

\$370,973,536



FannieMae®

**Guaranteed REMIC Pass-Through Certificates
Fannie Mae REMIC Trust 2011-77**

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 Certificateholder

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

- interest accrued on the balance of your certificate (except in the case of the accrual classes), and
- principal to the extent available for payment on your class.

We 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.

The Trust and its Assets

The trust will own Fannie Mae MBS.

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

Class	Group	Original Class Balance	Principal Type (1)	Interest Rate	Interest Type (1)	CUSIP Number	Final Distribution Date
PL	1	104,561,648	PAC	2.75%	FIX	3136.A0BH9	October 2037
FP	1	43,567,352	PAC	(3)	FLT	3136.A0DM6	October 2037
SP	1	43,567,352 (4)	NPL	(3)	INV/IO	3136.A0DN4	October 2037
PB(2)	1	16,050,000	PAC	4.00	FIX	3136.A0DP9	January 2039
PC(2)	1	35,930,000	PAC	4.00	FIX	3136.A0DQ7	August 2041
CV(2)	1	18,997,000	SUP/AD	4.00	FIX	3136.A0DR5	November 2027
CZ(2)	1	20,894,000	SUP	4.00	FIX/Z	3136.A0DS3	August 2041
A	2	89,924,000	SEQ	3.50	FIX	3136.A0DT1	August 2036
VA(2)	2	10,001,000	SEQ/AD	3.50	FIX	3136.A0DU8	November 2022
VB(2)	2	10,169,000	SEQ/AD	3.50	FIX	3136.A0DV6	January 2031
Z(2)	2	20,879,536	SEQ	3.50	FIX/Z	3136.A0DW4	August 2041
R		0	NPR	0	NPR	3136.A0DX2	August 2041
RL		0	NPR	0	NPR	3136.A0DY0	August 2041

(1) See "Description of the Certificates—The Certificates—Class Definitions and Abbreviations" in the REMIC prospectus.
(2) Exchangeable classes.

(3) Based on LIBOR.
(4) Notional balance. This class is an interest only class. See page S-7 for a description of how its notional balance is calculated.

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 C, PD, D and V 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—The Certificates—Combination and Recombination" in the REMIC prospectus.

The dealer will offer the certificates from time to time in negotiated transactions at varying prices. We expect the settlement date to be July 29, 2011.

Carefully consider the risk factors starting on page 11 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.

MORGAN STANLEY

The date of this Prospectus Supplement is July 25, 2011

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AVAILABLE INFORMATION

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

- our Prospectus for Fannie Mae Guaranteed REMIC Pass-Through Certificates dated May 1, 2010 (the “REMIC Prospectus”);
- our Prospectus for Fannie Mae Guaranteed Pass-Through Certificates (Single-Family Residential Mortgage Loans) dated
 - July 1, 2011, for all MBS issued on or after July 1, 2011,
 - June 1, 2009, for all MBS issued on or after January 1, 2009 and prior to July 1, 2011,
 - April 1, 2008, for all MBS issued on or after June 1, 2007 and prior to January 1, 2009, or
 - January 1, 2006, for all other MBS(as applicable, the “MBS Prospectus”); and
- any information incorporated by reference in this prospectus supplement as discussed below and under the heading “Incorporation by Reference” in the REMIC Prospectus.

For a description of current servicing policies generally applicable to existing Fannie Mae MBS pools, see “Yield, Maturity, and Prepayment Considerations” in the MBS Prospectus dated July 1, 2011.

The MBS Prospectus is incorporated by reference in this prospectus supplement. This means that we are disclosing information in that document by referring you to it. That document is considered part of this prospectus supplement, so you should read this prospectus supplement, and any applicable supplements or amendments, together with that document.

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

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

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

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

Morgan Stanley & Co. LLC
c/o Broadridge Financial Solutions
Prospectus Department
1155 Long Island Avenue
Edgewood, NY 11717
(telephone 631-274-2740).

RECENT DEVELOPMENTS

Ratings Outlook Revised

Standard and Poor's Ratings Services

On April 20, 2011, Standard and Poor's Ratings Services ("Standard & Poor's") announced that they had revised their outlook on Fannie Mae's debt issues from "stable" to "negative". Standard & Poor's indicated that this change reflects their revision of the outlook of the United States of America from "stable" to "negative" on April 18, 2011, and that pursuant to their government-related entity criteria, the ratings on Fannie Mae (and other government-related entities) are constrained by the long-term sovereign rating on the United States of America.

On April 20, 2011, Standard & Poor's affirmed that their credit ratings remain "AAA" on Fannie Mae long term senior debt, "A-1+" on Fannie Mae short term senior debt, and "A" on Fannie Mae subordinated debt.

Standard & Poor's also indicated in their April announcement that they would not raise their ratings and outlook on Fannie Mae (and other government-related entities) above those of the United States Government as long as the ratings and outlook on the United States of America remain unchanged. Standard & Poor's further indicated that if they were to lower the ratings on the United States of America, the ratings on our debt and our issuer credit rating (and those of other government-related entities) would also likely be lowered.

On July 15, 2011, Standard & Poor's announced that they were placing Fannie Mae's ratings for short term senior debt and long term senior debt on CreditWatch with negative implications, following a similar action taken by Standard & Poor's on the long term and short term sovereign credit rating on the United States of America on July 14, 2011. Standard & Poor's indicated that this action reflects the direct reliance of Fannie Mae on the United States Government.

The action taken by Standard & Poor's with respect to Fannie Mae's ratings was announced at the same time as similar ratings actions on other institutions with ties to the United States Government, including Freddie Mac, select Federal Home Loan Banks, the Farm Credit System Banks, and U.S. based clearing houses.

Moody's Investors Service

On July 13, 2011, Moody's Investors Service ("Moody's") announced that they had placed on review for possible downgrade the "Aaa" rating of institutions directly linked to the United States Government, including Fannie Mae.

Moody's announced that this review was in conjunction with the review for possible downgrade of the "Aaa" bond rating of the United States Government, given the rising possibility that the statutory debt limit of the United States will not be raised on a timely basis, leading to a default on United States Treasury debt obligations.

Moody's indicated that they consider the probability of a default by the United States Treasury on interest payments to be low, but no longer de minimis. Moody's further indicated that an actual default by the United States Treasury on interest payments, regardless of duration, would fundamentally alter Moody's assessment of the timeliness of future payments by the United States Government, and an "Aaa" rating would likely no longer be appropriate.

Fitch, Inc.

On July 18, 2011, Fitch, Inc. ("Fitch") announced that they expect the United States Administration and Congress to conclude their negotiations with an agreement to increase the debt ceiling before August 2, 2011, and that they did not anticipate any developments before August 2, 2011 that would result in the United States Government's "AAA" sovereign rating being placed on Rating Watch Negative or downgraded.

Fitch indicated that if the debt ceiling was not raised and the United States sovereign rating was placed on Ratings Watch Negative, Fitch would immediately place Fannie Mae's "AAA" issuer and issue ratings on Ratings Watch Negative. Fitch indicated that following resolution of the debt ceiling situation, their ratings of Fannie Mae and other issuers with ties to the United States Government would ultimately be aligned with whatever Fitch determines the United States sovereign rating should be at that point.

For additional information on the impact of a credit rating downgrade on Fannie Mae and the MBS, please refer to our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011 (the "1st Quarter 10-Q"), including the Risk Factors set forth in Part II, Item 1A of the 1st Quarter 10-Q.

SUMMARY

This summary contains only limited information about the certificates. Statistical information in this summary is provided as of July 1, 2011. 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

<u>Group</u>	<u>Assets</u>
1	Group 1 MBS
2	Group 2 MBS

Group 1 and Group 2

Characteristics of the MBS

	<u>Approximate Principal Balance</u>	<u>Pass- Through Rate</u>	<u>Range of Weighted Average Coupons or WACs (annual percentages)</u>	<u>Range of Weighted Average Remaining Terms to Maturity or WAMs (in months)</u>
Group 1 MBS	\$240,000,000	4.00%	4.25% to 6.50%	241 to 360
Group 2 MBS	\$130,973,536	3.50%	3.75% to 6.00%	241 to 360

Assumed Characteristics of the Underlying Mortgage Loans

	<u>Principal Balance</u>	<u>Original Term to Maturity (in months)</u>	<u>Remaining Term to Maturity (in months)</u>	<u>Loan Age (in months)</u>	<u>Interest Rate</u>
Group 1 MBS	\$240,000,000	360	352	7	4.49%
Group 2 MBS	\$130,973,536	360	353	7	4.14%

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

Settlement Date

We expect to issue the certificates on July 29, 2011.

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:

<u>Fed Book-Entry</u>	<u>Physical</u>
All classes 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:

<u>Class</u>	<u>Initial Interest Rate</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate(1)</u>
FP	0.611%	7.00%	0.35%	LIBOR + 35 basis points
SP	6.389%	6.65%	0.00%	6.65% – LIBOR

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

Notional Class

The notional principal balance of the notional class will equal the percentage of the outstanding balance specified below immediately before the related distribution date:

<u>Class</u>	
SP	100% of the FP 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)*

<u>Group 1 Classes</u>	<u>PSA Prepayment Assumption</u>						
	<u>0%</u>	<u>100%</u>	<u>150%</u>	<u>201%</u>	<u>250%</u>	<u>500%</u>	<u>700%</u>
PL, FP and SP	14.9	5.4	4.1	4.1	4.1	2.6	2.0
PB	24.5	12.5	9.8	9.8	9.8	5.3	3.8
PC	26.5	16.8	15.4	15.4	15.4	8.4	5.9
CV	9.0	9.0	7.6	1.9	1.2	0.5	0.4
CZ	28.9	22.8	19.1	13.3	3.6	1.2	0.9
C	28.9	22.8	17.6	8.8	2.6	0.9	0.6
PD	25.9	15.5	13.7	13.7	13.7	7.4	5.3

<u>Group 2 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>198%</u>	<u>400%</u>	<u>600%</u>
A	15.5	6.1	3.8	2.3	1.7
VA	6.0	6.0	5.6	4.0	3.0
VB	15.5	13.7	9.6	5.7	4.0
Z	27.6	20.9	15.7	9.5	6.5
D	27.6	19.9	14.0	8.0	5.4
V	10.8	9.9	7.6	4.8	3.5

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

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 May 1, 2010 and a supplement thereto dated as of July 1, 2011 (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 May 1, 2010 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 two groups of Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the “Group 1 MBS” and “Group 2 MBS,” and together, 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.”

<u>REMIC Designation</u>	<u>Assets</u>	<u>Regular Interests</u>	<u>Residual Interest</u>
Lower Tier REMIC	MBS	Interests in the Lower Tier REMIC other than the RL Class (the “Lower Tier Regular Interests”)	RL
Upper Tier REMIC	Lower Tier Regular Interests	All Classes of REMIC Certificates other than the R and RL Classes	R

Fannie Mae Guaranty. For a description of our guaranties of the Certificates and the MBS, see the applicable discussions appearing under the heading “Fannie Mae Guaranty” in the REMIC Prospectus and the MBS Prospectus. Our guaranties are not backed by the full faith and credit of the United States.

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 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:

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

The MBS

The MBS provide that principal and interest on the related Mortgage Loans are passed through monthly. The Mortgage Loans underlying the MBS are conventional, fixed-rate, 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.

In addition, the pools of mortgage loans backing the Group 2 MBS have been designated as pools that include “jumbo-conforming” or “high balance” mortgage loans as described further under “The Mortgage Loans—Special Feature Mortgage Loans—*Loans with Original Principal Balances Exceeding our Traditional Conforming Loan Limits*” in the MBS Prospectus dated July 1, 2011. For periodic updates to that description, please refer to the Pool Prefix Glossary available on our Web site at www.fanniemae.com. For additional information about the particular pools underlying the Group 2 MBS, see the Final Data Statement for the Trust and the related prospectus supplement for each MBS. See also “Risk Factors—Risks Relating to Yield and Prepayment—*Refinancing—“Jumbo-conforming” mortgage loans, which have original principal balances that exceed our traditional conforming loan limits, may prepay at different rates than conforming balance mortgage loans generally*” in the MBS Prospectus.

For additional information, see “Summary—Group 1 and Group 2—Characteristics of the 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.

Distributions of Interest

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

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

<u>Delay Classes</u>	<u>No-Delay Classes</u>
Fixed-Rate Classes	Floating Rate and Inverse Floating Rate Classes

See “Description of the Certificates—The Certificates—*Distributions on Certificates—Interest Distributions*” in the REMIC Prospectus.

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

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 CZ Accrual Amount to CV until retired, and thereafter to CZ.

} Accretion
Directed
Classes and
Accrual Class

The Group 1 Cash Flow Distribution Amount in the following priority:

1. To the Aggregate Group to its Planned Balance.
2. To CV and CZ, in that order, until retired.
3. To the Aggregate Group to zero.

} PAC Group

} Support
Classes

} PAC Group

The “CZ Accrual Amount” is any interest then accrued and added to the principal balance of the CZ Class.

The “Group 1 Cash Flow Distribution Amount” is the principal then paid on the Group 1 MBS.

The “Aggregate Group” consists of the PL, FP, PB and PC Classes. On each Distribution Date, we will apply payments of principal of the Aggregate Group as follows:

- first*, to PL and FP, pro rata, until retired; and
- second*, to PB and PC, in that order, until retired.

The Aggregate Group has a principal balance equal to the aggregate principal balance of the Classes included in the Aggregate Group.

- *Group 2*

The Z Accrual Amount to VA and VB, in that order, until retired, and thereafter to Z.

} Accretion
Directed
Classes and
Accrual Class

The Group 2 Cash Flow Distribution Amount to A, VA, VB and Z, in that order, until retired.

} Sequential
Pay Classes

The “Z Accrual Amount” is any interest then accrued and added to the principal balance of the Z Class.

The “Group 2 Cash Flow Distribution Amount” is the principal then paid on the Group 2 MBS.

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 MBS have the original terms to maturity, remaining terms to maturity, loan ages and interest rates specified under “Summary—Group 1 and Group 2—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 July 29, 2011; 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.

Principal Balance Schedule. The Principal Balance Schedule for the Aggregate Group is set forth beginning on page B-1 of this prospectus supplement. The Principal Balance Schedule was prepared based on the Pricing Assumptions and the assumption that the related Mortgage Loans prepay at a *constant* rate within the “Structuring Range” specified in the chart below. The “Effective Range” for the Aggregate Group is the range of prepayment rates (measured by *constant* PSA rates) that would reduce the Aggregate Group to its scheduled balance each month based on the Pricing Assumptions. We have not provided separate schedules for the individual Classes included in the Aggregate Group. However, those Classes are designed to receive principal distributions in the same fashion as if separate schedules had been provided (with schedules based on the same underlying assumptions that apply to the Aggregate Group schedule). If such separate schedules had been provided for the individual Classes included in the Aggregate Group, we expect that the effective ranges for those Classes would not be narrower than that shown below for the Aggregate Group.

<u>Group</u>	<u>Structuring Range</u>	<u>Initial Effective Range</u>
Aggregate Group Planned Balances	Between 150% and 250% PSA	Between 150% and 250% PSA

The Aggregate Group consists of the PL, FP, PB and PC.

See “—Decrement Tables” below for the percentages of original principal balances of the individual Classes included in the Aggregate Group that would be outstanding at various *constant* PSA rates, including the upper and lower bands of the Structuring Range, based on the Pricing Assumptions.

We cannot assure you that the balance of the Aggregate Group will conform on any Distribution Date to the balance specified in the Principal Balance Schedule or that distributions of principal of the Aggregate Group will begin or end on the Distribution Dates specified in the Principal Balance Schedule.

If you are considering the purchase of a PAC Class, you should first take into account the considerations set forth below.

- We will distribute any excess of principal distributions over the amount necessary to reduce the Aggregate Group to its scheduled balance in any month. As a result, the likelihood of reducing the Aggregate Group to its scheduled balance each month will not be improved by the averaging of high and low principal distributions from month to month.
- Even if the related Mortgage Loans prepay at rates falling within the Structuring Range or the Effective Range, principal distributions may be insufficient to reduce the Aggregate Group to its scheduled balance each month if prepayments do not occur at a *constant* PSA rate.
- The actual Effective Range at any time will be based upon the actual characteristics of the related Mortgage Loans at that time, which are likely to vary (and may vary considerably) from the Pricing Assumptions. As a result, the actual Effective Range will likely differ from the Initial Effective Range specified above. For the same reason, the Aggregate Group might not be reduced to its scheduled balance each month even if the related Mortgage Loans prepay at a *constant* PSA rate within the Initial Effective Range. This is so particularly if the rate falls at the lower or higher end of the range.
- The actual Effective Range may narrow, widen or shift upward or downward to reflect actual prepayment experience over time.

- The principal payment stability of the Aggregate Group will be supported by other Classes. When the supporting Classes are retired, the Aggregate Group, if still outstanding, may no longer have an Effective Range and will be much more sensitive to prepayments of the related Mortgage Loans.

Yield Table for the Inverse Floating Rate Class

The table below illustrates the sensitivity of the pre-tax corporate bond equivalent yield to maturity of the applicable Class to various constant percentages of PSA and to changes in the Index. **The table below is provided for illustrative purposes only and is not intended as a forecast or prediction of the actual yield on the applicable Class.** We calculated the yields set forth in the table by

- determining the monthly discount rates that, when applied to the assumed streams of cash flows to be paid on the applicable Class, would cause the discounted present values of the assumed streams of cash flows to equal the assumed aggregate purchase price of that Class, 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 price 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 yield on the Inverse Floating Rate Class will be 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 table below, it is possible that investors in the Inverse Floating Rate Class would lose money on their initial investments under certain 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 table has been prepared on the basis of the Pricing Assumptions and the assumptions that

- the interest rate for the Inverse Floating Rate Class for the initial Interest Accrual Period is the rate 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 levels of the Index, and
- the aggregate purchase price of that Class (expressed as a percentage of original principal balance) is as follows:

<u>Class</u>	<u>Price*</u>
SP	18.0%

* The price does not include accrued interest. Accrued interest has been added to the price in calculating the yields set forth in the table below.

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>						
	<u>50%</u>	<u>100%</u>	<u>150%</u>	<u>201%</u>	<u>250%</u>	<u>500%</u>	<u>700%</u>
0.130%	29.8%	23.7%	16.9%	16.9%	16.9%	(4.6)%	(24.3)%
0.261%	29.0%	22.8%	15.9%	15.9%	15.9%	(5.8)%	(25.6)%
2.261%	15.7%	8.6%	0.6%	0.6%	0.6%	(25.0)%	(46.3)%
4.261%	1.0%	(7.8)%	(17.4)%	(17.4)%	(17.4)%	(48.4)%	(71.7)%
6.650%	*	*	*	*	*	*	*

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 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.

<u>Mortgage Loans Backing Trust Assets Specified Below</u>	<u>Original and Remaining Terms to Maturity</u>	<u>Interest Rates</u>
Group 1 MBS	360 months	6.50%
Group 2 MBS	360 months	6.00%

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, 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	PL, FP and SP† Classes						PB Class						PC Class									
	PSA Prepayment Assumption						PSA Prepayment Assumption						PSA Prepayment Assumption									
	0%	100%	150%	201%	250%	500%	700%	0%	100%	150%	201%	250%	500%	700%	0%	100%	150%	201%	250%	500%	700%	
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
July 2012	98	93	91	91	91	91	91	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
July 2013	96	82	77	77	77	66	46	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
July 2014	94	71	62	62	62	34	11	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
July 2015	92	61	48	48	48	12	0	100	100	100	100	100	100	19	100	100	100	100	100	100	100	100
July 2016	90	51	36	36	36	0	0	100	100	100	100	100	76	0	100	100	100	100	100	100	100	62
July 2017	87	42	25	25	25	0	0	100	100	100	100	100	0	0	100	100	100	100	100	100	92	35
July 2018	84	33	15	15	15	0	0	100	100	100	100	100	0	0	100	100	100	100	100	100	63	20
July 2019	82	25	7	7	7	0	0	100	100	100	100	100	0	0	100	100	100	100	100	100	43	11
July 2020	79	17	0	0	0	0	0	100	100	95	95	95	0	0	100	100	100	100	100	100	29	6
July 2021	75	10	0	0	0	0	0	100	100	39	39	39	0	0	100	100	100	100	100	100	20	4
July 2022	72	4	0	0	0	0	0	100	100	0	0	0	0	0	100	100	96	96	96	13	2	
July 2023	68	0	0	0	0	0	0	100	77	0	0	0	0	0	100	100	79	79	79	9	1	
July 2024	64	0	0	0	0	0	0	100	24	0	0	0	0	0	100	100	65	65	65	6	1	
July 2025	60	0	0	0	0	0	0	100	0	0	0	0	0	0	100	88	53	53	53	4	*	
July 2026	56	0	0	0	0	0	0	100	0	0	0	0	0	0	100	68	43	43	43	3	*	
July 2027	51	0	0	0	0	0	0	100	0	0	0	0	0	0	100	49	34	34	34	2	*	
July 2028	46	0	0	0	0	0	0	100	0	0	0	0	0	0	100	31	28	28	28	1	*	
July 2029	40	0	0	0	0	0	0	100	0	0	0	0	0	0	100	22	22	22	22	1	*	
July 2030	34	0	0	0	0	0	0	100	0	0	0	0	0	0	100	17	17	17	17	1	*	
July 2031	28	0	0	0	0	0	0	100	0	0	0	0	0	0	100	14	14	14	14	*	*	
July 2032	22	0	0	0	0	0	0	100	0	0	0	0	0	0	100	11	11	11	11	*	*	
July 2033	14	0	0	0	0	0	0	100	0	0	0	0	0	0	100	8	8	8	8	*	*	
July 2034	7	0	0	0	0	0	0	100	0	0	0	0	0	0	100	6	6	6	6	*	*	
July 2035	0	0	0	0	0	0	0	90	0	0	0	0	0	0	100	4	4	4	4	*	*	
July 2036	0	0	0	0	0	0	0	11	0	0	0	0	0	0	100	3	3	3	3	*	*	
July 2037	0	0	0	0	0	0	0	0	0	0	0	0	0	0	67	2	2	2	2	*	*	
July 2038	0	0	0	0	0	0	0	0	0	0	0	0	0	0	27	1	1	1	1	*	*	
July 2039	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	1	1	*	*	
July 2040	0	0	0	0	0	0	0	0	0	0	0	0	0	0	*	*	*	*	*	*	*	
July 2041	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	14.9	5.4	4.1	4.1	4.1	2.6	2.0	24.5	12.5	9.8	9.8	9.8	5.3	3.8	26.5	16.8	15.4	15.4	15.4	8.4	5.9	

* 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.

Date	CV Class							CZ Class							C Class							
	PSA Prepayment Assumption							PSA Prepayment Assumption							PSA Prepayment Assumption							
	0%	100%	150%	201%	250%	500%	700%	0%	100%	150%	201%	250%	500%	700%	0%	100%	150%	201%	250%	500%	700%	
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
July 2012	96	96	96	78	62	0	0	104	104	104	104	104	83	22	100	100	100	92	84	44	11	
July 2013	91	91	91	45	2	0	0	108	108	108	108	108	0	0	100	100	100	78	58	0	0	
July 2014	86	86	86	14	0	0	0	113	113	113	113	66	0	0	100	100	100	66	35	0	0	
July 2015	81	81	81	0	0	0	0	117	117	117	108	35	0	0	100	100	100	57	19	0	0	
July 2016	76	76	76	0	0	0	0	122	122	122	97	16	0	0	100	100	100	51	8	0	0	
July 2017	70	70	70	0	0	0	0	127	127	127	89	5	0	0	100	100	100	47	2	0	0	
July 2018	65	65	65	0	0	0	0	132	132	132	85	*	0	0	100	100	100	45	*	0	0	
July 2019	59	59	57	0	0	0	0	138	138	138	83	*	0	0	100	100	99	43	*	0	0	
July 2020	52	52	46	0	0	0	0	143	143	143	79	*	0	0	100	100	97	42	*	0	0	
July 2021	46	46	31	0	0	0	0	149	149	149	75	*	0	0	100	100	93	39	*	0	0	
July 2022	39	39	14	0	0	0	0	155	155	155	69	*	0	0	100	100	88	36	*	0	0	
July 2023	32	32	0	0	0	0	0	161	161	157	63	*	0	0	100	100	82	33	*	0	0	
July 2024	25	25	0	0	0	0	0	168	168	145	57	*	0	0	100	100	76	30	*	0	0	
July 2025	18	18	0	0	0	0	0	175	175	133	51	*	0	0	100	100	70	27	*	0	0	
July 2026	10	10	0	0	0	0	0	182	182	120	46	*	0	0	100	100	63	24	*	0	0	
July 2027	2	2	0	0	0	0	0	189	189	108	40	*	0	0	100	100	57	21	*	0	0	
July 2028	0	0	0	0	0	0	0	191	191	96	35	*	0	0	100	100	50	18	*	0	0	
July 2029	0	0	0	0	0	0	0	191	177	85	30	*	0	0	100	93	44	16	*	0	0	
July 2030	0	0	0	0	0	0	0	191	158	74	26	*	0	0	100	83	39	13	*	0	0	
July 2031	0	0	0	0	0	0	0	191	139	64	22	*	0	0	100	73	33	11	*	0	0	
July 2032	0	0	0	0	0	0	0	191	121	54	18	*	0	0	100	64	28	9	*	0	0	
July 2033	0	0	0	0	0	0	0	191	104	45	15	*	0	0	100	54	24	8	*	0	0	
July 2034	0	0	0	0	0	0	0	191	87	37	12	*	0	0	100	46	19	6	*	0	0	
July 2035	0	0	0	0	0	0	0	191	71	30	9	*	0	0	100	37	15	5	*	0	0	
July 2036	0	0	0	0	0	0	0	191	56	23	7	*	0	0	100	29	12	4	*	0	0	
July 2037	0	0	0	0	0	0	0	191	42	16	5	*	0	0	100	22	9	3	*	0	0	
July 2038	0	0	0	0	0	0	0	191	28	11	3	*	0	0	100	15	6	2	*	0	0	
July 2039	0	0	0	0	0	0	0	162	16	6	2	*	0	0	85	8	3	1	*	0	0	
July 2040	0	0	0	0	0	0	0	84	4	1	*	0	0	0	44	2	1	*	0	0	0	
July 2041	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Weighted Average Life (years)**	9.0	9.0	7.6	1.9	1.2	0.5	0.4	28.9	22.8	19.1	13.3	3.6	1.2	0.9	28.9	22.8	17.6	8.8	2.6	0.9	0.6	

Date	PD Class							A Class					VA Class								
	PSA Prepayment Assumption							PSA Prepayment Assumption					PSA Prepayment Assumption								
	0%	100%	150%	201%	250%	500%	700%	0%	100%	198%	400%	600%	0%	100%	198%	400%	600%				
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
July 2012	100	100	100	100	100	100	100	98	94	90	82	74	93	93	93	93	93	93	93	93	93
July 2013	100	100	100	100	100	100	100	96	84	74	54	36	85	85	85	85	85	85	85	85	85
July 2014	100	100	100	100	100	100	100	94	74	58	29	5	77	77	77	77	77	77	77	77	77
July 2015	100	100	100	100	100	100	75	92	64	43	10	0	69	69	69	69	69	69	69	69	69
July 2016	100	100	100	100	100	93	43	90	55	31	0	0	60	60	60	60	18	0	0	0	0
July 2017	100	100	100	100	100	63	24	87	47	20	0	0	51	51	51	51	0	0	0	0	0
July 2018	100	100	100	100	100	43	14	85	39	11	0	0	42	42	42	42	0	0	0	0	0
July 2019	100	100	100	100	100	29	8	82	32	3	0	0	33	33	33	33	0	0	0	0	0
July 2020	100	100	98	98	98	20	4	79	25	0	0	0	23	23	23	23	0	0	0	0	0
July 2021	100	100	81	81	81	14	2	76	19	0	0	0	13	13	13	13	0	0	0	0	0
July 2022	100	100	67	67	67	9	1	73	13	0	0	0	2	2	2	2	0	0	0	0	0
July 2023	100	93	55	55	55	6	1	70	7	0	0	0	0	0	0	0	0	0	0	0	0
July 2024	100	76	45	45	45	4	*	66	2	0	0	0	0	0	0	0	0	0	0	0	0
July 2025	100	61	36	36	36	3	*	62	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2026	100	47	29	29	29	2	*	58	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2027	100	34	24	24	24	1	*	53	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2028	100	21	19	19	19	1	*	49	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2029	100	15	15	15	15	1	*	44	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2030	100	12	12	12	12	*	*	39	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2031	100	9	9	9	9	*	*	33	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2032	100	7	7	7	7	*	*	27	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2033	100	6	6	6	6	*	*	21	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2034	100	4	4	4	4	*	*	14	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2035	97	3	3	3	3	*	*	7	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2036	72	2	2	2	2	*	*	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2037	46	1	1	1	1	*	*	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2038	18	1	1	1	1	*	*	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2039	*	*	*	*	*	*	*	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2040	*	*	*	*	*	*	*	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2041	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	25.9	15.5	13.7	13.7	13.7	7.4	5.3	15.5	6.1	3.8	2.3	1.7	6.0	6.0	5.6	4.0	3.0				

* 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.

Date	VB Class					Z Class					D Class					V Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	198%	400%	600%	0%	100%	198%	400%	600%	0%	100%	198%	400%	600%	0%	100%	198%	400%	600%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
July 2012	100	100	100	100	100	104	104	104	104	104	100	100	100	100	100	96	96	96	96	96
July 2013	100	100	100	100	100	107	107	107	107	107	100	100	100	100	100	93	93	93	93	93
July 2014	100	100	100	100	100	111	111	111	111	111	100	100	100	100	100	89	89	89	89	89
July 2015	100	100	100	100	47	115	115	115	115	115	100	100	100	100	70	84	84	84	84	24
July 2016	100	100	100	100	0	119	119	119	119	86	100	100	100	90	44	80	80	80	59	0
July 2017	100	100	100	16	0	123	123	123	123	54	100	100	100	67	27	76	76	76	8	0
July 2018	100	100	100	0	0	128	128	128	97	34	100	100	100	49	17	71	71	71	0	0
July 2019	100	100	100	0	0	132	132	132	72	21	100	100	100	36	11	67	67	67	0	0
July 2020	100	100	85	0	0	137	137	137	53	13	100	100	91	27	7	62	62	43	0	0
July 2021	100	100	21	0	0	142	142	142	39	8	100	100	77	20	4	57	57	11	0	0
July 2022	100	100	0	0	0	147	147	130	29	5	100	100	66	15	3	51	51	0	0	0
July 2023	91	91	0	0	0	152	152	110	21	3	100	100	56	11	2	46	46	0	0	0
July 2024	80	80	0	0	0	158	158	93	15	2	100	100	47	8	1	40	40	0	0	0
July 2025	69	44	0	0	0	163	163	78	11	1	100	94	40	6	1	35	22	0	0	0
July 2026	57	0	0	0	0	169	165	66	8	1	100	84	33	4	*	29	0	0	0	0
July 2027	45	0	0	0	0	175	147	55	6	*	100	75	28	3	*	22	0	0	0	0
July 2028	32	0	0	0	0	181	131	46	4	*	100	66	23	2	*	16	0	0	0	0
July 2029	19	0	0	0	0	188	115	38	3	*	100	59	19	2	*	9	0	0	0	0
July 2030	5	0	0	0	0	194	101	31	2	*	100	51	16	1	*	2	0	0	0	0
July 2031	0	0	0	0	0	197	87	25	1	*	100	44	13	1	*	0	0	0	0	0
July 2032	0	0	0	0	0	197	75	20	1	*	100	38	10	1	*	0	0	0	0	0
July 2033	0	0	0	0	0	197	63	16	1	*	100	32	8	*	*	0	0	0	0	0
July 2034	0	0	0	0	0	197	52	12	*	*	100	27	6	*	*	0	0	0	0	0
July 2035	0	0	0	0	0	197	42	9	*	*	100	22	5	*	*	0	0	0	0	0
July 2036	0	0	0	0	0	195	33	7	*	*	99	17	4	*	*	0	0	0	0	0
July 2037	0	0	0	0	0	180	25	5	*	*	81	12	2	*	*	0	0	0	0	0
July 2038	0	0	0	0	0	124	17	3	*	*	63	8	2	*	*	0	0	0	0	0
July 2039	0	0	0	0	0	85	9	2	*	*	43	5	1	*	*	0	0	0	0	0
July 2040	0	0	0	0	0	44	3	*	*	*	22	1	*	*	*	0	0	0	0	0
July 2041	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	15.5	13.7	9.6	5.7	4.0	27.6	20.9	15.7	9.5	6.5	27.6	19.9	14.0	8.0	5.4	10.8	9.9	7.6	4.8	3.5

* 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.

Characteristics of the Residual Classes

A Residual Certificate will be subject to certain transfer restrictions. See “Description of the Certificates—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—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 table under “Description of the Certificates—General—*Structure*.” The Regular 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 table. Thus, the REMIC Certificates and any related RCR Certificates generally will be treated as “regular or residual interests in a REMIC” for domestic building and loan associations, as “real estate assets” for real estate investment trusts, and, except for the Residual Classes, as “qualified mortgages” for other REMICs. See “Material Federal Income Tax Consequences—REMIC Election and Special Tax Attributes” in the REMIC Prospectus.

Taxation of Beneficial Owners of Regular Certificates

The Notional Class and the Accrual Classes will be issued with original issue discount (“OID”), and certain other Classes of REMIC Certificates may be issued with OID. If a Class is issued with OID, a beneficial owner of a Certificate of that Class generally must recognize some taxable income in advance of the receipt of the cash attributable to that income. See “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:

<u>Group</u>	<u>Prepayment Assumption</u>
1	201% PSA
2	198% 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 either 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 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 Combination RCR Class (a “Combination RCR Certificate”) will represent beneficial ownership of undivided interests in one or more underlying Regular Certificates. 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. 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.

PLAN OF DISTRIBUTION

We are obligated to deliver the Certificates to Morgan Stanley & Co. LLC (the “Dealer”) in exchange for the MBS. 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. Cleary Gottlieb Steen & Hamilton LLP will provide legal representation for the Dealer.

Available Recombinations(1)

REMIC Certificates		RCR Certificates						Final
Classes	Original Balances	RCR Classes	Original Balances	Principal Type(2)	Interest Rate	Interest Type(2)	CUSIP Number	Distribution Date
Recombination 1								
PB	\$16,050,000	PD	\$51,980,000	PAC	4.00%	FIX	3136A0EA1	August 2041
PC	35,930,000							
Recombination 2								
CV	18,997,000	C(3)	39,891,000	SUP	4.00	FIX	3136A0DZ7	August 2041
CZ	20,894,000							
Recombination 3								
VA	10,001,000	D(4)	41,049,536	SEQ	3.50	FIX	3136A0EB9	August 2041
Z	20,879,536							
VB	10,169,000							
Recombination 4								
VA	10,001,000	V	20,170,000	SEQ/AD	3.50	FIX	3136A0EC7	January 2031
VB	10,169,000							

(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—The Certificates—*Class Definitions and Abbreviations*” in the REMIC Prospectus.

(3) Principal payments on the REMIC Certificates in Recombination 2 from the CZ Accrual Amount will be paid as interest on the related RCR Certificates, and thus will not reduce the principal balances of those RCR Certificates.

(4) Principal payments on the REMIC Certificates in Recombination 3 from the Z Accrual Amount will be paid as interest on the related RCR Certificates, and thus will not reduce the principal balances of those RCR Certificates.

Principal Balance Schedule

Aggregate Group Planned Balances

<u>Distribution Date</u>	<u>Planned Balance</u>	<u>Distribution Date</u>	<u>Planned Balance</u>	<u>Distribution Date</u>	<u>Planned Balance</u>
Initial Balance	\$200,109,000.00	November 2015	\$117,357,860.43	March 2020	\$ 54,571,263.48
August 2011	199,294,556.74	December 2015	115,844,304.48	April 2020	53,705,062.57
September 2011	198,420,052.63	January 2016	114,343,760.26	May 2020	52,851,803.16
October 2011	197,485,968.40	February 2016	112,856,121.11	June 2020	52,011,298.55
November 2011	196,492,831.16	March 2016	111,381,281.24	July 2020	51,183,364.73
December 2011	195,441,213.97	April 2016	109,919,135.71	August 2020	50,367,820.24
January 2012	194,331,735.30	May 2016	108,469,580.41	September 2020	49,564,486.20
February 2012	193,165,058.50	June 2016	107,032,512.07	October 2020	48,773,186.26
March 2012	191,941,891.22	July 2016	105,607,828.25	November 2020	47,993,746.55
April 2012	190,662,984.70	August 2016	104,195,427.33	December 2020	47,225,995.67
May 2012	189,329,133.03	September 2016	102,795,208.50	January 2021	46,469,764.62
June 2012	187,941,172.44	October 2016	101,407,071.76	February 2021	45,724,886.81
July 2012	186,499,980.37	November 2016	100,030,917.93	March 2021	44,991,197.99
August 2012	185,006,474.63	December 2016	98,666,648.58	April 2021	44,268,536.24
September 2012	183,461,612.42	January 2017	97,314,166.13	May 2021	43,556,741.92
October 2012	181,866,389.34	February 2017	95,973,373.73	June 2021	42,855,657.66
November 2012	180,221,838.35	March 2017	94,644,175.34	July 2021	42,165,128.30
December 2012	178,529,028.63	April 2017	93,326,475.67	August 2021	41,485,000.91
January 2013	176,789,064.47	May 2017	92,020,180.21	September 2021	40,815,124.67
February 2013	175,003,084.03	June 2017	90,725,195.20	October 2021	40,153,350.94
March 2013	173,172,258.14	July 2017	89,441,427.63	November 2021	39,505,533.17
April 2013	171,297,788.97	August 2017	88,168,785.25	December 2021	38,865,526.89
May 2013	169,380,908.75	September 2017	86,907,176.54	January 2022	38,235,189.65
June 2013	167,422,878.36	October 2017	85,656,510.70	February 2022	37,614,381.06
July 2013	165,481,492.41	November 2017	84,416,697.70	March 2022	37,002,962.68
August 2013	163,556,615.18	December 2017	83,187,648.19	April 2022	36,400,798.07
September 2013	161,648,112.04	January 2018	81,969,273.56	May 2022	35,807,752.70
October 2013	159,755,849.43	February 2018	80,761,485.91	June 2022	35,223,693.94
November 2013	157,879,694.87	March 2018	79,564,198.04	July 2022	34,648,491.07
December 2013	156,019,516.93	April 2018	78,377,323.45	August 2022	34,082,015.20
January 2014	154,175,185.22	May 2018	77,200,776.34	September 2022	33,524,139.27
February 2014	152,346,570.42	June 2018	76,034,471.60	October 2022	32,974,738.05
March 2014	150,533,544.22	July 2018	74,878,324.80	November 2022	32,433,688.06
April 2014	148,735,979.34	August 2018	73,732,252.20	December 2022	31,900,867.58
May 2014	146,953,749.53	September 2018	72,596,170.70	January 2023	31,376,156.63
June 2014	145,186,729.53	October 2018	71,469,997.91	February 2023	30,859,436.91
July 2014	143,434,795.11	November 2018	70,353,652.07	March 2023	30,350,591.83
August 2014	141,697,823.01	December 2018	69,252,700.21	April 2023	29,849,506.45
September 2014	139,975,690.97	January 2019	68,168,066.79	May 2023	29,356,067.44
October 2014	138,268,277.70	February 2019	67,099,517.57	June 2023	28,870,163.11
November 2014	136,575,462.87	March 2019	66,046,821.62	July 2023	28,391,683.35
December 2014	134,897,127.14	April 2019	65,009,751.24	August 2023	27,920,519.62
January 2015	133,233,152.11	May 2019	63,988,081.93	September 2023	27,456,564.91
February 2015	131,583,420.33	June 2019	62,981,592.37	October 2023	26,999,713.75
March 2015	129,947,815.28	July 2019	61,990,064.33	November 2023	26,549,862.17
April 2015	128,326,221.39	August 2019	61,013,282.68	December 2023	26,106,907.66
May 2015	126,718,524.00	September 2019	60,051,035.29	January 2024	25,670,749.20
June 2015	125,124,609.38	October 2019	59,103,113.05	February 2024	25,241,287.19
July 2015	123,544,364.70	November 2019	58,169,309.77	March 2024	24,818,423.47
August 2015	121,977,678.05	December 2019	57,249,422.18	April 2024	24,402,061.24
September 2015	120,424,438.40	January 2020	56,343,249.86	May 2024	23,992,105.12
October 2015	118,884,535.61	February 2020	55,450,595.23	June 2024	23,588,461.08

Aggregate Group (Continued)

<u>Distribution Date</u>	<u>Planned Balance</u>	<u>Distribution Date</u>	<u>Planned Balance</u>	<u>Distribution Date</u>	<u>Planned Balance</u>
July 2024	\$ 23,191,036.41	February 2029	\$ 8,684,071.02	September 2033	\$ 2,766,301.96
August 2024	22,799,739.76	March 2029	8,520,994.65	October 2033	2,702,114.75
September 2024	22,414,481.06	April 2029	8,360,563.40	November 2033	2,639,054.18
October 2024	22,035,171.52	May 2029	8,202,737.28	December 2033	2,577,102.54
November 2024	21,661,723.64	June 2029	8,047,476.90	January 2034	2,516,242.37
December 2024	21,294,051.16	July 2029	7,894,743.41	February 2034	2,456,456.46
January 2025	20,932,069.04	August 2029	7,744,498.54	March 2034	2,397,727.87
February 2025	20,575,693.47	September 2029	7,596,704.58	April 2034	2,340,039.90
March 2025	20,224,841.85	October 2029	7,451,324.36	May 2034	2,283,376.12
April 2025	19,879,432.73	November 2029	7,308,321.27	June 2034	2,227,720.31
May 2025	19,539,385.85	December 2029	7,167,659.20	July 2034	2,173,056.53
June 2025	19,204,622.09	January 2030	7,029,302.60	August 2034	2,119,369.06
July 2025	18,875,063.46	February 2030	6,893,216.42	September 2034	2,066,642.40
August 2025	18,550,633.09	March 2030	6,759,366.12	October 2034	2,014,861.31
September 2025	18,231,255.22	April 2030	6,627,717.67	November 2034	1,964,010.75
October 2025	17,916,855.16	May 2030	6,498,237.53	December 2034	1,914,075.93
November 2025	17,607,359.29	June 2030	6,370,892.66	January 2035	1,865,042.27
December 2025	17,302,695.06	July 2030	6,245,650.49	February 2035	1,816,895.41
January 2026	17,002,790.94	August 2030	6,122,478.93	March 2035	1,769,621.19
February 2026	16,707,576.46	September 2030	6,001,346.37	April 2035	1,723,205.69
March 2026	16,416,982.12	October 2030	5,882,221.64	May 2035	1,677,635.17
April 2026	16,130,939.44	November 2030	5,765,074.05	June 2035	1,632,896.12
May 2026	15,849,380.92	December 2030	5,649,873.33	July 2035	1,588,975.23
June 2026	15,572,240.03	January 2031	5,536,589.68	August 2035	1,545,859.37
July 2026	15,299,451.20	February 2031	5,425,193.73	September 2035	1,503,535.62
August 2026	15,030,949.78	March 2031	5,315,656.53	October 2035	1,461,991.26
September 2026	14,766,672.08	April 2031	5,207,949.56	November 2035	1,421,213.75
October 2026	14,506,555.30	May 2031	5,102,044.72	December 2035	1,381,190.75
November 2026	14,250,537.56	June 2031	4,997,914.31	January 2036	1,341,910.09
December 2026	13,998,557.87	July 2031	4,895,531.06	February 2036	1,303,359.81
January 2027	13,750,556.09	August 2031	4,794,868.08	March 2036	1,265,528.10
February 2027	13,506,472.99	September 2031	4,695,898.88	April 2036	1,228,403.35
March 2027	13,266,250.16	October 2031	4,598,597.36	May 2036	1,191,974.11
April 2027	13,029,830.05	November 2031	4,502,937.81	June 2036	1,156,229.11
May 2027	12,797,155.91	December 2031	4,408,894.88	July 2036	1,121,157.26
June 2027	12,568,171.85	January 2032	4,316,443.61	August 2036	1,086,747.61
July 2027	12,342,822.75	February 2032	4,225,559.41	September 2036	1,052,989.41
August 2027	12,121,054.30	March 2032	4,136,218.02	October 2036	1,019,872.06
September 2027	11,902,812.98	April 2032	4,048,395.59	November 2036	987,385.09
October 2027	11,688,046.03	May 2032	3,962,068.57	December 2036	955,518.24
November 2027	11,476,701.46	June 2032	3,877,213.78	January 2037	924,261.38
December 2027	11,268,728.01	July 2032	3,793,808.39	February 2037	893,604.52
January 2028	11,064,075.20	August 2032	3,711,829.89	March 2037	863,537.85
February 2028	10,862,693.24	September 2032	3,631,256.12	April 2037	834,051.69
March 2028	10,664,533.08	October 2032	3,552,065.22	May 2037	805,136.51
April 2028	10,469,546.38	November 2032	3,474,235.68	June 2037	776,782.93
May 2028	10,277,685.49	December 2032	3,397,746.30	July 2037	748,981.71
June 2028	10,088,903.45	January 2033	3,322,576.18	August 2037	721,723.75
July 2028	9,903,154.00	February 2033	3,248,704.74	September 2037	695,000.09
August 2028	9,720,391.51	March 2033	3,176,111.72	October 2037	668,801.91
September 2028	9,540,571.04	April 2033	3,104,777.12	November 2037	643,120.53
October 2028	9,363,648.31	May 2033	3,034,681.28	December 2037	617,947.37
November 2028	9,189,579.64	June 2033	2,965,804.80	January 2038	593,274.02
December 2028	9,018,322.04	July 2033	2,898,128.59	February 2038	569,092.18
January 2029	8,849,833.09	August 2033	2,831,633.82	March 2038	545,393.69

Aggregate Group (Continued)

<u>Distribution Date</u>	<u>Planned Balance</u>	<u>Distribution Date</u>	<u>Planned Balance</u>	<u>Distribution Date</u>	<u>Planned Balance</u>
April 2038	\$ 522,170.49	March 2039	\$ 295,903.99	February 2040	\$ 116,695.89
May 2038	499,414.66	April 2039	277,799.99	March 2040	102,446.21
June 2038	477,118.41	May 2039	260,077.30	April 2040	88,511.91
July 2038	455,274.06	June 2039	242,729.43	May 2040	74,887.51
August 2038	433,874.04	July 2039	225,750.02	June 2040	61,567.67
September 2038	412,910.91	August 2039	209,132.79	July 2040	48,547.10
October 2038	392,377.33	September 2039	192,871.57	August 2040	35,820.60
November 2038	372,266.09	October 2039	176,960.26	September 2040	23,383.06
December 2038	352,570.08	November 2039	161,392.89	October 2040	11,229.43
January 2039	333,282.31	December 2039	146,163.56	November 2040 and thereafter	0.00
February 2039	314,395.87	January 2040	131,266.46		

No one is authorized to give information or to make representations in connection with the Certificates other than the information and representations contained in or incorporated into this Prospectus Supplement and the additional Disclosure Documents. We take no responsibility for 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.

Neither the Securities and Exchange Commission nor any state securities commission has 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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\$370,973,536



**Guaranteed REMIC
Pass-Through Certificates
Fannie Mae REMIC Trust 2011-77**

PROSPECTUS SUPPLEMENT

MORGAN STANLEY

July 25, 2011
