**Third Supplement**
**(To Prospectus Supplement dated August 22, 2008)**

# $484,007,305

FannieMae®

## Guaranteed REMIC Pass-Through Certificates
## Fannie Mae REMIC Trust 2008-76

This is a supplement to the prospectus supplement dated August 22, 2008 (the "Prospectus Supplement"). If we use a capitalized term in this supplement without defining it, you will find the definition of that term in the Prospectus Supplement.

The section of the Prospectus Supplement titled "Recent Developments" is replaced in its entirety with the following:

### RECENT DEVELOPMENTS

On September 6, 2008, the Federal Housing Finance Agency, or FHFA, placed Fannie Mae and Freddie Mac into conservatorship. As the conservator, FHFA succeeded to all rights, titles, powers and privileges of Fannie Mae, and of any stockholder, officer, or director of Fannie Mae with respect to Fannie Mae and the assets of Fannie Mae. The conservator selected Herbert M. Allison, former Vice Chairman of Merrill Lynch and Chairman of TIAA-CREF, as the new CEO of Fannie Mae. A copy of the statement issued by FHFA Director James B. Lockhart regarding FHFA's placement of Fannie Mae into conservatorship, the selection of Mr. Allison, and a copy of a Fact Sheet discussing questions and answers about the conservatorship are available on FHFA's website at www.ofheo.gov.

On September 7, 2008, the U.S. Department of the Treasury, or U.S. Treasury, announced three additional steps taken by it in connection with the conservatorship.

First, the U.S. Treasury entered into a Senior Preferred Stock Purchase Agreement with us pursuant to which the U.S. Treasury will purchase up to an aggregate of $100 billion to maintain a positive net worth on a U.S. GAAP basis. This agreement contains covenants that significantly restrict our operations. In exchange for entering into this agreement, the U.S. Treasury received $1 billion of our senior preferred stock and warrants to purchase 79.9% of our common stock.

*(continued on the next page)*

**Carefully consider the risk factors on page S-9 of the prospectus supplement and starting on page 10 of the REMIC Prospectus. Unless you understand and are able to tolerate these risks, you should not invest in the certificates.**

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

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

LEHMAN BROTHERS

The date of this Supplement is September 29, 2008

Second, the U.S. Treasury announced the establishment of a new secured lending credit facility which will be available to Fannie Mae, Freddie Mac, and the Federal Home Loan Banks as a liquidity backstop.

Third, the U.S. Treasury announced that it is initiating a temporary program to purchase mortgage-backed securities issued by Fannie Mae and Freddie Mac. The secured lending credit facility and the mortgage-backed securities purchase program are currently scheduled to expire in December 2009.

Details regarding these steps are available on the U.S. Treasury's website at www.ustreas.gov.

We are continuing to operate as a going concern while in conservatorship and remain liable for all of our obligations, including our guaranty obligations, associated with mortgage-backed securities issued by us. The secured lending credit facility and the Senior Preferred Stock Purchase Agreement described above are intended to enhance our ability to meet our obligations.

Under the Federal Housing Finance Regulatory Reform Act of 2008 (the "Regulatory Reform Act"), FHFA, as conservator or receiver, has the power to repudiate any contract entered into by Fannie Mae prior to FHFA's appointment as conservator or receiver, as applicable, if FHFA determines, in its sole discretion, that performance of the contract is burdensome and that repudiation of the contract promotes the orderly administration of Fannie Mae's affairs. The Regulatory Reform Act requires FHFA to exercise its right to repudiate any contract within a reasonable period of time after its appointment as conservator or receiver.

FHFA as conservator has advised us that it has no intention to repudiate our guaranty obligation under the trust documents because it views repudiation as incompatible with the goals of the conservatorship. In the event that FHFA, as conservator or receiver, were to repudiate our guaranty obligation under the related trust documents, the conservatorship or receivership estate, as applicable, would be liable for actual direct compensatory damages in accordance with the provisions of the Regulatory Reform Act. Any such liability could be satisfied only to the extent of our assets available therefor.

In the event of repudiation, the payments of principal and/or interest to certificateholders would be reduced if payments on the underlying mortgage loans are not made by the related borrowers or a direct servicer fails to remit borrower payments to us. Any actual direct compensatory damages for repudiating our guaranty obligation may not be sufficient to offset any shortfalls experienced by certificateholders.

Further, in its capacity as conservator or receiver, FHFA has the right to transfer or sell any asset or liability of Fannie Mae without any approval, assignment or consent. Although we have been advised that it has no present intention to do so, if FHFA, as conservator or receiver, were to transfer our guaranty obligation to another party, certificateholders would have to rely on that party for satisfaction of the guaranty obligation and would be exposed to the credit risk of that party.

In addition, certain rights provided to certificateholders under the trust documents may not be enforced against FHFA, or enforcement of such rights may be delayed, during the conservatorship or if we are placed into receivership. The trust documents provide that upon the occurrence of a guarantor event of default, which includes the appointment of a conservator or receiver, certificateholders have the right to replace Fannie Mae as trustee if the requisite percentage of certificateholders consent. The Regulatory Reform Act prevents certificateholders from enforcing their rights to replace Fannie Mae as trustee if the event of default arises solely because a conservator or receiver has been appointed. The Regulatory Reform Act also provides that no person may exercise any right or power to terminate, accelerate or declare an event of default under certain contracts to which Fannie Mae is a party, or obtain possession of or exercise control over any property of Fannie Mae, or affect any contractual rights of Fannie Mae, without the approval of FHFA, as conservator or receiver, for a period of 45 or 90 days following the appointment of FHFA as conservator or receiver, respectively.

**Second Supplement**
**(To Prospectus Supplement dated August 22, 2008)**

# $484,007,305

FannieMae®

## Guaranteed REMIC Pass-Through Certificates
## Fannie Mae REMIC Trust 2008-76

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This is a supplement to the prospectus supplement dated August 22, 2008 (the "Prospectus Supplement"). If we use a capitalized term in this supplement without defining it, you will find the definition of that term in the Prospectus Supplement.

The third paragraph of the section of the Prospectus Supplement titled "Recent Developments" is replaced in its entirety with the following:

On September 2, 2008, Fitch Ratings ("Fitch") announced that our preferred stock rating was reduced to "BBB−". Our preferred stock rating remains on Rating Watch Negative. Fitch affirmed ratings of "AAA" on our senior unsecured debt and "AA−" on our subordinated debt.

**Carefully consider the risk factors on page S-9 of the prospectus supplement and starting on page 10 of the REMIC Prospectus. Unless you understand and are able to tolerate these risks, you should not invest in the certificates.**

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

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

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The date of this Supplement is September 3, 2008

**Supplement**
**(To Prospectus Supplement dated August 22, 2008)**

# $484,007,305

FannieMae®

## Guaranteed REMIC Pass-Through Certificates
## Fannie Mae REMIC Trust 2008-76

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This is a supplement to the prospectus supplement dated August 22, 2008 (the “Prospectus Supplement”). If we use a capitalized term in this supplement without defining it, you will find the definition of that term in the Prospectus Supplement.

The second paragraph of the section of the Prospectus Supplement titled “Recent Developments” is replaced in its entirety with the following:

On August 26, 2008, Standard & Poor’s Ratings Services (“S&P”) announced that our “Risk-to-the-Government” rating was reduced from “A” to “A−” with a negative outlook, our preferred stock rating was reduced from “A−” to “BBB-” with a negative outlook, and our subordinated debt rating was reduced from “A−” to “BBB+” with a negative outlook. S&P also announced that our Risk-to-the-Government, preferred stock, and subordinated debt ratings have been placed on CreditWatch Negative. S&P also affirmed the “AAA/A-1+” rating on our senior unsecured debt with a stable outlook.

**Carefully consider the risk factors on page S-9 of the prospectus supplement and starting on page 10 of the REMIC Prospectus. Unless you understand and are able to tolerate these risks, you should not invest in the certificates.**

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

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

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LEHMAN BROTHERS

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The date of this Supplement is August 27, 2008

Prospectus Supplement
(To REMIC Prospectus dated August 1, 2007)

# $484,007,305

# FannieMae®

## Guaranteed REMIC Pass-Through Certificates
## Fannie Mae REMIC Trust 2008-76

### The Certificates

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

### Payments to Certificateholders

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

- interest accrued on the balance of your certificate, and
- principal to the extent available for payment on your class.

We will pay principal at rates that may 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. Amounts payable under the cap contracts will **not** be covered by our guaranty.

### The Trust and its Assets

The trust will own

- Fannie Mae MBS
- Fannie Mae Stripped MBS and
- rights under certain cap contracts affecting the EF and GF Classes.

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

| Class | Group | Original Class Balance | Principal Type(1) | Interest Rate | Interest Type(1) | CUSIP Number | Final Distribution Date |
|---|---|---|---|---|---|---|---|
| EF | 1 | $190,000,000 | PT | (2) | FLT/IRC | 31397MRV1 | September 2023 |
| EI | 1 | 190,000,000(3) | NTL | (4) | INV/IO | 31397MRW9 | September 2023 |
| DJ | 2 | 26,500,000 | SEQ | 5.0% | FIX | 31397MRX7 | August 2022 |
| DB | 2 | 3,719,784 | SEQ | 5.0 | FIX | 31397MRY5 | September 2023 |
| GF | 3 | 200,000,000 | PT | (5) | FLT/IRC | 31397MRZ2 | September 2023 |
| GI | 3 | 200,000,000(3) | NTL | (4) | INV/IO | 31397MSA6 | September 2023 |
| HF(6) | 4 | 99,383,200(3) | NTL | (4) | FLT/IO | 31397MSB4 | September 2038 |
| JS(6) | 4 | 99,383,200(3) | NTL | (4) | INV/IO | 31397MSC2 | September 2038 |
| IS(6) | 4 | 99,383,200(3) | NTL | (4) | INV/IO | 31397MSD0 | September 2038 |
| HS(6) | 4 | 99,383,200(3) | NTL | (4) | INV/IO | 31397MSE8 | September 2038 |
| LC(6) | 5 | 50,000,000 | SEQ | 5.0 | FIX | 31397MSF5 | January 2036 |
| LI(6) | 5 | 4,545,454(3) | NTL | 5.5 | FIX/IO | 31397MSG3 | January 2036 |
| LB | 5 | 13,787,521 | SEQ | 5.5 | FIX | 31397MSH1 | September 2038 |
| R | | 0 | NPR | 0 | NPR | 31397MSJ7 | September 2038 |
| RL | | 0 | NPR | 0 | NPR | 31397MSK4 | September 2038 |

(1) See "Description of the Certificates—Class Definitions and Abbreviations" in the REMIC prospectus.
(2) Based on LIBOR and subject to the limitations described under "Description of the Certificates—Distributions of Interest—*The EF Class*" in this prospectus supplement. Any EF Class additional interest amounts will be paid only from proceeds received under the related third-party cap contract and will **not** be covered by our guaranty.
(3) Notional balances. These classes are interest only classes. See page S-7 for a description of how their notional balances are calculated.
(4) Based on LIBOR.
(5) Based on LIBOR and subject to the limitations described under "Description of the Certificates—Distributions of Interest—*The GF Class*" in this prospectus supplement. Any GF Class additional interest amounts will be paid only from proceeds received under the related third-party cap contract and will **not** be covered by our guaranty.
(6) Exchangeable classes.

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If you own certificates of certain classes, you can exchange them for certificates of the corresponding RCR classes to be delivered at the time of exchange. The JF, IF, JI, LD and LA Classes are the RCR classes. For a more detailed description of the RCR classes, see Schedule 1 attached to this prospectus supplement and "Description of the Certificates—Combination and Recombination" in the REMIC prospectus.

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The dealer will offer the certificates from time to time in negotiated transactions at varying prices. We expect the settlement date to be August 29, 2008.

**Carefully consider the risk factors on page S-9 of this prospectus supplement and starting 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.**

LEHMAN BROTHERS

August 22, 2008

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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 August 1, 2007 (the "REMIC Prospectus");
- our Prospectus for Fannie Mae Guaranteed Mortgage Pass-Through Certificates (Single-Family Residential Mortgage Loans) dated January 1, 2006 (for all MBS issued prior to June 1, 2007) or dated April 1, 2008 (for all other MBS) (as applicable, the "MBS Prospectus");
- if you are purchasing any Group 4 Class or the R or RL Class, our Prospectus for Fannie Mae Stripped Mortgage-Backed Securities dated May 1, 2002 (the "SMBS Prospectus") and the Preliminary Data Statement dated August 21, 2007 for SMBS Trust 383 (the "SMBS Preliminary Data Statement," and together with the SMBS Prospectus, the "SMBS Disclosure Documents"); and
- any information incorporated by reference in this prospectus supplement as discussed below and under the heading "Incorporation by Reference" in the REMIC Prospectus.

The MBS Prospectus and the SMBS Disclosure Documents are incorporated by reference in this prospectus supplement. This means that we are disclosing information in those documents by referring you to them. Those documents are considered part of this prospectus supplement, so you should read this prospectus supplement, and any applicable supplements or amendments, together with those documents.

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, the MBS Prospectus and the SMBS Disclosure Documents by writing or calling the dealer at:

Lehman Brothers Inc.
c/o Broadridge
Prospectus Department
1155 Long Island Avenue
Edgewood, NY 11717
(telephone 631-274-2637).

## RECENT DEVELOPMENTS

### Ratings Announcements

On August 22, 2008, Moody's Investors Service ("Moody's") announced that our Bank Financial Strength Rating was being reduced from "B−" to "D+" and our preferred stock rating was being reduced from "A1" to "Baa3", and that these ratings remain under review for possible further downgrade. Moody's also lowered its outlook on our subordinated debt rating of "Aa2" from "stable" to "negative" and affirmed the ratings of "Aaa" on our senior long-term debt and "Prime-1" on our short-term debt with stable outlooks.

On August 11, 2008, Standard & Poor's Ratings Services ("S&P") announced that our "Risk-to-the-Government" rating was being reduced from "A+" to "A" with a negative outlook, our preferred stock rating was being reduced from "AA−" to "A−" with a negative outlook, and our subordinated debt rating was being reduced from "AA−" to "A−" with a negative outlook. S&P also affirmed the "AAA/A-1+" rating on our senior unsecured debt with a stable outlook.

On July 17, 2008, Fitch Ratings ("Fitch") downgraded our preferred stock rating one notch to "A+" from "AA−". Our preferred stock rating remains on Rating Watch Negative until further evaluation. Fitch affirmed ratings of "AAA" on our senior unsecured debt and "AA−" on our subordinated debt.

Although the certificates being offered hereby are not rated, the general market perception of our ability to satisfy our obligations, including our guaranty obligations on the certificates, will affect the liquidity and market value of the certificates. Accordingly, you should consider the potential effect of the recent announcements on the liquidity and market value of your certificates.

### Recent Legislation

On July 30, 2008, President Bush signed into law the Housing and Economic Recovery Act of 2008 that included GSE regulatory reform legislation. The legislation establishes the Federal Housing Finance Agency ("FHFA") as our new safety, soundness and mission regulator, replacing OFHEO and HUD for this purpose. In general, the legislation strengthens the existing safety and soundness oversight of the GSEs, providing FHFA with safety and soundness authority that is comparable to and in some respects broader than that of the federal bank regulatory agencies. For example, FHFA will have enhanced powers to raise capital levels above statutory minimum levels, to regulate the size and content of our portfolio, and to approve new mortgage products. The legislation also increases the financial and administrative cost of our affordable housing mission.

In addition, the legislation includes provisions that were initially proposed by the Treasury Secretary that (i) authorize the U.S. Treasury to buy Fannie Mae's debt, equity and other securities, subject to our agreement; and (ii) give the Chairman of the Board of Governors of the Federal Reserve System a consultative role in our regulator's process for setting capital requirements and other safety and soundness standards. Both of these provisions lapse at the end of 2009.

## SUMMARY

**This summary contains only limited information about the certificates. Statistical information in this summary is provided as of August 1, 2008. You should purchase the certificates only after reading this prospectus supplement and each of the additional disclosure documents listed on page S-3. In particular, please see the discussion of risk factors that appears in each of those additional disclosure documents.**

### Assets Underlying Each Group of Classes

| Group | Assets |
|---|---|
| 1 | Group 1 MBS |
| 2 | Group 2 MBS |
| 3 | Group 3 MBS |
| 4 | Group 4 SMBS |
| 5 | Group 5 MBS |

### Group 1, Group 2, Group 3 and Group 5

Characteristics of the Trust MBS

| | Approximate Principal Balance | Pass-Through Rate | Range of Weighted Average Coupons or WACs (annual percentages) | Range of Weighed Average Remaining Terms to Maturity or WAMs (in months) |
|---|---|---|---|---|
| Group 1 MBS | $190,000,000 | 5.00% | 5.25% to 7.50% | 107 to 180 |
| Group 2 MBS | $ 30,219,784 | 5.00% | 5.25% to 7.50% | 109 to 180 |
| Group 3 MBS | $200,000,000 | 5.00% | 5.25% to 7.50% | 101 to 180 |
| Group 5 MBS | $ 63,787,521 | 5.50% | 5.75% to 8.00% | 241 to 360 |

Assumed Characteristics of the Underlying Mortgage Loans

| | Principal Balance | Original Term to Maturity (in months) | Remaining Term to Maturity (in months) | Loan Age (in months) | Interest Rate |
|---|---|---|---|---|---|
| Group 1 MBS | $190,000,000 | 180 | 114 | 62 | 5.441% |
| Group 2 MBS | $ 30,219,784 | 180 | 109 | 66 | 5.460% |
| Group 3 MBS | $200,000,000 | 180 | 114 | 62 | 5.441% |
| Group 5 MBS | $ 63,787,521 | 360 | 282 | 68 | 5.910% |

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

### Group 4

Characteristics of the Group 4 SMBS

| Approximate Notional Principal Balance | Pass-Through Rate | SMBS Trust and Class Designation |
|---|---|---|
| $124,229,000 | 6.00% | 383-40 |

Assumed Characteristics of the Underlying Mortgage Loans

| Original Term to Maturity (in months) | Remaining Term to Maturity (in months) | Loan Age (in months) | Interest Rate |
|---|---|---|---|
| 360 | 336 | 21 | 6.410% |

The actual remaining term to maturity, loan age and interest rate of most of the mortgage loans underlying the Group 4 SMBS will differ from those shown above, perhaps significantly.

**Settlement Date**

We expect to issue the certificates on August 29, 2008.

**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.

**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.

**Book-Entry and Physical Certificates**

We will issue the classes of certificates in the following forms:

| Fed Book-Entry | Physical |
|---|---|
| All classes of certificates other than the R and RL Classes | R and RL Classes |

**Exchanging Certificates Through Combination and Recombination**

If you own certificates of a class designated as "exchangeable" on the cover of this prospectus supplement, you will be able to exchange them for a proportionate interest in the related RCR certificates. Schedule 1 lists the available combinations of the certificates eligible for exchange and the related RCR certificates. You can exchange your certificates by notifying us and paying an exchange fee. We will deliver the RCR certificates upon such exchange.

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

### Interest Rates

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

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

| Class | Initial Interest Rate | Maximum Interest Rate | Minimum Interest Rate | Formula for Calculation of Interest Rate(1) |
|---|---|---|---|---|
| EF(2) | 2.96% | (3) | 0.50% | LIBOR + 50 basis points |
| EI | 2.04% | 4.50% | 0.00% | 4.5% − LIBOR |
| GF(4) | 3.11% | (3) | 0.65% | LIBOR + 65 basis points |
| GI | 1.89% | 4.35% | 0.00% | 4.35% − LIBOR |
| HF | 3.46% | 7.50% | 1.00% | LIBOR + 100 basis points |
| JS | 0.25% | 0.25% | 0.00% | 6.5% − LIBOR |
| IS | 0.25% | 0.25% | 0.00% | 6.25% − LIBOR |
| HS | 3.54% | 6.00% | 0.00% | 6% − LIBOR |
| JF | 3.71% | 7.50% | 1.25% | LIBOR + 125 basis points |
| IF | 3.96% | 7.50% | 1.50% | LIBOR + 150 basis points |

(1) We will establish LIBOR on the basis of the "BBA Method."
(2) The interest rate payable on the EF Class is subject to the limitations set forth under "Description of the Certificates—Distributions of Interest—*The EF Class*" in this prospectus supplement. In particular, we will guaranty that monthly interest accrued only up to an annual rate of 5.00% will be available for distribution on the EF Class. **Any interest accrued on the EF Class in excess of 5.00% will not be guaranteed by Fannie Mae and will be paid solely from available proceeds, if any, under the related cap contract as described under "Description of the Certificates—The EF Class Cap Contract" in this prospectus supplement.**
(3) The EF and GF Classes have no maximum interest rates.
(4) The interest rate payable on the GF Class is subject to the limitations set forth under "Description of the Certificates—Distributions of Interest—*The GF Class*" in this prospectus supplement. In particular, we will guaranty that monthly interest accrued only up to an annual rate of 5.00% will be available for distribution on the GF Class. **Any interest accrued on the GF Class in excess of 5.00% will not be guaranteed by Fannie Mae and will be paid solely from available proceeds, if any, under the related cap contract as described under "Description of the Certificates—The GF Class Cap Contract" in this prospectus supplement.**

### Notional Classes

The notional principal balances of the notional classes will equal the percentages of the outstanding balances specified below immediately before the related distribution date:

| Class | |
|---|---|
| EI | 100% of the EF Class |
| GI | 100% of the GF Class |
| HF | 80% of the notional principal balance of the Group 4 SMBS |
| JS | 80% of the notional principal balance of the Group 4 SMBS |
| IS | 80% of the notional principal balance of the Group 4 SMBS |
| HS | 80% of the notional principal balance of the Group 4 SMBS |
| JF | 80% of the notional principal balance of the Group 4 SMBS |
| IF | 80% of the notional principal balance of the Group 4 SMBS |
| JI | 100% of the notional principal balance of the Group 4 SMBS |
| LI | 9.0909080000% of the LC Class |

## Distributions of Principal

For a description of the principal payment priorities, see "Description of the Certificates—Distributions of Principal" in this prospectus supplement.

## Weighted Average Lives (years)*

| | PSA Prepayment Assumption | | | | |
|---|---|---|---|---|---|
| **Group 1 Classes** | **0%** | **100%** | **177%** | **300%** | **400%** |
| EF and EI | 8.9 | 4.3 | 3.7 | 3.0 | 2.5 |

| | PSA Prepayment Assumption | | | | |
|---|---|---|---|---|---|
| **Group 2 Classes** | **0%** | **100%** | **177%** | **300%** | **400%** |
| DJ | 8.1 | 3.5 | 3.0 | 2.3 | 1.9 |
| DB | 14.5 | 8.4 | 8.0 | 7.3 | 6.6 |

| | PSA Prepayment Assumption | | | | |
|---|---|---|---|---|---|
| **Group 3 Classes** | **0%** | **100%** | **177%** | **300%** | **400%** |
| GF and GI | 8.9 | 4.3 | 3.7 | 3.0 | 2.5 |

| | PSA Prepayment Assumption | | | | |
|---|---|---|---|---|---|
| **Group 4 Classes** | **0%** | **100%** | **300%** | **450%** | **600%** |
| HF, JS, IS, HS, JF, IF and JI | 20.8 | 10.3 | 4.7 | 3.1 | 2.3 |

| | PSA Prepayment Assumption | | | | |
|---|---|---|---|---|---|
| **Group 5 Classes** | **0%** | **100%** | **178%** | **300%** | **400%** |
| LC, LI, LD and LA | 18.2 | 6.3 | 4.2 | 2.6 | 2.0 |
| LB | 28.7 | 18.7 | 15.2 | 10.7 | 8.3 |

* Determined as specified under "Yield, Maturity and Prepayment Considerations—Weighted Average Lives and Final Distribution Dates" in the REMIC Prospectus.

## ADDITIONAL RISK FACTORS

*Limitations affecting our guaranty of interest on the EF Class may adversely affect its yield.* Our guaranty of monthly interest in respect of the EF Class is limited to interest accrued up to a maximum rate of 5.0%. Any monthly interest accrued on the EF Class in excess of 5.0% (the EF Class additional interest amount) will be paid to the related certificateholders on the current distribution date solely from proceeds, if any, received under the EF Class cap contract. **Our guaranty does not cover any EF Class additional interest amount, or any failure of the related cap counterparty to make payments to the trust as required under the EF Class cap contract.**

*Limitations affecting our guaranty of interest on the GF Class may adversely affect its yield.* Our guaranty of monthly interest in respect of the GF Class is limited to interest accrued up to a maximum rate of 5.0%. Any monthly interest accrued on the GF Class in excess of 5.0% (the GF Class additional interest amount) will be paid to the related certificateholders on the current distribution date solely from proceeds, if any, received under the GF Class cap contract. **Our guaranty does not cover any GF Class additional interest amount, or any failure of the related cap counterparty to make payments to the trust as required under the GF Class cap contract.**

## DESCRIPTION OF THE CERTIFICATES

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

### General

*Structure.* We will create the Fannie Mae REMIC Trust specified on the cover of this prospectus supplement (the "Trust") pursuant to a trust agreement dated as of August 1, 2007 and a supplement thereto dated as of August 1, 2008 (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 August 1, 2007 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 assets of the Trust will include:

- four groups of Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the "Group 1 MBS," "Group 2 MBS," "Group 3 MBS" and "Group 5 MBS," and together, the "Trust MBS"),
- certain Fannie Mae Stripped Mortgage-Backed Securities (the "Group 4 SMBS"), and
- rights under the EF Class Cap Contract and the GF Class Cap Contract described under "—The EF Class Cap Contract" and "—The GF Class Cap Contract" below.

The Group 4 SMBS represent beneficial ownership interests in certain interest distributions on mortgage loans underlying certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (together with the Trust MBS, the "MBS").

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

The Trust will include the "Lower Tier REMIC" and "Upper Tier REMIC as "real estate mortgage investment conduits" (each, a "REMIC") under the Internal Revenue Code of 1986, as amended (the "Code").

The following chart contains information about the assets, the "regular interests" and the "residual interests" of each REMIC. The REMIC Certificates other than the R and RL Classes are collectively referred to as the "Regular Classes" or "Regular Certificates," and the R and RL Classes are collectively referred to as the "Residual Classes" or "Residual Certificates."

| REMIC Designation | Assets | Regular Interests | Residual Interest |
|---|---|---|---|
| Lower Tier REMIC . . . . . . . . . . | Trust MBS and Group 4 SMBS | Interests in the Lower Tier REMIC other than the RL Class (the "Lower Tier Regular Interests") | RL |
| Upper Tier REMIC . . . . . . . . . . | Lower Tier Regular Interests | The uncertificated regular interests corresponding to the EF and GF Classes and all Classes of REMIC Certificates other than the EF, GF, R and RL Classes | R |

Neither the EF Class Cap Contract nor the GF Class Cap Contract will be included in any REMIC.

*Fannie Mae Guaranty.* For a description of our guaranties of the Certificates, the MBS and the Group 4 SMBS, see "Description of the Certificates—Fannie Mae Guaranty" in the REMIC Prospectus, "Description of the Certificates—Fannie Mae Guaranty" in the MBS Prospectus and "Description of the SMBS Certificates—General—*Fannie Mae Guaranty*" in the SMBS Preliminary Data Statement. Our guaranties are not backed by the full faith and credit of the United States.

**Our guaranty will not cover any EF Class Additional Interest Amounts**. Investors in the EF Class will be entitled to receive EF Class Additional Interest Amounts only to the extent described under "—Distributions of Interest—*The EF Class*" below. Furthermore, our guaranty will **not** cover any amounts due under the EF Class Cap Contract that are not received by the Trust.

**Our guaranty also will not cover any GF Class Additional Interest Amounts**. Investors in the GF Class will be entitled to receive GF Class Additional Interest Amounts only to the extent described under "—Distributions of Interest—*The GF Class*" below. Furthermore, our guaranty will **not** cover any amounts due under the GF Class Cap Contract that are not received by the Trust.

*Characteristics of Certificates.* Except as specified below, we will issue the Certificates 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."

We will issue the Residual Certificates in fully registered, certificated form. The "Holder" or "Certificateholder" of a Residual Certificate is its registered owner. A Residual 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 a Residual Certificate and may require payment to cover any tax or other governmental charge. See also "—Characteristics of the Residual Classes" below.

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

| Classes | Denominations |
|---|---|
| Interest Only and Inverse Floating Rate Classes and the EF and GF Classes | $100,000 minimum plus whole dollar increments |
| All other Classes (except the R and RL Classes) | $1,000 minimum plus whole dollar increments |

### The Trust MBS

The Trust MBS provide that principal and interest on the related Mortgage Loans are passed through monthly. The Mortgage Loans underlying the Trust MBS are conventional, fixed-rate, fully-amortizing mortgage loans secured by first mortgages or deeds of trust on single-family residential properties. These Mortgage Loans have original maturities of up to 15 years in the case of the Group 1, Group 2 and Group 3 MBS, and up to 30 years in the case of the Group 5 MBS.

For additional information, see "Summary—Group 1, Group 2, Group 3 and Group 5—Characteristics of the Trust MBS" and "—Assumed Characteristics of the Underlying Mortgage Loans" in this prospectus supplement and "The Mortgage Pools" and "Yield, Maturity, and Prepayment Considerations" in the MBS Prospectus.

### The Group 4 SMBS

The general characteristics of the Group 4 SMBS are described in the SMBS Disclosure Documents. The Group 4 SMBS provide that certain interest amounts on the Mortgage Loans underlying the related MBS are passed through monthly. The general characteristics of the MBS are described in the MBS Prospectus. Each MBS evidences beneficial ownership interest in a pool of 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. For additional information see "Summary—Group 4—Characteristics of the Group 4 SMBS" and "—Assumed Characteristics of the Underlying Mortgage Loans" in this prospectus supplement, and "The Mortgage Pools" and "Yield, Maturity, and Prepayment Considerations" in the MBS prospectus.

### Distributions of Interest

*General.* The certificates will bear interest at the rates specified in this prospectus supplement on a 30/360 basis. Interest to be paid on each Certificate on a Distribution Date will consist of one month's interest on the outstanding balance of that Certificate immediately prior to that Distribution Date.

*Delay Classes and No-Delay Classes.* The "delay" Classes and "no-delay" Classes are set forth in the following table:

| Delay Classes | No-Delay Classes |
|---|---|
| Fixed Rate Classes and the HF, JS, IS, HS, JF and IF Classes | The EF, EI, GF and GI Classes |

See "Description of the Certificates—Distributions on Certificates—*Interest Distributions*" in the REMIC Prospectus.

*The EF Class.* On each Distribution Date we will pay interest on the EF Class in an amount (the "EF Class Guaranteed Interest Amount") equal to one month's interest at an annual rate equal to the *lesser* of

- the *sum* of LIBOR *plus* 50 basis points, and
- 5.00%.

For purposes of calculating LIBOR for the EF Class on each index determination date, the term "business day" means a day on which banks are open for dealing in foreign currency and exchange in London.

In addition, on each Distribution Date we will pay to the EF Class the EF Class Additional Interest Amount, if any, for that date from proceeds received in respect of the EF Class Cap Contract described under "—The EF Class Cap Contract" below.

The "EF Class Additional Interest Amount" for any Distribution Date will be equal to the *excess,* if any, of the EF Class Optimal Interest Amount for that Distribution Date *over* the EF Class Guaranteed Interest Amount for that Distribution Date.

The "EF Class Optimal Interest Amount" for any Distribution Date will be equal to one month's interest at an annual rate equal to the *sum* of LIBOR *plus* 50 basis points.

Our determination of the interest rate for the EF Class 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.

*The EI Class.* For purposes of calculating LIBOR for the EI Class on each index determination date, the term "business day" means a day on which banks are open for dealing in foreign currency and exchange in London.

*The GF Class.* On each Distribution Date we will pay interest on the GF Class in an amount (the "GF Class Guaranteed Interest Amount") equal to one month's interest at an annual rate equal to the *lesser* of

- the *sum* of LIBOR *plus 65* basis points, and
- 5.00%.

For purposes of calculating LIBOR for the GF Class on each index determination date, the term "business day" means a day on which banks are open for dealing in foreign currency and exchange in London.

In addition, on each Distribution Date we will pay to the GF Class the GF Class Additional Interest Amount, if any, for that date from proceeds received in respect of the GF Class Cap Contract described below under "—The GF Class Cap Contract" below.

The "GF Class Additional Interest Amount" for any Distribution Date will be equal to the *excess,* if any, of the GF Class Optimal Interest Amount for that Distribution Date *over* the GF Class Guaranteed Interest Amount for that Distribution Date.

The "GF Class Optimal Interest Amount" for any Distribution Date will be equal to one month's interest at an annual rate equal to the *sum* of LIBOR *plus* 65 basis points.

Our determination of the interest rate for the GF Class 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.

*The GI Class.* For purposes of calculating LIBOR for the GI Class on each index determination date, the term "business day" means a day on which banks are open for dealing in foreign currency and exchange in London.

## Distributions of Principal

On the Distribution Date in each month, we will make payments of principal on the Certificates as described below.

- *Group 1*

The Group 1 Principal Distribution Amount to EF until retired. *Pass-Through Class*

The "Group 1 Principal Distribution Amount" is the principal then paid on the Group 1 MBS.

- *Group 2*

The Group 2 Principal Distribution Amount to DJ and DB, in that order, until retired. *Sequential Pay Classes*

The "Group 2 Principal Distribution Amount" is the principal then paid on the Group 2 MBS.

- *Group 3*

The Group 3 Principal Distribution Amount to GF until retired. *Pass-Through Class*

The "Group 3 Principal Distribution Amount" is the principal then paid on the Group 3 MBS.

- *Group 5*

The Group 5 Principal Distribution Amount to LC and LB, in that order, until retired. *Sequential Pay Classes*

The "Group 5 Principal Distribution Amount" is the principal then paid on the Group 5 MBS.

## The EF Class Cap Contract

Lehman Brothers Special Financing Inc. ("LBSF"), an affiliate of the Dealer, has entered into a cap contract (the "EF Class Cap Contract") with Lehman Brothers International (Europe) (the "EF Class Cap Counterparty") for the benefit of the EF Class only. On the Settlement Date specified under "Summary" in this prospectus supplement, LBSF will assign to the Trustee, on behalf of the Trust, the rights of LBSF under the EF Class Cap Contract. The EF Class Cap Contract will not be an asset of any REMIC created under the Trust Agreement.

The EF Class Cap Contract is scheduled to remain in effect until the Distribution Date on which the principal balance of the EF Class is reduced to zero (the "EF Class Cap Termination Date"). The EF Class Cap Contract will be subject to early termination only in limited circumstances. Such circumstances generally include certain insolvency or bankruptcy events in relation to the EF Class Cap Counterparty or the Trust, the failure by the EF Class Cap Counterparty (three business days after notice of such failure is received by the EF Class Cap Counterparty) to make a payment due under the EF Class Cap Contract, the failure by the EF Class Cap Counterparty (30 days after notice of such failure is received) to perform any other agreement made by it under the EF Class Cap Contract, and the EF Class Cap Contract becoming illegal or subject to certain kinds of taxation.

If the EF Class Cap Contract is terminated early, the EF Class Cap Counterparty may owe a termination payment to the Trustee, payable in a lump sum. Fannie Mae will not obtain a replacement cap contract if the EF Class Cap Contract is terminated early. Any such termination payment will be paid to the Holders of the EF Class on the Distribution Date in the month immediately following the month in which the payment is received by the Trustee.

The EF Class Certificates do not represent obligations of the EF Class Cap Counterparty. The Holders of the EF Class Certificates are not parties to the EF Class Cap Contract and will not have any right to proceed directly against the EF Class Cap Counterparty in respect of its obligations under the EF Class Cap Contract. **The Fannie Mae guaranty will not cover any failure of the Trust to receive payments due under the EF Class Cap Contract.**

On or prior to the EF Class Cap Termination Date, proceeds (if any) received by the Trustee under the EF Class Cap Contract will be applied as payments to Holders of the EF Class as described above under "—Distributions of Interest—*The EF Class*." On any Distribution Date, after such application of any proceeds received under the EF Class Cap Contract, any remaining proceeds also will be paid to Holders of the EF Class. We do not expect that material remaining proceeds under the EF Class Cap Contract will be available for payment to the EF Class.

With respect to any Distribution Date on or prior to the EF Class Cap Termination Date, the amount payable by the EF Class Cap Counterparty under the EF Class Cap Contract will equal

- the excess (if any) of LIBOR (as determined by the EF Class Cap Counterparty) over 4.50%

*multiplied by*

- the principal balance of the EF Class immediately prior to that Distribution Date

*multiplied by*

- a fraction, the numerator of which is 30 and the denominator of which is 360.

**The EF Class Cap Counterparty**

The EF Class Cap Counterparty is Lehman Brothers International (Europe) ("LBIE"). The EF Class Cap Counterparty has been assigned a long-term foreign issuer credit rating of "A" (outlook negative) by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P"), a short-term foreign issuer credit rating of "A-1" (outlook negative) by S&P, an issuer rating of "A1" by Moody's Investors Service, Inc. ("Moody's"), a long-term issuer default rating of "A+" (outlook negative) by Fitch Ratings ("Fitch"), and a short-term issuer default rating of "F1" (outlook negative) by Fitch.

**The GF Class Cap Contract**

Lehman Brothers Special Financing Inc. ("LBSF"), an affiliate of the Dealer, has entered into a cap contract (the "GF Class Cap Contract") with Swiss Re Financial Products Corporation (the "GF Class Cap Counterparty") for the benefit of the GF Class only. On the Settlement Date specified under "Summary" in this prospectus supplement, LBSF will assign to the Trustee, on behalf of the Trust, the rights of LBSF under the GF Class Cap Contract. The GF Class Cap Contract will not be an asset of any REMIC created under the Trust Agreement.

The GF Class Cap Contract is scheduled to remain in effect until the Distribution Date on which the principal balance of the GF Class is reduced to zero (the "GF Class Cap Termination Date"). The GF Class Cap Contract will be subject to early termination only in limited circumstances. Such circumstances generally include certain insolvency or bankruptcy events in relation to the GF Class Cap Counterparty or the Trust, the failure by the GF Class Cap Counterparty (three business days after notice of such failure is received by the GF Class Cap Counterparty) to make a payment due under the GF Class Cap Contract, the failure by the GF Class Cap Counterparty (30 days after notice of such failure is received) to perform any other agreement made by it under the GF Class Cap Contract, and the GF Class Cap Contract becoming illegal or subject to certain kinds of taxation.

If the GF Class Cap Contract is terminated early, the GF Class Cap Counterparty may owe a termination payment to the Trustee, payable in a lump sum. Fannie Mae will not obtain a replacement cap contract if the GF Class Cap Contract is terminated early. Any such termination payment will be paid to the Holders of the GF Class on the Distribution Date in the month immediately following the month in which the payment is received by the Trustee.

The GF Class Certificates do not represent obligations of the GF Class Cap Counterparty. The Holders of the GF Class Certificates are not parties to the GF Class Cap Contract and will not have any right to proceed directly against the GF Class Cap Counterparty in respect of its obligations under the GF Class Cap Contract. **The Fannie Mae guaranty will not cover any failure of the Trust to receive payments due under the GF Class Cap Contract.**

On or prior to the GF Class Cap Termination Date, proceeds (if any) received by the Trustee under the GF Class Cap Contract will be applied as payments to Holders of the GF Class as described above under "—Distributions of Interest—*The GF Class*." On any Distribution Date, after such application of any proceeds received under the GF Class Cap Contract, any remaining proceeds also will be paid to Holders of the GF Class. We do not expect that material remaining proceeds under the GF Class Cap Contract will be available for payment to the GF Class.

With respect to any Distribution Date on or prior to the GF Class Cap Termination Date, the amount payable by the GF Class Cap Counterparty under the GF Class Cap Contract will equal

- the excess (if any) of LIBOR (as determined by the GF Class Cap Counterparty) over 4.35%

*multiplied by*

- the principal balance of the GF Class immediately prior to that Distribution Date

*multiplied by*

- a fraction, the numerator of which is 30 and the denominator of which is 360.

**The GF Class Cap Counterparty**

The GF Class Cap Counterparty is Swiss Re Financial Products Corporation ("SRFP"). SRFP is an indirect, wholly-owned subsidiary of Swiss Reinsurance Company Ltd ("Swiss Re"), a Swiss corporation. The obligations of SRFP under the GF Class Cap Contract are fully and unconditionally guaranteed by Swiss Re.

SRFP has been assigned a long-term counterparty credit rating of "AA−" and a short-term debt rating of "A-1+" by S & P.

Swiss Re has been assigned long-term counterparty credit, financial strength and senior unsecured debt ratings of "AA−" and a short-term counterparty credit rating of "A-1+" by S & P, insurance financial strength and senior debt ratings of "Aa2" and a short-term rating of "P-1" by Moody's Investors Service, and insurer financial strength and long-term issuer ratings of "AA−" by Fitch Ratings.

**Structuring Assumptions**

*Pricing Assumptions.* Except where otherwise noted, the information in the tables in this prospectus supplement has been prepared based on the following assumptions (the "Pricing Assumptions"):

- the Mortgage Loans underlying the Trust MBS have the original terms to maturity, remaining terms to maturity, loan ages and interest rates specified under "Summary—Group 1, Group 2, Group 3 and Group 5—Assumed Characteristics of the Underlying Mortgage Loans" in this prospectus supplement;
- the Mortgage Loans underlying the Group 4 SMBS have the original term to maturity, remaining term to maturity, loan age and interest rate specified under "Summary—Group 4—Assumed Characteristics of the Underlying Mortgage Loans" in this prospectus supplement;
- the Mortgage Loans prepay at the constant percentages of PSA specified in the related tables;
- the settlement date for the Certificates is August 29, 2008; and
- each Distribution Date occurs on the 25th day of a month.

*Prepayment Assumptions.* The prepayment model used in this prospectus supplement is PSA. For a description of PSA, see "Yield, Maturity and Prepayment Considerations—Prepayment

Models" in the REMIC Prospectus. It is highly unlikely that prepayments will occur at any *constant* PSA rate or at any other *constant* rate.

**Yield Tables**

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

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

- converting the monthly rates to corporate bond equivalent rates.

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

We cannot assure you that

- the pre-tax yields on the applicable Certificates will correspond to any of the pre-tax yields shown here, or

- the aggregate purchase prices of the applicable Certificates will be as assumed.

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

- the Mortgage Loans will prepay at a constant PSA rate until maturity,

- all of the Mortgage Loans will prepay at the same rate, or

- the level of the Index will remain constant.

*The Inverse Floating Rate Classes and the HF, JF and IF Classes.* **The yields on the Inverse Floating Rate Classes and the HF, JF and IF Classes will be very sensitive 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 Inverse Floating Rate Classes and the HF, JF and IF 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 following yield tables has been prepared on the basis of the Pricing Assumptions and the assumptions that

- the interest rates for the Inverse Floating Rate Classes and the HF, JF and IF Classes for the initial Interest Accrual Period are the rates listed in the table under "Summary—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:

| Class | Price* |
|---|---|
| EI | 1.9687500% |
| GI | 1.8750000% |
| HF | 23.1484375% |
| JS | 0.5781250% |
| IS | 0.5625000% |
| HS | 6.2187500% |
| JF | 23.7265625% |
| IF | 24.2890625% |

* 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.

In the following yield tables, the symbol * is used to represent a yield of less than (99.9)%.

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

| | PSA Prepayment Assumption | | | | |
|---|---|---|---|---|---|
| LIBOR | 50% | 100% | 177% | 300% | 400% |
| 0.46% | 264.1% | 257.7% | 247.6% | 230.9% | 216.7% |
| 2.46% | 110.1% | 105.6% | 98.6% | 86.9% | 76.9% |
| 4.50% | * | * | * | * | * |

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

| | PSA Prepayment Assumption | | | | |
|---|---|---|---|---|---|
| LIBOR | 50% | 100% | 177% | 300% | 400% |
| 0.46% | 267.2% | 260.8% | 250.6% | 233.8% | 219.5% |
| 2.46% | 106.0% | 101.6% | 94.6% | 83.0% | 73.2% |
| 4.35% | * | * | * | * | * |

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

| | PSA Prepayment Assumption | | | | |
|---|---|---|---|---|---|
| LIBOR | 50% | 100% | 300% | 450% | 600% |
| 0.46% | (1.8)% | (4.8)% | (17.5)% | (27.6)% | (38.3)% |
| 2.46% | 9.3% | 6.2% | (7.0)% | (17.6)% | (28.8)% |
| 4.46% | 19.0% | 15.7% | 2.0% | (8.9)% | (20.4)% |
| 6.50% | 28.6% | 25.2% | 11.1% | (0.1)% | (12.0)% |

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

| LIBOR | PSA Prepayment Assumption 50% | 100% | 300% | 450% | 600% |
|---|---|---|---|---|---|
| 6.250% and below | 40.6% | 37.1% | 22.5% | 10.9% | (1.4)% |
| 6.375% | 16.8% | 13.6% | 0.0% | (10.8)% | (22.3)% |
| 6.500% | * | * | * | * | * |

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

| LIBOR | PSA Prepayment Assumption 50% | 100% | 300% | 450% | 600% |
|---|---|---|---|---|---|
| 6.000% and below | 41.9% | 38.4% | 23.8% | 12.1% | (0.3)% |
| 6.125% | 17.5% | 14.2% | 0.7% | (10.2)% | (21.7)% |
| 6.250% and above | * | * | * | * | * |

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

| LIBOR | PSA Prepayment Assumption 50% | 100% | 300% | 450% | 600% |
|---|---|---|---|---|---|
| 0.46% | 94.2% | 90.2% | 73.5% | 60.1% | 45.9% |
| 2.46% | 56.0% | 52.4% | 37.2% | 25.1% | 12.2% |
| 4.46% | 20.3% | 17.0% | 3.3% | (7.6)% | (19.2)% |
| 6.00% and above | * | * | * | * | * |

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

| LIBOR | PSA Prepayment Assumption 50% | 100% | 300% | 450% | 600% |
|---|---|---|---|---|---|
| 0.46% | (0.4)% | (3.5)% | (16.2)% | (26.4)% | (37.2)% |
| 2.46% | 10.1% | 7.0% | (6.3)% | (16.9)% | (28.1)% |
| 4.46% | 19.5% | 16.2% | 2.5% | (8.4)% | (20.0)% |
| 6.25% | 27.7% | 24.3% | 10.3% | (0.9)% | (12.8)% |

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

| LIBOR | PSA Prepayment Assumption 50% | 100% | 300% | 450% | 600% |
|---|---|---|---|---|---|
| 0.46% | 0.8% | (2.3)% | (15.1)% | (25.3)% | (36.1)% |
| 2.46% | 10.9% | 7.7% | (5.6)% | (16.2)% | (27.5)% |
| 4.46% | 20.0% | 16.7% | 3.0% | (7.9)% | (19.5)% |
| 6.00% | 26.9% | 23.6% | 9.6% | (1.6)% | (13.5)% |

*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 each Fixed Rate Interest Only Class would be 0% if prepayments of the related Mortgage Loans were to occur at the following constant rates:**

| Class | % PSA |
|---|---|
| LI | 244% |
| JI | 343% |

**For either 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 following 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:

| Class | Price* |
|---|---|
| LI | 17.21875% |
| JI | 24.40625% |

* 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 LI Class to Prepayments**

| | PSA Prepayment Assumption | | | | |
|---|---|---|---|---|---|
| | 50% | 100% | 178% | 300% | 400% |
| Pre-Tax Yields to Maturity | 24.6% | 19.2% | 9.5% | (8.9)% | (26.0)% |

**Sensitivity of the JI Class to Prepayments**

| | PSA Prepayment Assumption | | | | |
|---|---|---|---|---|---|
| | 50% | 100% | 300% | 450% | 600% |
| Pre-Tax Yields to Maturity | 20.1% | 16.8% | 3.1% | (7.8)% | (19.5)% |

### Weighted Average Lives of the Certificates

For a description of how the weighted average life of a Certificate is determined, see "Yield, Maturity and Prepayment Considerations—Weighted Average Lives and Final Distribution Dates" 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 distributions and
- the priority sequences of distributions of principal of the Group 2 and Group 5 Classes.

See "—Distributions of Principal" above.

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.

In the case of the information set forth for each Class under 0% PSA, however, we assumed that the Mortgage Loans have the original and remaining terms to maturity and bear interest at the annual rates specified in the table below.

| Mortgage Loans Relating to Trust Assets Specified Below | Original and Remaining Terms to Maturity | Interest Rates |
|---|---|---|
| Group 1 MBS | 180 months | 7.50% |
| Group 2 MBS | 180 months | 7.50% |
| Group 3 MBS | 180 months | 7.50% |
| Group 4 SMBS | 360 months | 8.50% |
| Group 5 MBS | 360 months | 8.00% |

It is unlikely that all of the Mortgage Loans will have the loan ages, interest rates or remaining terms to maturity assumed or that the 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 | EF and EI† Classes<br>PSA Prepayment Assumption<br>0% | 100% | 177% | 300% | 400% | GF and GI† Classes<br>PSA Prepayment Assumption<br>0% | 100% | 177% | 300% | 400% |
|---|---|---|---|---|---|---|---|---|---|---|
| Initial Percent | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| August 2009 | 96 | 86 | 82 | 75 | 70 | 96 | 86 | 82 | 75 | 70 |
| August 2010 | 92 | 73 | 66 | 56 | 48 | 92 | 73 | 66 | 56 | 48 |
| August 2011 | 88 | 61 | 53 | 41 | 32 | 88 | 61 | 53 | 41 | 32 |
| August 2012 | 83 | 50 | 41 | 29 | 21 | 83 | 50 | 41 | 29 | 21 |
| August 2013 | 78 | 39 | 31 | 20 | 14 | 78 | 39 | 31 | 20 | 14 |
| August 2014 | 73 | 30 | 22 | 13 | 8 | 73 | 30 | 22 | 13 | 8 |
| August 2015 | 67 | 20 | 14 | 8 | 5 | 67 | 20 | 14 | 8 | 5 |
| August 2016 | 60 | 12 | 8 | 4 | 2 | 60 | 12 | 8 | 4 | 2 |
| August 2017 | 54 | 4 | 2 | 1 | 1 | 54 | 4 | 2 | 1 | 1 |
| August 2018 | 46 | 0 | 0 | 0 | 0 | 46 | 0 | 0 | 0 | 0 |
| August 2019 | 38 | 0 | 0 | 0 | 0 | 38 | 0 | 0 | 0 | 0 |
| August 2020 | 30 | 0 | 0 | 0 | 0 | 30 | 0 | 0 | 0 | 0 |
| August 2021 | 21 | 0 | 0 | 0 | 0 | 21 | 0 | 0 | 0 | 0 |
| August 2022 | 11 | 0 | 0 | 0 | 0 | 11 | 0 | 0 | 0 | 0 |
| August 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Weighted Average Life (years)** | 8.9 | 4.3 | 3.7 | 3.0 | 2.5 | 8.9 | 4.3 | 3.7 | 3.0 | 2.5 |

| Date | DJ Class<br>PSA Prepayment Assumption<br>0% | 100% | 177% | 300% | 400% | DB Class<br>PSA Prepayment Assumption<br>0% | 100% | 177% | 300% | 400% |
|---|---|---|---|---|---|---|---|---|---|---|
| Initial Percent | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| August 2009 | 96 | 84 | 79 | 71 | 65 | 100 | 100 | 100 | 100 | 100 |
| August 2010 | 91 | 69 | 61 | 49 | 40 | 100 | 100 | 100 | 100 | 100 |
| August 2011 | 86 | 54 | 45 | 31 | 22 | 100 | 100 | 100 | 100 | 100 |
| August 2012 | 81 | 41 | 31 | 18 | 10 | 100 | 100 | 100 | 100 | 100 |
| August 2013 | 75 | 29 | 19 | 8 | 1 | 100 | 100 | 100 | 100 | 100 |
| August 2014 | 69 | 17 | 9 | 0 | 0 | 100 | 100 | 100 | 98 | 62 |
| August 2015 | 62 | 6 | * | 0 | 0 | 100 | 100 | 100 | 56 | 33 |
| August 2016 | 55 | 0 | 0 | 0 | 0 | 100 | 73 | 49 | 24 | 13 |
| August 2017 | 47 | 0 | 0 | 0 | 0 | 100 | 5 | 3 | 2 | 1 |
| August 2018 | 39 | 0 | 0 | 0 | 0 | 100 | 0 | 0 | 0 | 0 |
| August 2019 | 30 | 0 | 0 | 0 | 0 | 100 | 0 | 0 | 0 | 0 |
| August 2020 | 20 | 0 | 0 | 0 | 0 | 100 | 0 | 0 | 0 | 0 |
| August 2021 | 9 | 0 | 0 | 0 | 0 | 100 | 0 | 0 | 0 | 0 |
| August 2022 | 0 | 0 | 0 | 0 | 0 | 87 | 0 | 0 | 0 | 0 |
| August 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Weighted Average Life (years)** | 8.1 | 3.5 | 3.0 | 2.3 | 1.9 | 14.5 | 8.4 | 8.0 | 7.3 | 6.6 |

| Date | HF†, JS†, IS†, HS†, JF†, IF† and JI† Classes<br>PSA Prepayment Assumption<br>0% | 100% | 300% | 450% | 600% | LC, LI†, LD and LA Classes<br>PSA Prepayment Assumption<br>0% | 100% | 178% | 300% | 400% | LB Class<br>PSA Prepayment Assumption<br>0% | 100% | 178% | 300% | 400% |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Initial Percent | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| August 2009 | 99 | 93 | 83 | 75 | 67 | 99 | 90 | 84 | 75 | 67 | 100 | 100 | 100 | 100 | 100 |
| August 2010 | 98 | 86 | 67 | 54 | 42 | 98 | 80 | 70 | 55 | 43 | 100 | 100 | 100 | 100 | 100 |
| August 2011 | 98 | 80 | 54 | 39 | 26 | 97 | 72 | 57 | 38 | 25 | 100 | 100 | 100 | 100 | 100 |
| August 2012 | 97 | 74 | 43 | 28 | 17 | 95 | 63 | 46 | 25 | 11 | 100 | 100 | 100 | 100 | 100 |
| August 2013 | 95 | 68 | 35 | 20 | 10 | 94 | 55 | 37 | 14 | 1 | 100 | 100 | 100 | 100 | 100 |
| August 2014 | 94 | 63 | 28 | 14 | 7 | 92 | 48 | 28 | 6 | 0 | 100 | 100 | 100 | 100 | 77 |
| August 2015 | 93 | 58 | 23 | 10 | 4 | 90 | 41 | 20 | 0 | 0 | 100 | 100 | 100 | 96 | 56 |
| August 2016 | 92 | 53 | 18 | 7 | 3 | 89 | 35 | 14 | 0 | 0 | 100 | 100 | 100 | 76 | 41 |
| August 2017 | 90 | 49 | 14 | 5 | 2 | 87 | 28 | 8 | 0 | 0 | 100 | 100 | 100 | 59 | 30 |
| August 2018 | 89 | 44 | 12 | 4 | 1 | 84 | 23 | 3 | 0 | 0 | 100 | 100 | 100 | 47 | 22 |
| August 2019 | 87 | 41 | 9 | 3 | 1 | 82 | 17 | 0 | 0 | 0 | 100 | 100 | 93 | 36 | 16 |
| August 2020 | 85 | 37 | 7 | 2 | * | 79 | 12 | 0 | 0 | 0 | 100 | 100 | 78 | 28 | 11 |
| August 2021 | 83 | 33 | 6 | 1 | * | 77 | 8 | 0 | 0 | 0 | 100 | 100 | 66 | 22 | 8 |
| August 2022 | 81 | 30 | 5 | 1 | * | 74 | 3 | 0 | 0 | 0 | 100 | 100 | 54 | 16 | 6 |
| August 2023 | 78 | 27 | 4 | 1 | * | 70 | 0 | 0 | 0 | 0 | 100 | 96 | 45 | 12 | 4 |
| August 2024 | 75 | 24 | 3 | * | * | 67 | 0 | 0 | 0 | 0 | 100 | 82 | 36 | 9 | 3 |
| August 2025 | 72 | 21 | 2 | * | * | 63 | 0 | 0 | 0 | 0 | 100 | 69 | 29 | 7 | 2 |
| August 2026 | 69 | 19 | 2 | * | * | 59 | 0 | 0 | 0 | 0 | 100 | 56 | 22 | 5 | 1 |
| August 2027 | 66 | 16 | 1 | * | * | 54 | 0 | 0 | 0 | 0 | 100 | 44 | 17 | 3 | 1 |
| August 2028 | 62 | 14 | 1 | * | * | 50 | 0 | 0 | 0 | 0 | 100 | 33 | 12 | 2 | * |
| August 2029 | 58 | 12 | 1 | * | * | 44 | 0 | 0 | 0 | 0 | 100 | 23 | 8 | 1 | * |
| August 2030 | 53 | 10 | * | * | * | 39 | 0 | 0 | 0 | 0 | 100 | 13 | 4 | 1 | * |
| August 2031 | 49 | 8 | * | * | * | 32 | 0 | 0 | 0 | 0 | 100 | 4 | 1 | * | * |
| August 2032 | 43 | 6 | * | * | * | 26 | 0 | 0 | 0 | 0 | 100 | 0 | 0 | 0 | 0 |
| August 2033 | 37 | 4 | * | * | * | 19 | 0 | 0 | 0 | 0 | 100 | 0 | 0 | 0 | 0 |
| August 2034 | 31 | 3 | * | * | * | 11 | 0 | 0 | 0 | 0 | 100 | 0 | 0 | 0 | 0 |
| August 2035 | 24 | 1 | * | * | * | 2 | 0 | 0 | 0 | 0 | 100 | 0 | 0 | 0 | 0 |
| August 2036 | 17 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 75 | 0 | 0 | 0 | 0 |
| August 2037 | 9 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 39 | 0 | 0 | 0 | 0 |
| August 2038 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Weighted Average Life (years)** | 20.8 | 10.3 | 4.7 | 3.1 | 2.3 | 18.2 | 6.3 | 4.2 | 2.6 | 2.0 | 28.7 | 18.7 | 15.2 | 10.7 | 8.3 |

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

** Determined as specified under "Yield, Maturity and Prepayment Considerations—Weighted Average Lives and Final Distribution Dates" in the REMIC Prospectus.

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

## Characteristics of the Residual Classes

A Residual Certificate will be subject to certain transfer restrictions. See "Description of the Certificates—Special Characteristics of the Residual Certificates" and "Material Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates" in the REMIC Prospectus.

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. A Residual Certificate will constitute a noneconomic residual interest under the Regulations. Having a significant purpose to impede the assessment or collection of tax means that the transferor of a Residual Certificate had "improper knowledge" at the time of the transfer. See "Description of the Certificates—Special Characteristics of the Residual Certificates" in the REMIC Prospectus. You should consult your own tax advisor regarding the application of the Regulations to a transfer of a Residual Certificate.

# 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 "Material 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 "Material 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 make a REMIC election with respect to each REMIC set forth in the chart under "Description of the Certificates—General—*Structure*." The Regular Classes (other than the EF and GF Classes) will be designated as "regular interests" and the Residual Classes will be designated as the "residual interests" in the REMICs as set forth in that chart. In addition, the Upper Tier REMIC will issue uncertificated regular interests corresponding to the EF and GF Classes. Thus, the REMIC Certificates (other than the EF and GF Classes), the REMIC regular interests corresponding to the EF and GF Classes, 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 Residual Classes, as "qualified mortgages" for other REMICs. See "Material Federal Income Tax Consequences—REMIC Election and Special Tax Attributes" in the REMIC Prospectus.

The REMIC regular interest corresponding to the EF Class will be entitled to receive interest and principal payments at the times and in the amounts equal to those made to the EF Class, except that the maximum interest rate on this REMIC regular interest will be a per annum rate of 5.00%

and will be determined without regard to payments received under the EF Class Cap Contract. A beneficial owner of an EF Class Certificate will be treated for federal income tax purposes as the beneficial owner of a pro rata interest in the related REMIC regular interest. Any excess of the amount of interest actually payable to the EF Class over the amount of interest payable on the related REMIC regular interest will be treated as having been received by the beneficial owners of such class pursuant to the related notional principal contract discussed under "Taxation of the Cap Contracts" below.

The REMIC regular interest corresponding to the GF Class will be entitled to receive interest and principal payments at the times and in the amounts equal to those made to the GF Class, except that the maximum interest rate on this REMIC regular interest will be a per annum rate of 5.00% and will be determined without regard to payments received under the GF Class Cap Contract. A beneficial owner of a GF Class Certificate will be treated for federal income tax purposes as the beneficial owner of a pro rata interest in the related REMIC regular interest. Any excess of the amount of interest actually payable to the GF Class over the amount of interest payable on the related REMIC regular interest will be treated as having been received by the beneficial owners of such class pursuant to the related notional principal contract discussed under "Taxation of the Cap Contracts" below.

For purposes of the remainder of this discussion and the discussion under "Material Federal Income Tax Consequences" in the REMIC Prospectus, references to "Regular Certificates" and "Regular Classes" should be read to include the EF and GF Certificates and Classes only to the extent of the corresponding REMIC regular interests represented thereby.

## Taxation of Beneficial Owners of Regular Certificates

The Notional 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 "Material 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 "Material 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:

| Group | Prepayment Assumption |
|---|---|
| 1 | 177% PSA |
| 2 | 177% PSA |
| 3 | 177% PSA |
| 4 | 300% PSA |
| 5 | 178% PSA |

See "Material Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Treatment of Original Issue Discount*" in the REMIC Prospectus. No representation is made as to whether the Mortgage Loans underlying the MBS will prepay at any of those rates or any other rate. See "Description of the Certificates—Weighted Average Lives of the Certificates" in this prospectus supplement and "Yield, Maturity and Prepayment Considerations—Weighted Average Lives and Final Distribution Dates" in the REMIC Prospectus.

**Taxation of Beneficial Owners of the EF and GF Class Certificates**

*General*

A beneficial owner of an EF or GF Class Certificate will be treated:

- as holding an undivided interest in a REMIC regular interest as described above, and
- as having entered into a notional principal contract as described below.

Consequently, each beneficial owner of an EF or GF Class Certificate will be required to report its pro rata share of income accruing with respect to the corresponding REMIC regular interest as discussed under "—REMIC Elections and Special Tax Attributes" above. In addition, each beneficial owner of an EF Class Certificate will be required to report its pro rata share of net income with respect to the EF Class Cap Contract, and will be permitted to recognize its share of a net deduction with respect to the EF Class Cap Contract; and each beneficial owner of a GF Class Certificate will be required to report its pro rata share of net income with respect to the GF Class Cap Contract, and will be permitted to recognize its share of a net deduction with respect to the GF Class Cap Contract, in each case subject to the discussion under "—Taxation of the Cap Contracts" below.

In general, this treatment of an EF or GF Class Certificate should not materially affect the timing or amount of income, for federal income tax purposes, of a beneficial owner of an EF or GF Class certificate provided that:

- any premium paid with respect to the related Cap Contract is amortized in the same manner as any offsetting premium or discount with respect to the corresponding REMIC regular interest is amortized, and
- the beneficial owner's ability to recognize a net deduction with respect to the related Cap Contract is not subject to sections 67 or 68 of the Code.

In any event, you should consult your own tax advisor regarding the consequences to you in light of your particular circumstances of taxing separately the components comprising each EF or GF Class Certificate (*i.e.*, the corresponding REMIC regular interest and the related Cap Contract).

*Allocations with Respect to an EF or GF Class Certificate*

A beneficial owner of an EF or GF Class Certificate must allocate its cost to acquire the Certificate between the corresponding REMIC regular interest and the related Cap Contract based on their relative fair market values. When a beneficial owner of an EF or GF Class Certificate sells or disposes of the Certificate, the beneficial owner must allocate the sale proceeds between the corresponding REMIC regular interest and the related Cap Contract based on their relative fair market values and must treat the sale or other disposition of the Certificate as a sale or other disposition of a pro rata portion of the corresponding REMIC regular interest and the related Cap Contract.

For information reporting purposes, we intend to treat the EF Class Cap Contract as having an initial value of $4,512,500 and the GF Class Cap Contract as having an initial value of $4,937,500. Because each Cap Contract is expected to have more than nominal value, you should consider the income tax consequences to you of allocating a more than nominal portion of your purchase price for an EF or GF Class Certificate to the premium for the related Cap Contract. You should consult your own tax advisors regarding the consequences to you should the related Cap Contract have a different value at the time you acquire an EF or GF Class Certificate. See "—Taxation of the Cap Contracts" below.

*Tax Attributes of EF and GF Class Certificates*

Although the EF and GF Class Certificates will represent beneficial ownership in REMIC regular interests, which is afforded certain tax attributes under the Code (see "Material Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates" in the REMIC

Prospectus), the interest in the related Cap Contract represented by an EF or GF Class Certificate will not constitute:

- a "real estate asset" within the meaning of section 856(c)(5)(B) of the Code,
- a "qualified mortgage" within the meaning of section 860G(a)(3) of the Code or a "permitted investment" within the meaning of section 860G(a)(5) of the Code, or
- an asset described in section 7701(a)(19)(C)(xi) of the code.

Income received under the Cap Contracts will not constitute income described in section 856(c)(3)(B) with respect to a real estate investment trust. As a result of these rules, the EF and GF Classes may not be appropriate investments for a REIT or a REMIC.

## Taxation of the Cap Contracts

*General*

Beneficial owners of an EF or GF Class Certificate will be treated as having entered into a "notional principal contract" within the meaning of Treasury Department Regulations promulgated under section 446 of the Code (the "NPC Regulations"). Pursuant to the related notional principal contract, the beneficial owners of the EF or GF Class Certificates will be treated as agreeing to pay a premium for the right to receive the payments on the related Cap Contract. Beneficial owners of an EF or GF Class Certificate will be treated as having entered into the related notional principal contract on the date the beneficial owner acquires the Certificate.

*Treatment of Payments Under the Cap Contracts*

Under the NPC Regulations, the premium that is deemed to have been paid for the related Cap Contract must be amortized over the life of the EF or GF Class, as applicable, taking into account the declining balance of that Class. For information reporting purposes, we intend to amortize the premium under a constant yield method, similar to that used to amortize OID. You should consult your tax advisor regarding the method for amortizing this premium.

Any payment received by the EF or GF Class pursuant to the related Cap Contract will be treated as a periodic payment under the NPC Regulations. To the extent that the periodic payments in any year exceed the amount of the premium amortized in that year, such excess shall represent net income for that year. Conversely, to the extent that the amount of the premium amortized in any year exceeds the periodic payments in that year, such excess shall represent a net deduction for that year. Although not clear, net income or a net deduction should be treated as ordinary income or as an ordinary deduction.

A beneficial owner's ability to recognize a net deduction with respect to the related Cap Contract is limited under section 67 of the Code in the case of (i) estates and trusts, and (ii) individuals owning an interest in an EF or GF Class Certificate, directly or through an investment in a "pass-thru entity" (other than in connection with such individual's trade or business). Pass-thru entities include partnerships, S corporations, grantor trusts, and non-publicly offered regulated investment companies but do not include estates, non-grantor trusts, cooperatives, real estate investment trusts and publicly offered regulated investment companies. Generally, such a beneficial owner can recognize a net deduction only to the extent that these costs, when aggregated with certain of the beneficial owner's other miscellaneous itemized deductions, exceed 2% of the beneficial owner's adjusted gross income. For this purpose, an estate or non-grantor trust computes adjusted gross income in the same manner as in the case of an individual, except that deductions for administrative expenses of the estate or trust that would not have been incurred if the property were not held in such trust or estate are treated as allowable in arriving at adjusted gross income. In addition, section 68 of the Code may provide for certain limitations on itemized deductions otherwise allowable for a beneficial owner who is an individual. Further such a beneficial owner will not be able to recognize a net deduction with respect to the related Cap Contract in computing the beneficial owner's alternative minimum tax liability.

*Disposition of the Cap Contracts*

Any amount that is considered to be allocated to the related Cap Contract in connection with the sale or other disposition of an EF or GF Class Certificate as described under "—Taxation of Beneficial Owners of the EF and GF Class Certificates—*Allocations with Respect to an EF or GF Class Certificate*" above will be considered a "termination payment" under the NPC Regulations. Under the NPC Regulations, a beneficial owner of an EF or GF Class Certificate will have gain or loss from the disposition of the related Cap Contract equal to (i) the sum of the unamortized portion of any premium received or deemed to have been received by the beneficial owner upon entering the related Cap Contract and any termination payment it receives or is deemed to have received, less (ii) the sum of the unamortized portion of any premium paid or deemed to have been paid by the beneficial owner upon entering into the related Cap Contract and any termination payment it makes or is deemed to have made. The gain or loss should be capital gain or loss, provided the related Cap Contract is a capital asset to the beneficial owner. The ability to deduct capital losses is subject to limitations.

**Taxation of Beneficial Owners of Residual Certificates**

The Holder of a Residual Certificate will be considered to be the holder of the "residual interest" in the related REMIC. Such Holder generally will be required to report its daily portion of the taxable income or net loss of the REMIC to which that Certificate relates. In certain periods, a Holder of a Residual Certificate may be required to recognize taxable income without being entitled to receive a corresponding amount of cash. Pursuant to the Trust Agreement, we will be obligated to provide to the Holder of a Residual Certificate (i) information necessary to enable it to prepare its federal income tax returns and (ii) any reports regarding the Residual Class that may be required under the Code. See "Material Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates" in the REMIC Prospectus.

**Taxation of Beneficial Owners of RCR Certificates**

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 Regular Certificates that are exchanged for RCR Certificates set forth in Schedule 1 (including any exchanges effective on the Settlement Date) will be the assets of the trust, and the RCR Certificates will represent an ownership interest of the underlying Regular Certificates. For a general discussion of the federal income tax treatment of beneficial owners of Regular Certificates, see "Material Federal Income Tax Consequences" in the REMIC Prospectus.

Generally, the ownership interest represented by an RCR certificate will be one of two types. A certificate of a Strip RCR Class (a "Strip RCR Certificate") will represent the right to receive a disproportionate part of the principal or interest payments on one or more underlying Regular Certificates. A certificate of a Combination RCR Class (a "Combination RCR Certificate") will represent beneficial ownership of undivided interests in two or more underlying Regular Certificates. All of the RCR Certificates are Combination RCR Certificates. See "Material Federal Income Tax Consequences—Taxation of Beneficial Owners of RCR Certificates" in the REMIC Prospectus for a general discussion of the federal income tax treatment of beneficial owners of RCR Certificates.

## ADDITIONAL ERISA CONSIDERATIONS RELATING TO THE EF AND GF CLASSES

Because the right to interest payable under the related Cap Contracts to Holders of the EF and GF Classes is not guaranteed by Fannie Mae, the "guaranteed governmental mortgage pool exemption" may or may not be applicable to the acquisition and holding of that right. Therefore, any Plan fiduciary considering an investment in an EF or GF Class should consider the identity of the related

Cap Counterparty in determining whether an investment in the EF or GF Class would give rise to a prohibited transaction. Depending on the relevant facts and circumstances, certain prohibited transaction exemptions may apply to the acquisition of the EF or GF Class and rights under the related Cap Contract—for example, Prohibited Transaction Class Exemption ("PTCE") 84-14, which exempts certain transactions effected on behalf of a Plan by a "qualified professional asset manager," PTCE 90-1, which exempts certain transactions by insurance company pooled separate accounts, PTCE 91-38, which exempts certain transactions by bank collective investment funds, PTCE 95-60, which exempts certain transactions by insurance company general accounts, or PTCE 96-23, which exempts certain transactions effected on behalf of a Plan by an "in-house asset manager." In addition, a statutory exemption under Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code may be available for a transaction that involves a service provider to a Plan investing in an EF or GF Class if the transaction takes place for adequate consideration and the service provider is not the fiduciary with respect to the Plan's assets used to acquire the EF or GF Class, as applicable, an affiliate of such a fiduciary, or an affiliate of the employer sponsoring the Plan. Each Plan that invests in the EF or GF Class, by its acceptance of the Certificate, will be deemed to make certain representations as provided in the Trust Agreement, including that its acquisition of the EF or GF Class, as applicable, and rights under the related Cap Contract, does not give rise to a non-exempt prohibited transaction under section 406 of ERISA or section 4975 of the Code.

## PLAN OF DISTRIBUTION

We are obligated to deliver the Certificates to Lehman Brothers, Inc. (the "Dealer") in exchange for the Trust MBS and the Group 4 SMBS. The Dealer proposes to offer the Certificates directly to the public from time to time in negotiated transactions at varying prices to be determined at the time of sale. The Dealer may effect these transactions to or through other dealers.

## LEGAL MATTERS

Sidley Austin LLP will provide legal representation for Fannie Mae. McKee Nelson LLP will provide legal representation for the Dealer.

**Schedule 1**

## Available Recombinations(1)

| REMIC Certificates | | RCR Certificates | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Classes | Original Balances | RCR Classes | Original Balances | Principal Type(2) | Interest Rate | Interest Type(2) | CUSIP Number | Final Distribution Date |
| **Recombination 1** | | | | | | | | |
| HF | $99,383,200(3) | JF | $ 99,383,200(3) | NTL | (4) | FLT/IO | 31397MSL2 | September 2038 |
| JS | 99,383,200(3) | | | | | | | |
| **Recombination 2** | | | | | | | | |
| IS | 99,383,200(3) | IF | 99,383,200(3) | NTL | (4) | FLT/IO | 31397MSM0 | September 2038 |
| HF | 99,383,200(3) | | | | | | | |
| JS | 99,383,200(3) | | | | | | | |
| **Recombination 3** | | | | | | | | |
| HS | 99,383,200(3) | JI | 124,229,000(3) | NTL | 6.00% | FIX/IO | 31397MSN8 | September 2038 |
| IS | 99,383,200(3) | | | | | | | |
| HF | 99,383,200(3) | | | | | | | |
| JS | 99,383,200(3) | | | | | | | |
| **Recombination 4** | | | | | | | | |
| LC | 50,000,000 | LD | 50,000,000 | SEQ | 5.25 | FIX | 31397MSP3 | January 2036 |
| LI | 2,272,727(3) | | | | | | | |
| **Recombination 5** | | | | | | | | |
| LC | 50,000,000 | LA | 50,000,000 | SEQ | 5.50 | FIX | 31397MSQ1 | January 2036 |
| LI | 4,545,454(3) | | | | | | | |

(1) REMIC Certificates and RCR Certificates in each Recombination may be exchanged only in the proportions of *original* principal or notional principal balances for the related Classes shown in this Schedule 1 (disregarding any retired Classes). For example, if a particular Recombination includes two REMIC Classes and one RCR Class whose *original* principal balances shown in the schedule reflect a 1:1:2 relationship, the same 1:1:2 relationship among the *original* principal balances of those REMIC and RCR Classes must be maintained in any exchange. This is true even if, as a result of the applicable payment priority sequence, the relationship between their *current* principal balances has changed over time. Moreover, 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.

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

(3) Notional balances. These Classes are Interest Only Classes. See page S-7 for a description of how their notional balances are calculated.

(4) For a description of these interest rates, see "Summary—Interest Rates" in this prospectus supplement.

**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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# $484,007,305

FannieMae®

Guaranteed REMIC
Pass-Through Certificates

Fannie Mae REMIC Trust 2008-76

## PROSPECTUS SUPPLEMENT

LEHMAN BROTHERS

August 22, 2008