 2.1 |
| IE, MG and ME | | 9.7 | 6.7 | 6.7 | 6.7 | 6.7 | 3.6 |
| IJ, ML and MJ | | 9.4 | 8.8 | 3.0 | 3.0 | 3.0 | 1.4 |
| CZ | | 9.7 | 9.7 | 7.8 | 0.8 | 0.4 | 0.1 |
| TA, TB, XB, XC, PO, CB, IO, TJ, XJ, TK, XK, TL, XL, TM and XM | | 9.7 | 9.7 | 9.0 | 6.1 | 2.7 | 0.7 |
| ZC | | 9.7 | 9.7 | 9.7 | 8.8 | 6.6 | 1.2 |
| MX and P | | 8.6 | 3.8 | 3.8 | 3.8 | 3.8 | 2.4 |

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

In particular, as described in the related underlying disclosure document, principal payments on the Group 2 Underlying REMIC Certificate are governed by a principal balance schedule. As a result, the Group 2 Underlying REMIC 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 REMIC 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 REMIC Certificate has adhered to the principal balance schedule,
- any related support classes remain outstanding, or
- the Group 2 Underlying REMIC Certificate otherwise has performed as originally anticipated.

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

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

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

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

Hurricanes in the Gulf Coast region may present risk of increased mortgage loan prepayments. In August and September 2005, Hurricane Katrina and Hurricane Rita resulted in catastrophic damage to the Gulf Coast of the United States, including portions of coastal and inland Alabama, Florida, Louisiana, Mississippi and Texas. Hundreds of thousands of people were displaced and interruptions in the regional economy remain significant. A prolonged economic downturn in the Gulf Coast region could lead to increased borrower defaults on mortgage loans in the affected areas, in turn resulting in early payments of principal of the certificates backed by those mortgage loans. Additionally, casualty losses on mortgage properties with hurricane or flood damage may result in early payments of principal of the related certificates.

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

Weighted average lives and yields on the certificates are affected by actual characteristics of the underlying mortgage loans. We have assumed that the mortgage loans underlying the Group 1 MBS have certain characteristics.

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

Level of floating rate index affects yields on certain certificates. The yield on any floating rate, inverse floating rate or toggle 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.

Slight changes in LIBOR may significantly affect the interest rates of the toggle class. The toggle class may be extremely sensitive to certain changes in monthly LIBOR values. In particular, it may experience dramatic declines in its interest rate and yield as a result of certain changes in LIBOR, even if those changes are slight. For an illustration of this sensitivity, see the related yield table in this prospectus supplement.

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 (or guaranteed maturity date in the case of the Group 4 Classes) listed on the cover page of this prospectus supplement. If you assume that the actual final payment will occur on the final distribution date (or guaranteed maturity date in the case of the Group 4 Classes) 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.

Additional Risk Factors Relating to the Group 4 Classes

You will bear any market risk associated with the Group 4 Classes. If in the future interest rates are lower than the level prevailing at the time you purchase the certificates of any Group 4 Class, the market value of your certificates may be less than it would be if the guaranteed maturity date of the Group 4 Classes had not been set to occur in June 2016.

Any failure by Fannie Mae to perform its obligations under the forward purchase contract described in the related underlying REMIC disclosure document would have an adverse effect on the Group 4 Classes. If we were unable to perform our obligations under the forward

purchase contract described in the related underlying REMIC disclosure document to pay the outstanding principal balance of the Group 4 Underlying REMIC Certificate on its guaranteed maturity date, the Lower Tier REMIC, as holder of the Group 4 Underlying REMIC Certificate, and therefore the holders of the Group 4 Certificates, would continue to receive all payments of interest and principal that are allocable to the class that backs the Group 4 Underlying REMIC Certificate, but would lose any economic benefit deriving from the guaranteed maturity date of the Group 4 Underlying REMIC Certificate having been set earlier than the final distribution date of the class backing the Group 4 Underlying REMIC Certificate.

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 September 1, 2006 and a supplement thereto dated as of September 1, 2006 (the “Issue Date”). We will issue the Guaranteed REMIC Pass-Through Certificates (the “REMIC Certificates”) pursuant to that trust agreement and supplement. 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 September 1, 2006 and a supplement thereto dated as of the Issue Date (together with the trust agreement and supplement relating to the REMIC Certificates, the “Trust Agreement”). We will execute the Trust Agreement in our corporate capacity and as trustee (the “Trustee”). In general, the term “Classes” includes the Classes of REMIC Certificates and RCR Certificates.

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

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

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

The assets of the Lower Tier REMIC will consist of

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

The assets of the Underlying REMIC Trusts evidence direct or indirect beneficial ownership interests in certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (together with the Group 1 MBS, the “MBS”).

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

Fannie Mae Guaranty. We guarantee that the following amounts will be available for distribution to Certificateholders:

- required installments of principal and interest on the Certificates on time,
- the principal balance of each Group 4 Class no later than the Distribution Date occurring in June 2016 (the “Guaranteed Maturity Date”), and
- the principal balance of each other 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 the following amounts will be available for distribution to each holder of an MBS:

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

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

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, Inverse Floating Rate and Toggle 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).

On the Guaranteed Maturity Date of each Group 4 Class, the class factor for that Class will be zero.

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 Underlying REMIC Certificates. Holders of the Underlying REMIC Certificates may be asked to vote on issues arising under the related trust agreements. If so, the Trustee will vote the Underlying REMIC Certificates as instructed by Holders of Certificates of the related Classes. The Trustee must receive instructions from Holders of Certificates having principal balances totaling at least 51% of the aggregate principal balance of the related Classes.

Combination and Recombination

General. You are permitted to exchange all or a portion of the TS, SD, FA, MT, IA, MB, IE, MG, IJ, ML, TA, TB, XB, XC and PO 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 Group 1 MBS

The following table contains certain information about the Group 1 MBS. The Group 1 MBS will have the aggregate unpaid principal balance and Pass-Through Rate shown below and the general characteristics described in the MBS Prospectus. The Group 1 MBS provide that principal and interest on the related Mortgage Loans are passed through monthly. The Mortgage Loans underlying the Group 1 MBS are conventional, fixed-rate, fully-amortizing mortgage loans secured by first mortgages or deeds of trust on single-family residential properties. These Mortgage Loans have original maturities of up to 30 years. See “The Mortgage Pools” and “Yield, Maturity, and Prepayment Considerations” in the MBS Prospectus.

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

| | |
|---|--------------------------|
| Aggregate Unpaid Principal Balance | \$78,000,000 |
| MBS Pass-Through Rate | 6.50% |
| Range of WACs (annual percentages) | 6.75% to 9.00% |
| Range of WAMs | 190 months to 360 months |
| Approximate Weighted Average WAM | 292 months |
| Approximate Weighted Average WALA (weighted average loan age) | 58 months |

The Underlying REMIC Certificates

The Underlying REMIC Certificates represent beneficial ownership interests in the related Underlying REMIC Trusts. The assets of those trusts evidence direct or indirect beneficial ownership interests in certain MBS having the general characteristics set forth in the MBS Prospectus. Distributions on the Underlying REMIC Certificates will be passed through monthly, beginning in the month after we issue the Certificates. The general characteristics of the Underlying REMIC Certificates are described in the related Underlying REMIC Disclosure Documents. See Exhibit A for additional information about the Underlying REMIC Certificates.

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

For further information about the Underlying REMIC Certificates, telephone us at 1-800-237-8627. There may have been material changes in facts and circumstances since the dates we prepared the Underlying REMIC Disclosure Documents. These may include changes in prepayment speeds, prevailing interest rates and other economic factors. As a result, the usefulness of the information set forth in those documents may be limited.

Final Data Statement

After issuing the Certificates, we will prepare a Final Data Statement containing certain information, including the principal balances of the Underlying REMIC Certificates as of the Issue Date and, with respect to the Group 1 MBS, the Pool number, the current WAC (or original WAC, if the current WAC is not available) and the current WAM (or Adjusted WAM, if the current WAM is not available) of the Mortgage Loans underlying each of the Group 1 MBS as of the Issue Date. The Final Data Statement also will include the weighted averages of all the current or original WACs and the weighted averages of all the current or Adjusted WAMs, based on the current unpaid principal balances of the Mortgage Loans underlying each of the Group 1 MBS as of the Issue Date. You may obtain the Final Data Statement by telephoning us at 1-800-237-8627. In addition, the Final Data Statement is available on our corporate Web site at www.fanniemae.com.

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 | |
| Floating Rate | F |
| Inverse Floating Rate | S and SA |
| Interest Only | S |

| <u>Interest Type*</u> | <u>Classes</u> |
|----------------------------|--|
| Group 2 Classes | |
| Fixed Rate | JA and ZM |
| Inverse Floating Rate | TS and SD |
| Toggle† | FT and ST |
| Accrual | ZM |
| RCR** | SC |
| Group 3 Classes | |
| Floating Rate | FA |
| Toggle† | MT |
| RCR** | FE |
| Group 4 Classes | |
| Fixed Rate | IA, MB, IE, MG, IJ, ML, CZ and ZC |
| Toggle† | TA, TB, XB and XC |
| Accrual | CZ and ZC |
| Interest Only | IA, IE, IJ, TA, TB, XB and XC |
| Principal Only | PO |
| RCR** | MA, ME, MJ, CB, IO, MX, TJ, XJ, TK, XK, TL, XL, TM, XM and P |
| No Payment Residual | R and RL |

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

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

† The “Toggle” or “T” designation refers to a class whose interest rate changes significantly if the designated index meets one or more thresholds. For example, when the index meets a threshold, the interest rate may shift from a predetermined rate or formula to a different predetermined rate or formula. Accordingly, the change in interest rate may not be a continuous function of changes in the index.

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 Fixed Rate and Toggle Classes except the FT, ST and MT Classes (collectively, the “Delay Classes”) | Calendar month preceding the month in which the Distribution Date occurs |
| All Floating Rate and Inverse Floating Rate Classes and the FT, ST and MT 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 Principal Only Class as a Delay Class, for the sole purpose of facilitating trading.

Accrual Classes. The ZM, CZ and ZC Classes are Accrual Classes. Interest will accrue on the Accrual Classes at the applicable annual rates specified on the cover or described in 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.

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

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

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

Calculation of LIBOR

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

If we are unable to calculate LIBOR on the initial Index Determination Date, LIBOR for the following Interest Accrual Period will be equal to 5.33%.

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 | |
| Pass-Through | F and SA |
| Notional | S |

| <u>Principal Type*</u> | <u>Classes</u> |
|--------------------------------------|---|
| Group 2 Classes | |
| Structured Collateral/Pass-Through | TS and SD |
| Structured Collateral/Sequential Pay | JA, FT, ST and ZM |
| Accretion Directed | FT and ST |
| RCR** | SC |
| Group 3 Classes | |
| Structured Collateral/Pass-Through | FA and MT |
| RCR** | FE |
| Group 4 Classes | |
| Guaranteed Maturity† | MB, MG, ML, CZ, PO and ZC |
| Structured Collateral/PAC | MB, MG and ML |
| Structured Collateral/Support | CZ, PO and ZC |
| Accretion Directed | ML and PO |
| Notional | IA, IE, IJ, TA, TB, XB and XC |
| RCR** | MA, ME, MJ, CB, IO, MX, TJ, XJ, TK, XK, TL, XL, TM, XM and P |
| No Payment Residual | R and RL |

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

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

† The “Guaranteed Maturity” or “GMC” designation refers to a Class with a Guaranteed Maturity Date that is earlier than the latest date by which that Class would be retired if the Mortgage Loans underlying the related MBS were paid solely in accordance with their amortization schedules. We guarantee payment of any remaining principal balance of a GMC Class on its Guaranteed Maturity Date.

Principal Distribution Amount

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

- the principal then paid on the Group 1 MBS (the “Group 1 Principal Distribution Amount”),
- the principal then paid on the Group 2 Underlying REMIC Certificate (the “Group 2 Cash Flow Distribution Amount”) plus any interest accrued and added to the principal balance of the ZM Class (the “ZM Accrual Amount,” and together with the Group 2 Cash Flow Distribution Amount, the “Group 2 Principal Distribution Amount”),
- the principal then paid on the Group 3 Underlying REMIC Certificate (the “Group 3 Principal Distribution Amount”), and
- the principal then paid on the Group 4 Underlying REMIC Certificate (the “Group 4 Cash Flow Distribution Amount”) plus any interest then accrued and added to the principal balances of the CZ and ZC Classes (the “CZ Accrual Amount” and “ZC Accrual Amount,” respectively, and together with the Group 4 Cash Flow Distribution Amount, the “Group 4 Principal Distribution Amount”).

Group 1 Principal Distribution Amount

On each Distribution Date, we will pay the Group 1 Principal Distribution Amount, concurrently, to the F and SA Classes, pro rata (or 92.8571423077% and 7.1428576923%, respectively), until their principal balances are reduced to zero. } Pass-Through Classes

Group 2 Principal Distribution Amount

ZM Accrual Amount

On each Distribution Date, we will pay the ZM Accrual Amount, concurrently, as principal of the FT and ST Classes, pro rata (or 70.9677423933% and 29.0322576067%, respectively), until their principal balances are reduced to zero. Thereafter, we will pay the ZM Accrual Amount as principal of the ZM Class.

Accretion
Directed
Classes and
Accrual Class

Group 2 Cash Flow Distribution Amount

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

(a) 54.5454545455% of such amount in the following priority:

first, to the JA Class, until its principal balance is reduced to zero;

second, concurrently to the FT and ST Classes, pro rata, until their principal balances are reduced to zero; and

third, to the ZM Class, until its principal balance is reduced to zero, and

(b) 45.4545454545% of such amount, concurrently, to the TS and SD Classes, pro rata (or 20.6249976612% and 79.3750023388%, respectively), until their principal balances are reduced to zero.

Sequential
Pay Classes

Structured
Collateral

Pass-
Through
Classes

Group 3 Principal Distribution Amount

On each Distribution Date, we will pay the Group 3 Principal Distribution Amount, concurrently, as principal of the FA and MT Classes, pro rata (or 92.8571433651% and 7.1428566349%, respectively), until their principal balances are reduced to zero.

Structured
Collateral /
Pass-Through
Classes

Group 4 Principal Distribution Amount

ZC Accrual Amount

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

Accretion
Directed
Class and
Accrual Class

CZ Accrual Amount

On each Distribution Date, we will pay the CZ Accrual Amount as principal of the ML Class, without regard to its Planned Balance and until its principal balance is reduced to zero. Thereafter, we will pay the CZ Accrual Amount as principal of the CZ Class.

Accretion
Directed
Class and
Accrual Class

Group 4 Cash Flow Distribution Amount

On each Distribution Date, we will pay the Group 4 Cash Flow Distribution Amount as principal of the Group 4 Classes in the following priority:

- | | | |
|---|-----------------------|-------------------------|
| (i) to the Aggregate Group (described below), until the Aggregate Balance (described below) is reduced to its Planned Balance for that Distribution Date; | } PAC Group and Class | } Structured Collateral |
| (ii) to the ML Class, until its principal balance is reduced to its Planned Balance for that Distribution Date; | | |
| (iii) sequentially, to the CZ, PO and ZC Classes, in that order, until their principal balances are reduced to zero; | } Support Classes | |
| (iv) to the ML Class, without regard to its Planned Balance and until its principal balance is reduced to zero; and | } PAC Class and Group | |
| (v) to the Aggregate Group, without regard to its Planned Balance and until the Aggregate Balance is reduced to zero, | | |

The “Aggregate Group” consists of the MB and MG Classes. On each Distribution Date, we will apply payments of principal of the Aggregate Group, sequentially, to the MB and MG Classes, in that order, until their principal balances are reduced to zero.

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

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 Underlying REMIC Certificates, the priority sequences affecting principal payments on the Underlying REMIC Certificates, and the following assumptions (such characteristics and assumptions, collectively, the “Pricing Assumptions”):

- the Mortgage Loans underlying the Group 1 MBS have the original terms to maturity, remaining term to maturity, WALA and interest rate specified under “Reference Sheet—Assumed Characteristics of the Mortgage Loans Underlying the Group 1 MBS” in this prospectus supplement;
- the Mortgage Loans prepay at the constant percentages of PSA specified in the related tables;
- the settlement date for the sale of the Certificates is September 29, 2006;
- each Distribution Date occurs on the 25th day of a month; and
- the Guaranteed Maturity Date of each Group 4 Class is June 25, 2016.

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.

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

| <u>Principal Balance Schedule References</u> | <u>Related Group (1) and Class</u> | <u>Structuring Ranges</u> |
|--|------------------------------------|---------------------------|
| Planned Balances | Aggregate Group | Between 100% and 250% PSA |
| Planned Balances | ML Class | Between 175% and 250% PSA |

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

We cannot assure you that the balance of the Group or Class listed above will conform on any Distribution Date to the specified balance in the Principal Balance Schedules. As a result, we cannot assure you that payments of principal of the Group or Class listed above will begin or end on the Distribution Dates specified in the Principal Balance Schedules. We will distribute any excess of principal payments over the amount needed to reduce a Group or Class to its scheduled balance on a Distribution Date. Accordingly, the ability to reduce a Group or Class to its scheduled balance will not be improved by the averaging of high and low principal payments from month to month. In addition, even if the related Mortgage Loans prepay at rates falling within the applicable Structuring Ranges, principal distributions may be insufficient to reduce the applicable Group and Class to their scheduled balances if the prepayments do not occur at a *constant* PSA rate. Moreover, because of the diverse remaining terms to maturity of the related Mortgage Loans, which may include recently originated Mortgage Loans, the Group and Class specified above may not be reduced to their scheduled balances, even if prepayments occur at a *constant* rate within the applicable Structuring Ranges specified above.

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

| <u>Group and Class</u> | <u>Initial Effective Ranges</u> |
|------------------------|---------------------------------|
| Aggregate Group | Between 100% and 250% PSA |
| ML Class | Between 173% and 250% PSA |

The actual Effective Ranges at any time will be based upon the actual characteristics of the related Mortgage Loans at that time, which are likely to vary (and may vary considerably) from the Pricing Assumptions. The actual Effective Ranges calculated on the basis of the actual characteristics are likely to differ from the Initial Effective Ranges. As a result, the applicable Group and Class might not be reduced to their scheduled balances even if prepayments were to occur at a *constant* PSA rate within the Initial Effective Ranges. This is so particularly if the rate were at the lower or higher end of this range. In addition, even if prepayments occur at rates falling within the actual Effective Ranges, principal distributions may be insufficient to reduce the applicable Group and Class to their scheduled balances if such prepayments do not occur at a *constant* PSA rate. It is highly unlikely that the related Mortgage Loans will prepay at any *constant* PSA rate. In general, the actual Effective Ranges may narrow, widen or shift upward or downward to reflect actual prepayment experience over time.

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

| <u>Classes</u> | <u>Supporting Classes</u> |
|-----------------|---------------------------|
| Group 4 | |
| Aggregate Group | ML and Support |
| ML | Support |

When the supporting Classes are retired, the Classes they support, if still outstanding, may no longer have Effective Ranges and will be more sensitive to prepayments.

Yield Tables

General. The tables below illustrate the sensitivity of the pre-tax corporate bond equivalent yields to maturity of the applicable Classes to various constant percentages of PSA and, where specified, to changes in the Index. We calculated the yields set forth in the tables by

- determining the monthly discount rates that, when applied to the assumed streams of cash flows to be paid on the applicable Classes, would cause the discounted present values of the assumed streams of cash flows to equal the assumed aggregate purchase prices of those Classes, and
- converting the monthly rates to corporate bond equivalent rates.

These calculations do not take into account variations in the interest rates at which you could reinvest distributions on the Certificates. Accordingly, these calculations do not illustrate the return on any investment in the Certificates when reinvestment rates are taken into account.

We cannot assure you that

- the pre-tax yields on the applicable Certificates will correspond to any of the pre-tax yields shown here, or
- the aggregate purchase prices of the applicable Certificates will be as assumed.

In addition, it is unlikely that the Index will correspond to the levels shown here. Furthermore, because some of the Mortgage Loans are likely to have remaining terms to maturity shorter or longer than those assumed and interest rates higher or lower than those assumed, the principal payments on the Certificates are likely to differ from those assumed. This would be the case even if all Mortgage Loans prepay at the indicated constant percentages of PSA. Moreover, it is unlikely that

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

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

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

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

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

| <u>Class</u> | <u>Price*</u> |
|--------------|---------------|
| S | 4.500% |
| SA | 88.500% |
| FT | 100.000% |
| ST | 94.500% |
| TS | 100.000% |
| SD | 82.000% |
| MT | 97.500% |
| TA | 18.625% |
| TB | 2.000% |
| XB | 2.000% |
| XC | 2.000% |
| SC | 85.500% |
| TJ | 98.000% |
| XJ | 105.000% |
| TK | 99.500% |
| XK | 99.000% |
| TL | 103.000% |
| XL | 99.500% |
| TM | 101.500% |
| XM | 89.000% |

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

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

| <u>LIBOR</u> | <u>PSA Prepayment Assumption</u> | | | | |
|--------------|----------------------------------|-------------|-------------|-------------|-------------|
| | <u>50%</u> | <u>100%</u> | <u>230%</u> | <u>350%</u> | <u>500%</u> |
| 1.33% | 132.0% | 127.2% | 114.2% | 101.8% | 85.3% |
| 3.33% | 75.3% | 71.2% | 60.3% | 49.7% | 35.7% |
| 5.33% | 24.0% | 20.6% | 11.4% | 2.6% | (9.1)% |
| 6.60% | * | * | * | * | * |

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

**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>230%</u> | <u>350%</u> | <u>500%</u> |
| 1.33% | 16.0% | 16.3% | 17.4% | 18.5% | 20.1% |
| 3.33% | 10.2% | 10.6% | 11.6% | 12.7% | 14.3% |
| 5.33% | 4.6% | 4.9% | 5.9% | 7.0% | 8.6% |
| 6.60% | 1.1% | 1.4% | 2.3% | 3.4% | 5.0% |

**Sensitivity of the FT 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>173%</u> | <u>350%</u> | <u>500%</u> |
| 1.330% | 3.1% | 3.1% | 3.1% | 3.3% | 3.4% |
| 3.330% | 5.1% | 5.1% | 5.1% | 5.2% | 5.3% |
| 5.330% | 7.2% | 7.2% | 7.2% | 7.2% | 7.2% |
| 6.000% | 7.9% | 7.9% | 7.9% | 7.8% | 7.8% |
| 6.375% | 7.9% | 7.9% | 7.9% | 7.8% | 7.8% |
| 6.750% and above | 0.0% | 0.0% | 0.0% | 0.3% | 0.6% |

**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>173%</u> | <u>350%</u> | <u>500%</u> |
| 1.330% | 12.3% | 12.4% | 12.5% | 15.1% | 17.8% |
| 3.330% | 7.1% | 7.1% | 7.3% | 10.0% | 12.9% |
| 5.330% | 1.9% | 2.0% | 2.1% | 5.0% | 8.1% |
| 6.000% | 0.3% | 0.3% | 0.4% | 3.4% | 6.5% |
| 6.375% | 0.3% | 0.3% | 0.4% | 3.4% | 6.5% |
| 6.750% and above | 20.6% | 20.6% | 20.7% | 23.0% | 25.5% |

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

| <u>LIBOR</u> | <u>PSA Prepayment Assumption</u> | | | | |
|------------------------|----------------------------------|-------------|-------------|-------------|-------------|
| | <u>50%</u> | <u>100%</u> | <u>173%</u> | <u>350%</u> | <u>500%</u> |
| 6.000% and below | 8.1% | 8.1% | 8.1% | 8.1% | 8.1% |
| 6.225% | 4.1% | 4.1% | 4.1% | 4.3% | 4.5% |
| 6.450% | 0.0% | 0.0% | 0.1% | 0.5% | 0.8% |

**Sensitivity of the SD 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>173%</u> | <u>350%</u> | <u>500%</u> |
| 1.33% | 27.4% | 27.4% | 29.1% | 43.6% | 58.3% |
| 3.33% | 15.5% | 15.7% | 17.2% | 32.0% | 47.0% |
| 5.33% | 4.4% | 4.6% | 5.8% | 20.8% | 36.0% |
| 6.00% and above | 1.0% | 1.2% | 2.2% | 17.2% | 32.4% |

**Sensitivity of the MT 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>210%</u> | <u>350%</u> | <u>500%</u> |
| 1.33% | 2.7% | 2.8% | 3.0% | 3.3% | 3.6% |
| 3.33% | 4.8% | 4.9% | 5.0% | 5.3% | 5.6% |
| 5.33% | 6.9% | 6.9% | 7.1% | 7.4% | 7.7% |
| 6.05% | 7.6% | 7.7% | 7.8% | 8.1% | 8.4% |
| 6.33% | 3.8% | 3.9% | 4.1% | 4.4% | 4.7% |
| 6.60% | 0.2% | 0.3% | 0.5% | 0.8% | 1.1% |

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

| <u>LIBOR</u> | <u>PSA Prepayment Assumption</u> | | | | | |
|----------------------|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| | <u>50%</u> | <u>100%</u> | <u>175%</u> | <u>210%</u> | <u>250%</u> | <u>500%</u> |
| 6.5% and below | 31.6% | 31.6% | 30.9% | 22.1% | (9.7)% | * |
| Above 6.5% | * | * | * | * | * | * |

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

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

| <u>LIBOR</u> | <u>PSA Prepayment Assumption</u> | | | | | |
|------------------------|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| | <u>50%</u> | <u>100%</u> | <u>175%</u> | <u>210%</u> | <u>250%</u> | <u>500%</u> |
| 6.500% and below | * | * | * | * | * | * |
| 6.501% | 431.7% | 431.7% | 431.7% | 429.9% | 415.7% | 209.4% |
| 6.600% | 323.7% | 323.7% | 323.7% | 321.1% | 305.4% | 113.6% |
| 7.000% and above | * | * | * | * | * | * |

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

**Sensitivity of the XB 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>175%</u> | <u>210%</u> | <u>250%</u> | <u>500%</u> |
| 6.500% and below | * | * | * | * | * | * |
| 6.501% | (39.6)% | (39.6)% | (42.9)% | (53.5)% | (97.9)% | * |
| 6.600% | 64.6% | 64.6% | 64.4% | 56.8% | 30.3% | * |
| 7.000% | 432.8% | 432.8% | 432.8% | 431.0% | 416.9% | 210.5% |
| Above 7.000% | * | * | * | * | * | * |

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

**Sensitivity of the XC 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>175%</u> | <u>210%</u> | <u>250%</u> | <u>500%</u> |
| 7.0% and below | * | * | * | * | * | * |
| Above 7.0% | 432.8% | 432.8% | 432.8% | 431.0% | 416.9% | 210.5% |

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

**Sensitivity of the SC 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>173%</u> | <u>350%</u> | <u>500%</u> |
| 1.33% | 22.7% | 22.8% | 24.0% | 35.2% | 46.4% |
| 3.33% | 13.8% | 13.9% | 15.1% | 26.5% | 38.0% |
| 5.33% | 5.3% | 5.5% | 6.4% | 18.0% | 29.7% |
| 6.45% | 0.8% | 0.9% | 1.7% | 13.4% | 25.2% |

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

| <u>LIBOR</u> | <u>PSA Prepayment Assumption</u> | | | | | |
|----------------------|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| | <u>50%</u> | <u>100%</u> | <u>175%</u> | <u>210%</u> | <u>250%</u> | <u>500%</u> |
| 6.5% and below | 7.8% | 7.8% | 7.9% | 8.0% | 8.3% | 9.9% |
| Above 6.5% | 0.2% | 0.2% | 0.2% | 0.3% | 0.8% | 3.0% |

**Sensitivity of the XJ 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>175%</u> | <u>210%</u> | <u>250%</u> | <u>500%</u> |
| 6.5% and below | (0.5)% | (0.5)% | (0.5)% | (0.8)% | (1.8)% | (6.8)% |
| Above 6.5% | 29.5% | 29.5% | 29.5% | 29.0% | 27.5% | 19.7% |

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

| <u>LIBOR</u> | <u>PSA Prepayment Assumption</u> | | | | | |
|----------------------|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| | <u>50%</u> | <u>100%</u> | <u>175%</u> | <u>210%</u> | <u>250%</u> | <u>500%</u> |
| 6.5% and below | 8.1% | 8.1% | 8.1% | 8.1% | 8.1% | 8.1% |
| Above 6.5% | 0.1% | 0.1% | 0.1% | 0.1% | 0.2% | 0.8% |

**Sensitivity of the XK 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>175%</u> | <u>210%</u> | <u>250%</u> | <u>500%</u> |
| 6.5% and below | 0.1% | 0.1% | 0.1% | 0.2% | 0.4% | 1.4% |
| Above 6.5% | 25.0% | 25.0% | 25.0% | 25.0% | 24.8% | 24.0% |

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

| <u>LIBOR</u> | <u>PSA Prepayment Assumption</u> | | | | | |
|----------------------|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| | <u>50%</u> | <u>100%</u> | <u>175%</u> | <u>210%</u> | <u>250%</u> | <u>500%</u> |
| 7.0% and below | 7.1% | 7.1% | 7.1% | 6.9% | 6.1% | 2.5% |
| Above 7.0% | (0.3)% | (0.3)% | (0.3)% | (0.5)% | (1.1)% | (4.1)% |

**Sensitivity of the XL 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>175%</u> | <u>210%</u> | <u>250%</u> | <u>500%</u> |
| 7.0% and below | 0.1% | 0.1% | 0.1% | 0.1% | 0.2% | 0.7% |
| Above 7.0% | 31.4% | 31.4% | 31.4% | 31.2% | 30.9% | 29.0% |

**Sensitivity of the TM 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>175%</u> | <u>210%</u> | <u>250%</u> | <u>500%</u> |
| 7.0% and below | 6.8% | 6.8% | 6.8% | 6.7% | 6.3% | 4.2% |
| Above 7.0% | (0.1)% | (0.1)% | (0.2)% | (0.2)% | (0.5)% | (2.1)% |

**Sensitivity of the XM 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>175%</u> | <u>210%</u> | <u>250%</u> | <u>500%</u> |
| 7.0% and below | 1.2% | 1.2% | 1.3% | 1.9% | 4.5% | 17.5% |
| Above 7.0% | 50.3% | 50.3% | 50.4% | 51.0% | 52.9% | 63.7% |

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

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

| <u>Class</u> | <u>% PSA</u> |
|--------------|--------------|
| IA | 486% PSA |
| IE | 442% PSA |
| IJ | 326% PSA |
| IO | 231% 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 the original principal balance) are as follows:

| <u>Class</u> | <u>Price*</u> |
|--------------|---------------|
| IA | 12.5% |
| IE | 24.0% |
| IJ | 12.5% |
| IO | 24.5% |

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

Sensitivity of the IA Class to Prepayments

| | <u>PSA Prepayment Assumption</u> | | | | | |
|--------------------------------|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| | <u>50%</u> | <u>100%</u> | <u>175%</u> | <u>210%</u> | <u>250%</u> | <u>500%</u> |
| Pre-Tax Yields to Maturity ... | 34.0% | 19.1% | 19.1% | 19.1% | 19.1% | (1.6)% |

Sensitivity of the IE Class to Prepayments

| | <u>PSA Prepayment Assumption</u> | | | | | |
|--------------------------------|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| | <u>50%</u> | <u>100%</u> | <u>175%</u> | <u>210%</u> | <u>250%</u> | <u>500%</u> |
| Pre-Tax Yields to Maturity ... | 22.4% | 16.8% | 16.8% | 16.8% | 16.8% | (6.0)% |

Sensitivity of the IJ Class to Prepayments

| | <u>PSA Prepayment Assumption</u> | | | | | |
|--------------------------------|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| | <u>50%</u> | <u>100%</u> | <u>175%</u> | <u>210%</u> | <u>250%</u> | <u>500%</u> |
| Pre-Tax Yields to Maturity ... | 49.7% | 49.4% | 18.1% | 18.1% | 18.1% | (45.8)% |

Sensitivity of the IO Class to Prepayments

| | <u>PSA Prepayment Assumption</u> | | | | | |
|--------------------------------|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| | <u>50%</u> | <u>100%</u> | <u>175%</u> | <u>210%</u> | <u>250%</u> | <u>500%</u> |
| Pre-Tax Yields to Maturity ... | 21.8% | 21.8% | 20.9% | 11.7% | (22.1)% | * |

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

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

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

| <u>Class</u> | <u>Price</u> |
|--------------|--------------|
| PO | 75.0% |

Sensitivity of the PO Class to Prepayments

| | <u>PSA Prepayment Assumption</u> | | | | | |
|--------------------------------|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| | <u>50%</u> | <u>100%</u> | <u>175%</u> | <u>210%</u> | <u>250%</u> | <u>500%</u> |
| Pre-Tax Yields to Maturity ... | 3.0% | 3.0% | 3.2% | 4.9% | 11.6% | 46.7% |

Weighted Average Lives of the Certificates

The weighted average life of a Certificate is determined by

- multiplying the amount of the reduction, if any, of the principal balance of the Certificate from one Distribution Date to the next Distribution Date by the number of years from the Settlement Date to the second such Distribution Date,
- summing the results, and
- dividing the sum by the aggregate amount of the reductions in principal balance of the Certificate referred to in clause (a).

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

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

- the timing of changes in the rate of principal payments,
- the priority sequences of payments of principal of the Group 2 and Group 4 Classes,
- in the case of the Group 4 Classes, the payment of principal of certain Classes in accordance with the Principal Balance Schedules, and
- in the case of the Group 2, Group 3 and Group 4 Classes, the priority sequences affecting principal payments on the related Underlying REMIC Certificates.

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

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

of how the weighted average lives of the Classes may be affected at various constant prepayment rates, see the Decrement Tables below.

Decrement Tables

The following tables indicate the percentages of original principal balances of the specified Classes that would be outstanding after each date shown at various constant PSA rates, and the corresponding weighted average lives of those Classes. The tables have been prepared on the basis of the Pricing Assumptions. However, in the case of the information set forth for each Class under 0% PSA, we assumed that the underlying Mortgage Loans have the original and remaining terms to maturity and bear interest at the annual rates specified in the table below.

| <u>Mortgage Loans Relating to Trust Assets Specified Below</u> | <u>Original Terms to Maturity</u> | <u>Remaining Terms to Maturity</u> | <u>Interest Rates</u> |
|--|---|--|---------------------------|
| Group 1 MBS | 360 months | 360 months | 9.00% |
| Group 2 Underlying REMIC Certificate | 360 months | 349 months | 8.00% |
| Group 3 Underlying REMIC Certificate | 360 months | 348 months | 8.50% |
| Group 4 Underlying REMIC Certificate | 360 months | 357 months | 8.50% |

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, even if the weighted average remaining term to maturity and the weighted average loan age of the Mortgage Loans are identical to the weighted averages specified in the Pricing Assumptions. This is the case because pools of loans with identical weighted averages are nonetheless likely to reflect differing dispersions of the related characteristics.

Percent of Original Principal Balances Outstanding

| Date | S†, F and SA Classes | | | | | JA Class | | | | | FT and ST Classes | | | | | ZM Class | | | | |
|---------------------------------|---------------------------|------|------|------|------|---------------------------|------|------|------|------|---------------------------|------|------|------|------|---------------------------|------|------|------|------|
| | PSA Prepayment Assumption | | | | | PSA Prepayment Assumption | | | | | PSA Prepayment Assumption | | | | | PSA Prepayment Assumption | | | | |
| | 0% | 100% | 230% | 350% | 500% | 0% | 100% | 173% | 350% | 500% | 0% | 100% | 173% | 350% | 500% | 0% | 100% | 173% | 350% | 500% |
| Initial Percent | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| September 2007 | 99 | 92 | 85 | 78 | 69 | 100 | 100 | 69 | 0 | 0 | 100 | 100 | 100 | 83 | 35 | 106 | 106 | 106 | 106 | 106 |
| September 2008 | 99 | 85 | 72 | 60 | 47 | 100 | 100 | 46 | 0 | 0 | 100 | 100 | 100 | 36 | 0 | 112 | 112 | 112 | 112 | 0 |
| September 2009 | 98 | 79 | 61 | 47 | 33 | 100 | 100 | 30 | 0 | 0 | 100 | 100 | 100 | 2 | 0 | 118 | 118 | 118 | 118 | 0 |
| September 2010 | 97 | 72 | 51 | 36 | 22 | 100 | 100 | 18 | 0 | 0 | 100 | 100 | 100 | 0 | 0 | 125 | 125 | 125 | 0 | 0 |
| September 2011 | 96 | 67 | 43 | 28 | 15 | 100 | 100 | 12 | 0 | 0 | 100 | 100 | 100 | 0 | 0 | 132 | 132 | 132 | 0 | 0 |
| September 2012 | 95 | 61 | 36 | 21 | 10 | 100 | 100 | 7 | 0 | 0 | 100 | 100 | 100 | 0 | 0 | 139 | 139 | 139 | 0 | 0 |
| September 2013 | 94 | 56 | 30 | 16 | 7 | 100 | 100 | 0 | 0 | 0 | 100 | 100 | 99 | 0 | 0 | 147 | 147 | 147 | 0 | 0 |
| September 2014 | 92 | 51 | 25 | 13 | 5 | 100 | 100 | 0 | 0 | 0 | 100 | 100 | 93 | 0 | 0 | 155 | 155 | 155 | 0 | 0 |
| September 2015 | 91 | 46 | 21 | 10 | 3 | 99 | 99 | 0 | 0 | 0 | 100 | 100 | 84 | 0 | 0 | 164 | 164 | 164 | 0 | 0 |
| September 2016 | 89 | 42 | 18 | 7 | 2 | 99 | 99 | 0 | 0 | 0 | 100 | 100 | 76 | 0 | 0 | 173 | 173 | 173 | 0 | 0 |
| September 2017 | 88 | 38 | 14 | 6 | 1 | 99 | 99 | 0 | 0 | 0 | 100 | 100 | 66 | 0 | 0 | 183 | 183 | 183 | 0 | 0 |
| September 2018 | 86 | 34 | 12 | 4 | 1 | 99 | 99 | 0 | 0 | 0 | 100 | 100 | 57 | 0 | 0 | 193 | 193 | 193 | 0 | 0 |
| September 2019 | 84 | 30 | 10 | 3 | 1 | 99 | 80 | 0 | 0 | 0 | 100 | 100 | 48 | 0 | 0 | 204 | 204 | 204 | 0 | 0 |
| September 2020 | 82 | 26 | 8 | 2 | * | 99 | 49 | 0 | 0 | 0 | 100 | 100 | 39 | 0 | 0 | 216 | 216 | 216 | 0 | 0 |
| September 2021 | 79 | 23 | 6 | 2 | * | 99 | 19 | 0 | 0 | 0 | 100 | 100 | 30 | 0 | 0 | 228 | 228 | 228 | 0 | 0 |
| September 2022 | 77 | 20 | 5 | 1 | * | 99 | 0 | 0 | 0 | 0 | 100 | 94 | 22 | 0 | 0 | 241 | 241 | 241 | 0 | 0 |
| September 2023 | 74 | 17 | 4 | 1 | * | 99 | 0 | 0 | 0 | 0 | 100 | 80 | 15 | 0 | 0 | 254 | 254 | 254 | 0 | 0 |
| September 2024 | 71 | 14 | 3 | 1 | * | 99 | 0 | 0 | 0 | 0 | 100 | 66 | 8 | 0 | 0 | 269 | 269 | 269 | 0 | 0 |
| September 2025 | 67 | 12 | 2 | * | * | 99 | 0 | 0 | 0 | 0 | 100 | 52 | 2 | 0 | 0 | 284 | 284 | 284 | 0 | 0 |
| September 2026 | 64 | 9 | 2 | * | * | 98 | 0 | 0 | 0 | 0 | 100 | 39 | 0 | 0 | 0 | 300 | 300 | 0 | 0 | 0 |
| September 2027 | 59 | 7 | 1 | * | * | 98 | 0 | 0 | 0 | 0 | 100 | 27 | 0 | 0 | 0 | 317 | 317 | 0 | 0 | 0 |
| September 2028 | 55 | 5 | 1 | * | * | 98 | 0 | 0 | 0 | 0 | 100 | 15 | 0 | 0 | 0 | 334 | 334 | 0 | 0 | 0 |
| September 2029 | 50 | 3 | * | * | * | 98 | 0 | 0 | 0 | 0 | 100 | 3 | 0 | 0 | 0 | 353 | 353 | 0 | 0 | 0 |
| September 2030 | 45 | 1 | * | * | * | 98 | 0 | 0 | 0 | 0 | 100 | 0 | 0 | 0 | 0 | 373 | 0 | 0 | 0 | 0 |
| September 2031 | 39 | 0 | 0 | 0 | 0 | 98 | 0 | 0 | 0 | 0 | 100 | 0 | 0 | 0 | 0 | 394 | 0 | 0 | 0 | 0 |
| September 2032 | 32 | 0 | 0 | 0 | 0 | 60 | 0 | 0 | 0 | 0 | 100 | 0 | 0 | 0 | 0 | 417 | 0 | 0 | 0 | 0 |
| September 2033 | 25 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 82 | 0 | 0 | 0 | 0 | 440 | 0 | 0 | 0 | 0 |
| September 2034 | 18 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 32 | 0 | 0 | 0 | 0 | 465 | 0 | 0 | 0 | 0 |
| September 2035 | 9 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2036 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Weighted Average Life (years)** | 21.1 | 9.4 | 5.6 | 3.9 | 2.7 | 25.9 | 14.0 | 2.3 | 0.3 | 0.2 | 27.7 | 19.3 | 12.9 | 1.7 | 0.9 | 28.7 | 23.3 | 19.3 | 3.1 | 1.4 |

| Date | TS, SD and SC Classes | | | | | FA, MT and FE Classes | | | | | IA†, MB and MA Classes | | | | | |
|---------------------------------------|---------------------------|------|------|------|------|---------------------------|------|------|------|------|---------------------------|------|------|------|------|------|
| | PSA Prepayment Assumption | | | | | PSA Prepayment Assumption | | | | | PSA Prepayment Assumption | | | | | |
| | 0% | 100% | 173% | 350% | 500% | 0% | 100% | 210% | 350% | 500% | 0% | 100% | 175% | 210% | 250% | 500% |
| Initial Percent | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| September 2007 | 100 | 100 | 90 | 56 | 23 | 99 | 93 | 86 | 78 | 69 | 98 | 86 | 86 | 86 | 86 | 86 |
| September 2008 | 100 | 100 | 83 | 25 | 0 | 98 | 86 | 74 | 60 | 47 | 95 | 68 | 68 | 68 | 68 | 64 |
| September 2009 | 100 | 100 | 77 | 1 | 0 | 97 | 79 | 63 | 47 | 33 | 93 | 48 | 48 | 48 | 48 | 10 |
| September 2010 | 100 | 100 | 74 | 0 | 0 | 96 | 73 | 54 | 36 | 22 | 90 | 30 | 30 | 30 | 30 | 0 |
| September 2011 | 100 | 100 | 71 | 0 | 0 | 95 | 67 | 46 | 28 | 15 | 86 | 13 | 13 | 13 | 13 | 0 |
| September 2012 | 100 | 100 | 70 | 0 | 0 | 94 | 61 | 40 | 22 | 10 | 83 | 0 | 0 | 0 | 0 | 0 |
| September 2013 | 100 | 100 | 67 | 0 | 0 | 92 | 56 | 34 | 17 | 7 | 79 | 0 | 0 | 0 | 0 | 0 |
| September 2014 | 100 | 100 | 63 | 0 | 0 | 91 | 51 | 29 | 13 | 5 | 75 | 0 | 0 | 0 | 0 | 0 |
| September 2015 | 100 | 100 | 57 | 0 | 0 | 89 | 47 | 24 | 10 | 3 | 71 | 0 | 0 | 0 | 0 | 0 |
| September 2016 | 100 | 100 | 51 | 0 | 0 | 88 | 43 | 21 | 7 | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2017 | 100 | 100 | 45 | 0 | 0 | 86 | 38 | 17 | 6 | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2018 | 100 | 100 | 38 | 0 | 0 | 83 | 35 | 14 | 4 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2019 | 100 | 93 | 32 | 0 | 0 | 81 | 31 | 12 | 3 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2020 | 100 | 84 | 26 | 0 | 0 | 79 | 28 | 10 | 2 | * | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2021 | 100 | 74 | 20 | 0 | 0 | 76 | 25 | 8 | 2 | * | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2022 | 100 | 64 | 15 | 0 | 0 | 73 | 22 | 7 | 1 | * | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2023 | 100 | 54 | 10 | 0 | 0 | 70 | 19 | 5 | 1 | * | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2024 | 100 | 45 | 6 | 0 | 0 | 66 | 16 | 4 | 1 | * | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2025 | 100 | 35 | 1 | 0 | 0 | 62 | 14 | 3 | 1 | * | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2026 | 99 | 27 | 0 | 0 | 0 | 58 | 11 | 3 | * | * | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2027 | 99 | 18 | 0 | 0 | 0 | 54 | 9 | 2 | * | * | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2028 | 99 | 10 | 0 | 0 | 0 | 49 | 7 | 1 | * | * | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2029 | 99 | 2 | 0 | 0 | 0 | 44 | 5 | 1 | * | * | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2030 | 99 | 0 | 0 | 0 | 0 | 38 | 3 | 1 | * | * | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2031 | 99 | 0 | 0 | 0 | 0 | 31 | 1 | * | * | * | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2032 | 87 | 0 | 0 | 0 | 0 | 25 | * | * | * | * | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2033 | 56 | 0 | 0 | 0 | 0 | 17 | * | * | * | * | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2034 | 22 | 0 | 0 | 0 | 0 | 9 | * | * | * | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2035 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2036 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Weighted Average Life (years)** | 27.1 | 17.6 | 9.5 | 1.3 | 0.7 | 19.9 | 9.7 | 6.1 | 3.9 | 2.7 | 8.4 | 3.0 | 3.0 | 3.0 | 3.0 | 2.1 |

* 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 | IE†, MG and ME Classes | | | | | | IJ†, ML and MJ Classes | | | | | | CZ Class | | | | | |
|---------------------------------|---------------------------|------|------|------|------|------|---------------------------|------|------|------|------|------|---------------------------|------|------|------|------|------|
| | PSA Prepayment Assumption | | | | | | PSA Prepayment Assumption | | | | | | PSA Prepayment Assumption | | | | | |
| | 0% | 100% | 175% | 210% | 250% | 500% | 0% | 100% | 175% | 210% | 250% | 500% | 0% | 100% | 175% | 210% | 250% | 500% |
| Initial Percent | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| September 2007 | 100 | 100 | 100 | 100 | 100 | 100 | 99 | 99 | 85 | 85 | 85 | 85 | 106 | 106 | 100 | 32 | 0 | 0 |
| September 2008 | 100 | 100 | 100 | 100 | 100 | 100 | 99 | 99 | 63 | 63 | 63 | 0 | 113 | 113 | 100 | 0 | 0 | 0 |
| September 2009 | 100 | 100 | 100 | 100 | 100 | 100 | 98 | 98 | 44 | 44 | 44 | 0 | 120 | 120 | 100 | 0 | 0 | 0 |
| September 2010 | 100 | 100 | 100 | 100 | 100 | 0 | 97 | 97 | 29 | 29 | 29 | 0 | 127 | 127 | 100 | 0 | 0 | 0 |
| September 2011 | 100 | 100 | 100 | 100 | 100 | 0 | 96 | 96 | 17 | 17 | 17 | 0 | 135 | 135 | 100 | 0 | 0 | 0 |
| September 2012 | 100 | 90 | 90 | 90 | 90 | 0 | 95 | 95 | 8 | 8 | 8 | 0 | 143 | 143 | 100 | 0 | 0 | 0 |
| September 2013 | 100 | 32 | 32 | 32 | 32 | 0 | 95 | 95 | 2 | 2 | 2 | 0 | 152 | 152 | 100 | 0 | 0 | 0 |
| September 2014 | 100 | 0 | 0 | 0 | 0 | 0 | 94 | 82 | 0 | 0 | 0 | 0 | 161 | 161 | 0 | 0 | 0 | 0 |
| September 2015 | 100 | 0 | 0 | 0 | 0 | 0 | 93 | 54 | 0 | 0 | 0 | 0 | 171 | 171 | 0 | 0 | 0 | 0 |
| September 2016 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2017 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2018 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2025 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2026 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2027 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2028 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2029 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2030 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2031 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2032 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2033 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2034 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2035 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2036 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Weighted Average Life (years)** | 9.7 | 6.7 | 6.7 | 6.7 | 6.7 | 3.6 | 9.4 | 8.8 | 3.0 | 3.0 | 3.0 | 1.4 | 9.7 | 9.7 | 7.8 | 0.8 | 0.4 | 0.1 |

| Date | TA†, TB†, XB†, XC†, PO, CB, IO†, TJ, XJ, TK, XK, TL, XL, TM and XM Classes | | | | | | ZC Class | | | | | | MX and P Classes | | | | | |
|---------------------------------|--|------|------|------|------|------|---------------------------|------|------|------|------|------|---------------------------|------|------|------|------|------|
| | PSA Prepayment Assumption | | | | | | PSA Prepayment Assumption | | | | | | PSA Prepayment Assumption | | | | | |
| | 0% | 100% | 175% | 210% | 250% | 500% | 0% | 100% | 175% | 210% | 250% | 500% | 0% | 100% | 175% | 210% | 250% | 500% |
| Initial Percent | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| September 2007 | 100 | 100 | 100 | 100 | 92 | 12 | 106 | 106 | 106 | 106 | 106 | 106 | 98 | 89 | 89 | 89 | 89 | 89 |
| September 2008 | 100 | 100 | 100 | 90 | 60 | 0 | 113 | 113 | 113 | 113 | 113 | 0 | 96 | 74 | 74 | 74 | 74 | 71 |
| September 2009 | 100 | 100 | 100 | 77 | 35 | 0 | 120 | 120 | 120 | 120 | 120 | 0 | 94 | 59 | 59 | 59 | 59 | 29 |
| September 2010 | 100 | 100 | 100 | 69 | 17 | 0 | 127 | 127 | 127 | 127 | 127 | 0 | 92 | 45 | 45 | 45 | 45 | 0 |
| September 2011 | 100 | 100 | 100 | 63 | 7 | 0 | 135 | 135 | 135 | 135 | 135 | 0 | 89 | 31 | 31 | 31 | 31 | 0 |
| September 2012 | 100 | 100 | 100 | 59 | 1 | 0 | 143 | 143 | 143 | 143 | 143 | 0 | 86 | 19 | 19 | 19 | 19 | 0 |
| September 2013 | 100 | 100 | 100 | 58 | 0 | 0 | 152 | 152 | 152 | 152 | 0 | 0 | 83 | 7 | 7 | 7 | 7 | 0 |
| September 2014 | 100 | 100 | 95 | 37 | 0 | 0 | 161 | 161 | 161 | 161 | 0 | 0 | 80 | 0 | 0 | 0 | 0 | 0 |
| September 2015 | 100 | 100 | 50 | 0 | 0 | 0 | 171 | 171 | 171 | 0 | 0 | 0 | 77 | 0 | 0 | 0 | 0 | 0 |
| September 2016 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2017 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2018 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2025 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2026 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2027 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2028 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2029 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2030 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2031 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2032 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2033 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2034 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2035 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| September 2036 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Weighted Average Life (years)** | 9.7 | 9.7 | 9.0 | 6.1 | 2.7 | 0.7 | 9.7 | 9.7 | 9.7 | 8.8 | 6.6 | 1.2 | 8.6 | 3.8 | 3.8 | 3.8 | 3.8 | 2.4 |

** 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.

U.S. Treasury Circular 230 Notice

The tax discussions contained in the REMIC Prospectus (including the sections entitled “Certain Federal Income Tax Consequences” and “ERISA Considerations”) and this prospectus supplement were not intended or written to be used, and cannot be used, for the purpose of avoiding United States federal tax penalties. These discussions were written to support the promotion or marketing of the transactions or matters addressed in this prospectus supplement. You should seek advice based on your particular circumstances from an independent tax advisor.

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 Class, the Accrual Classes and the SA and SD 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 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 | 230% PSA |
| 2 | 173% PSA |
| 3 | 210% PSA |
| 4 | 210% PSA |

For purposes of determining the accrual of any OID with respect to a Group 4 Class, the Guaranteed Maturity Date of that Class will be taken into account. 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 the rates reflected in the Prepayment Assumptions or at 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

Effective generally for Residual Certificates first held on or after August 1, 2006, Temporary Regulations issued by the Treasury Department have modified the general rule that the taxable income of the Trust (or the Lower Tier REMIC) is not includible in the income of a foreign person (or, if excess inclusions, subject to withholding tax) until paid or distributed. 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. Under the Temporary Regulations, the amount of taxable income allocable to a foreign partner in a domestic partnership that is the beneficial owner of a Residual Certificate must be taken into account by the foreign partner on the last day of the partnership’s taxable year, except to the extent that some or all of that amount is required to be taken into account at an earlier time as a result of a distribution to the foreign partner or a disposition of the foreign partner’s indirect interest in the Residual Certificate. Similar rules apply to excess inclusions allocable to a foreign person that holds an interest in a real estate investment trust, regulated investment company, common trust fund or certain cooperatives.

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 6.12% (which is 120% of the “federal long-term rate”). See “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Residual Certificates*—Treatment of Excess Inclusions” and “—*Foreign Investors*—Residual Certificates” in the REMIC Prospectus.

The Treasury Department has 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. 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

Treasury Department Regulations that are directed at "tax shelters" 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 Group 1 MBS and the Underlying REMIC Certificates. The Dealer proposes to offer the Certificates directly to the public from time to time in negotiated transactions at varying prices to be determined at the time of sale. The Dealer may effect these transactions to or through other dealers.

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

LEGAL MATTERS

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

Underlying REMIC Certificates

| Class Group | 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 | September 2006 Class Factor | Principal Balance in the Lower Tier REMIC | Approximate Weighted Average WAC (in months) | Approximate Weighted Average WALA (in months) |
|-------------|------------------------|--------|----------------|--------------|---------------|-------------------|-------------------------|--------------------|-------------------------------------|-----------------------------|---|--|---|
| 2 | 2006-003 | SG (2) | February 2006 | 31395BHT3 | (3) | INV | November 2035 | SC/PT | \$ 73,331,268 | 0.88190283 | \$ 38,213,967 | 310 | 42 |
| 3 | 2005-087 | FE | September 2005 | 31394 FV 51 | (3) | FLT | October 2035 | PT | 600,000,000 | 0.78748875 | 98,436,093 | 311 | 41 |
| 4 | 2006-B01 | AB | June 2006 | 31395NPD3 | 6.0% | FIX | (4) | GMC/SEQ | 2,000,000,000 | 0.94217677 | 113,216,671 | 347 | 11 |

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

(2) The Group 2 Underlying REMIC Certificate is backed by the following Fannie Mae certificates:

| Class | Interest Type | Principal Type |
|-------------------|---------------|------------------|
| 2005-100-SY | INV | SEG (TAC)/TAC/AD |
| 2005-100-SX | INV | SEG (TAC)/TAC/AD |

(3) These classes bear interest during their respective interest accrual periods, subject to the applicable maximum and minimum interest rates, as further described in the related Underlying REMIC Disclosure Documents.

(4) The guaranteed maturity date of this class is the distribution date in June 2016.

Available Recombinations (1) (2)

| REMIC Certificates | | RCR Certificates | | | | | | |
|--------------------|---|------------------|---|---------------|-------------------|--------------------|--------------|-------------------------|
| Classes | Original Principal or Notional Principal Balances | RCR Classes | Original Principal or Notional Principal Balances | Interest Rate | Interest Type (3) | Principal Type (3) | CUSIP Number | Final Distribution Date |
| Recombination 1 | | | | | | | | |
| TS | \$ 3,582,559 | SC | \$17,369,985 | (4) | INV | SC/PT | 31396LEK2 | November 2035 |
| SD | 13,787,426 | | | | | | | |
| Recombination 2 | | | | | | | | |
| FA | 91,404,944 | FE | 98,436,093 | (4) | FLT | SC/PT | 31396LEL0 | October 2035 |
| MT | 7,031,149 | | | | | | | |
| Recombination 3 | | | | | | | | |
| MB | 53,550,907 | MA | 53,550,907 | 6.00% | FIX | SC/GMC/PAC | 31396LEM8 | (5) |
| IA | 2,231,287 (6) | | | | | | | |
| Recombination 4 | | | | | | | | |
| MG | 13,915,192 | ME | 13,915,192 | 6.00 | FIX | SC/GMC/PAC | 31396LEN6 | (5) |
| IE | 579,799 (6) | | | | | | | |
| Recombination 5 | | | | | | | | |
| ML | 26,252,798 | MJ | 26,252,798 | 6.00 | FIX | SC/GMC/PAC/AD | 31396LEP1 | (5) |
| IJ | 1,093,866 (6) | | | | | | | |
| Recombination 6 | | | | | | | | |
| MB | 53,550,907 | MX | 67,466,099 | 5.75 | FIX | SC/GMC/PAC | 31396LES5 | (5) |
| MG | 13,915,192 | | | | | | | |
| Recombination 7 | | | | | | | | |
| TA | 16,673,678 (6) | IO | 16,673,678 (6) | 6.00 | FIX/IO | NTL | 31396LER7 | (5) |
| TB | 16,673,678 (6) | | | | | | | |
| XB | 16,673,678 (6) | | | | | | | |
| XC | 16,673,678 (6) | | | | | | | |
| Recombination 8 | | | | | | | | |
| TA | 16,673,678 (6) | CB | 16,673,678 | 6.00 | FIX | SC/GMC/SUP/AD | 31396LEQ9 | (5) |
| TB | 16,673,678 (6) | | | | | | | |
| XB | 16,673,678 (6) | | | | | | | |
| XC | 16,673,678 (6) | | | | | | | |
| PO | 16,673,678 | | | | | | | |
| Recombination 9 | | | | | | | | |
| PO | 13,338,942 | TJ | 13,338,942 | (7) | T | SC/GMC/SUP/AD | 31396LET3 | (5) |
| TA | 16,673,678 (6) | | | | | | | |

| REMIC Certificates | | | RCR Certificates | | | | | |
|--------------------|---|-------------|---|---------------|-------------------|--------------------|--------------|-------------------------|
| Classes | Original Principal or Notional Principal Balances | RCR Classes | Original Principal or Notional Principal Balances | Interest Rate | Interest Type (3) | Principal Type (3) | CUSIP Number | Final Distribution Date |
| Recombination 10 | | | | | | | | |
| PO | \$ 3,334,736 | XJ | \$ 3,334,736 | (7) | T | SC/GMC/SUP/AD | 31396LEU0 | (5) |
| TB | 16,673,678 (6) | | | | | | | |
| XB | 16,673,678 (6) | | | | | | | |
| XC | 16,673,678 (6) | | | | | | | |
| Recombination 11 | | | | | | | | |
| PO | 12,505,259 | TK | 12,505,259 | (7) | T | SC/GMC/SUP/AD | 31396LEV8 | (5) |
| TA | 16,673,678 (6) | | | | | | | |
| Recombination 12 | | | | | | | | |
| PO | 4,168,419 | XK | 4,168,419 | (7) | T | SC/GMC/SUP/AD | 31396LEW6 | (5) |
| TB | 16,673,678 (6) | | | | | | | |
| XB | 16,673,678 (6) | | | | | | | |
| XC | 16,673,678 (6) | | | | | | | |
| Recombination 13 | | | | | | | | |
| PO | 13,338,942 | TL | 13,338,942 | (7) | T | SC/GMC/SUP/AD | 31396LEX4 | (5) |
| TA | 16,673,678 (6) | | | | | | | |
| TB | 16,673,678 (6) | | | | | | | |
| XB | 16,673,678 (6) | | | | | | | |
| Recombination 14 | | | | | | | | |
| PO | 3,334,736 | XL | 3,334,736 | (7) | T | SC/GMC/SUP/AD | 31396LEY2 | (5) |
| XC | 16,673,678 (6) | | | | | | | |
| Recombination 15 | | | | | | | | |
| PO | 14,291,724 | TM | 14,291,724 | (7) | T | SC/GMC/SUP/AD | 31396LEZ9 | (5) |
| TA | 16,673,678 (6) | | | | | | | |
| TB | 16,673,678 (6) | | | | | | | |
| XB | 16,673,678 (6) | | | | | | | |
| Recombination 16 | | | | | | | | |
| PO | 2,381,954 | XM | 2,381,954 | (7) | T | SC/GMC/SUP/AD | 31396LFA3 | (5) |
| XC | 16,673,678 (6) | | | | | | | |

| REMIC Certificates | | RCR Certificates | | | | | | |
|--------------------|---|------------------|---|---------------|-------------------|--------------------|--------------|-------------------------|
| Classes | Original Principal or Notional Principal Balances | RCR Classes | Original Principal or Notional Principal Balances | Interest Rate | Interest Type (3) | Principal Type (3) | CUSIP Number | Final Distribution Date |
| Recombination 17 | | | | | | | | |
| MB | \$53,550,907 | P | \$67,466,099 | 6.00% | FIX | SC/GMC/PAC | 31396LFB1 | (5) |
| IA | 2,231,287 (6) | | | | | | | |
| MG | 13,915,192 | | | | | | | |
| IE | 579,799 (6) | | | | | | | |

- (1) REMIC Certificates and RCR Certificates in any Recombination (other than Recombinations 6 and 17) may be exchanged only in the proportions shown in this Schedule 1. In any exchange under Recombination 6 or 17, the relative proportions of the REMIC Certificates to be delivered (or if applicable, received) in such exchange will equal the proportions reflected by the outstanding principal 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) For a description of these interest rates, see “Description of the Certificates—Distributions of Interest” in this prospectus supplement.
- (5) The Guaranteed Maturity Date of this Class is the Distribution Date in June 2016.
- (6) Notional balances. These classes are Interest Only Classes. See page S-10 for a description of how their notional balances are calculated.
- (7) These classes are Toggle Classes. See pages S-7 through S-9 for a description of their interest rates.

Principal Balance Schedules

ML Class Planned Balances

| <u>Distribution Date</u> | <u>Planned Balance</u> | <u>Distribution Date</u> | <u>Planned Balance</u> | <u>Distribution Date</u> | <u>Planned Balance</u> |
|--------------------------|------------------------|--------------------------|------------------------|------------------------------------|------------------------|
| Initial Balance | \$26,252,798.00 | April 2009 | \$13,486,397.03 | November 2011 | \$ 3,978,223.72 |
| October 2006 | 26,010,050.85 | May 2009 | 13,074,639.76 | December 2011 | 3,770,485.56 |
| November 2006 | 25,748,572.88 | June 2009 | 12,670,710.60 | January 2012 | 3,568,134.03 |
| December 2006 | 25,468,695.71 | July 2009 | 12,274,517.91 | February 2012 | 3,371,102.80 |
| January 2007 | 25,170,761.44 | August 2009 | 11,885,971.01 | March 2012 | 3,179,326.22 |
| February 2007 | 24,856,071.64 | September 2009 | 11,504,980.13 | April 2012 | 2,992,739.32 |
| March 2007 | 24,525,818.49 | October 2009 | 11,131,456.43 | May 2012 | 2,811,277.83 |
| April 2007 | 24,180,353.91 | November 2009 | 10,765,312.00 | June 2012 | 2,634,878.14 |
| May 2007 | 23,820,043.27 | December 2009 | 10,406,459.81 | July 2012 | 2,463,477.31 |
| June 2007 | 23,445,268.38 | January 2010 | 10,054,813.74 | August 2012 | 2,297,013.06 |
| July 2007 | 23,056,486.42 | February 2010 | 9,710,288.56 | September 2012 | 2,135,423.78 |
| August 2007 | 22,654,137.76 | March 2010 | 9,372,799.92 | October 2012 | 1,978,648.48 |
| September 2007 | 22,238,723.92 | April 2010 | 9,042,264.32 | November 2012 | 1,826,626.84 |
| October 2007 | 21,810,767.72 | May 2010 | 8,718,599.14 | December 2012 | 1,679,299.16 |
| November 2007 | 21,370,904.56 | June 2010 | 8,401,722.63 | January 2013 | 1,536,606.37 |
| December 2007 | 20,919,687.96 | July 2010 | 8,091,553.85 | February 2013 | 1,398,490.03 |
| January 2008 | 20,458,204.10 | August 2010 | 7,788,012.72 | March 2013 | 1,264,892.31 |
| February 2008 | 19,987,226.64 | September 2010 | 7,491,019.98 | April 2013 | 1,135,755.98 |
| March 2008 | 19,508,690.28 | October 2010 | 7,200,497.20 | May 2013 | 1,011,024.44 |
| April 2008 | 19,024,046.05 | November 2010 | 6,916,366.75 | June 2013 | 890,641.67 |
| May 2008 | 18,535,746.91 | December 2010 | 6,638,551.81 | July 2013 | 774,552.26 |
| June 2008 | 18,046,123.44 | January 2011 | 6,366,976.36 | August 2013 | 662,701.37 |
| July 2008 | 17,557,594.18 | February 2011 | 6,101,565.18 | September 2013 | 555,034.74 |
| August 2008 | 17,073,363.38 | March 2011 | 5,842,243.80 | October 2013 | 453,983.32 |
| September 2008 | 16,595,748.02 | April 2011 | 5,588,938.56 | November 2013 | 360,404.35 |
| October 2008 | 16,126,583.51 | May 2011 | 5,341,576.53 | December 2013 | 274,164.55 |
| November 2008 | 15,665,879.35 | June 2011 | 5,100,085.58 | January 2014 | 195,132.61 |
| December 2008 | 15,213,573.40 | July 2011 | 4,864,394.29 | February 2014 | 123,179.18 |
| January 2009 | 14,769,568.18 | August 2011 | 4,634,432.02 | March 2014 | 58,176.82 |
| February 2009 | 14,333,767.21 | September 2011 | 4,410,128.84 | April 2014 and thereafter | 0.00 |
| March 2009 | 13,906,075.00 | October 2011 | 4,191,415.56 | | |

Aggregate Group Planned Balances

| <u>Distribution Date</u> | <u>Planned Balance</u> | <u>Distribution Date</u> | <u>Planned Balance</u> | <u>Distribution Date</u> | <u>Planned Balance</u> |
|--------------------------|------------------------|--------------------------|------------------------|--------------------------|------------------------|
| Initial Balance | \$67,466,099.00 | December 2007 | \$57,911,001.49 | March 2009 | \$44,943,528.14 |
| October 2006 | 66,997,015.35 | January 2008 | 57,101,246.15 | April 2009 | 44,089,321.09 |
| November 2006 | 66,501,070.43 | February 2008 | 56,272,962.29 | May 2009 | 43,239,461.31 |
| December 2006 | 65,979,137.64 | March 2008 | 55,428,376.59 | June 2009 | 42,393,926.43 |
| January 2007 | 65,431,434.95 | April 2008 | 54,569,107.86 | July 2009 | 41,552,694.19 |
| February 2007 | 64,859,354.94 | May 2008 | 53,698,163.66 | August 2009 | 40,715,742.44 |
| March 2007 | 64,264,172.16 | June 2008 | 52,818,456.09 | September 2009 | 39,883,049.15 |
| April 2007 | 63,646,115.41 | July 2008 | 51,933,087.48 | October 2009 | 39,054,592.40 |
| May 2007 | 63,005,413.33 | August 2008 | 51,046,313.07 | November 2009 | 38,230,350.38 |
| June 2007 | 62,342,298.23 | September 2008 | 50,161,281.99 | December 2009 | 37,410,301.40 |
| July 2007 | 61,657,082.42 | October 2008 | 49,280,563.80 | January 2010 | 36,594,423.88 |
| August 2007 | 60,950,041.66 | November 2008 | 48,404,280.67 | February 2010 | 35,782,696.34 |
| September 2007 | 60,221,515.95 | December 2008 | 47,532,458.44 | March 2010 | 34,975,097.42 |
| October 2007 | 59,471,859.80 | January 2009 | 46,665,074.15 | April 2010 | 34,171,605.88 |
| November 2007 | 58,701,563.78 | February 2009 | 45,802,104.96 | May 2010 | 33,372,200.57 |

Aggregate Group (Continued)

| <u>Distribution Date</u> | <u>Planned Balance</u> | <u>Distribution Date</u> | <u>Planned Balance</u> | <u>Distribution Date</u> | <u>Planned Balance</u> |
|------------------------------|----------------------------|------------------------------|----------------------------|----------------------------------|----------------------------|
| June 2010 | \$32,576,860.45 | November 2011 | \$19,658,187.64 | March 2013 | \$ 8,479,715.08 |
| July 2010 | 31,785,564.60 | December 2011 | 18,932,544.99 | April 2013 | 7,810,817.33 |
| August 2010 | 30,998,292.21 | January 2012 | 18,210,587.84 | May 2013 | 7,145,312.94 |
| September 2010 | 30,215,022.56 | February 2012 | 17,492,297.21 | June 2013 | 6,483,184.44 |
| October 2010 | 29,435,735.05 | March 2012 | 16,777,654.22 | July 2013 | 5,824,414.45 |
| November 2010 | 28,660,409.18 | April 2012 | 16,066,640.10 | August 2013 | 5,168,985.68 |
| December 2010 | 27,889,024.56 | May 2012 | 15,359,236.16 | September 2013 | 4,516,880.93 |
| January 2011 | 27,121,560.90 | June 2012 | 14,655,423.82 | October 2013 | 3,868,083.08 |
| February 2011 | 26,357,998.01 | July 2012 | 13,955,184.59 | November 2013 | 3,222,575.11 |
| March 2011 | 25,598,315.82 | August 2012 | 13,258,500.08 | December 2013 | 2,580,340.08 |
| April 2011 | 24,842,494.35 | September 2012 | 12,565,351.98 | January 2014 | 1,941,361.14 |
| May 2011 | 24,090,513.73 | October 2012 | 11,875,722.09 | February 2014 | 1,305,621.52 |
| June 2011 | 23,342,354.18 | November 2012 | 11,189,592.30 | March 2014 | 673,104.55 |
| July 2011 | 22,597,996.04 | December 2012 | 10,506,944.58 | April 2014 | 43,793.63 |
| August 2011 | 21,857,419.73 | January 2013 | 9,827,761.01 | May 2014 and thereafter | 0.00 |
| September 2011 | 21,120,605.79 | February 2013 | 9,152,023.76 | | |
| October 2011 | 20,387,534.85 | | | | |

No one is authorized to give information or to make representations in connection with the Certificates other than the information and representations contained in this Prospectus Supplement and the additional Disclosure Documents. You must not rely on any unauthorized information or representation. This Prospectus Supplement and the additional Disclosure Documents do not constitute an offer or solicitation with regard to the Certificates if it is illegal to make such an offer or solicitation to you under state law. By delivering this Prospectus Supplement and the additional Disclosure Documents at any time, no one implies that the information contained herein or therein is correct after the date hereof or thereof.

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

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\$327,866,731



**Guaranteed
REMIC Pass-Through Certificates
Fannie Mae REMIC Trust 2006-97**

PROSPECTUS SUPPLEMENT

UBS Investment Bank

August 31, 2006
