



June 2006 Update

Fannie Mae Mega Pool Data Now Published Twice Daily

Effective Thursday June 1, 2006 the current month's Fannie Mae Mega pool Collateral Summary file will be updated two times a day, at approximately 12:30 pm and 3:30 pm.

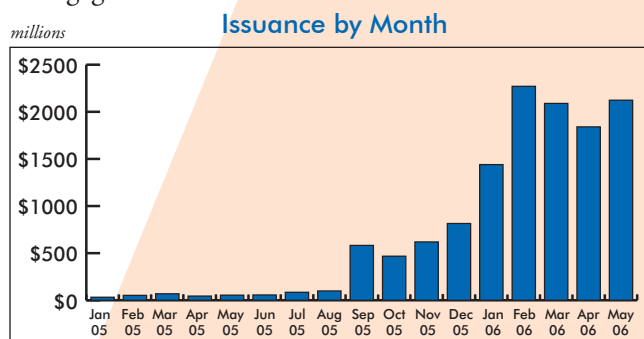
Beginning June 1, 2006, the Fannie Mae Mega pool Collateral Summary File for current month Megas will be updated twice daily, at approximately 12:30 pm and 3:30 pm. The Collateral Summary file contains information such as pool number, CUSIP, pass-through rate, original WAC and WAM, maturity date and original Unpaid Principal Balance (UPB), among others, for Mega pools that are closed in a specific month, as indicated by the file name (for example "Dec2005SumInfo.txt" contains information about Mega pools closed in December 2005). For earlier settlement months, the file contains Megas that have closed during a particular month, as indicated by the file name.

The current month's file is available from our web site in the Mortgage Backed Securities Prospectuses & Related Documents section under "Mega Latest Postings" as "Monthly Collateral Summary" <http://www.fanniemae.com/mbs/documents/mega/latestpostings.jhtml?p=Mortgage-Backed+Securities&s=Prospectuses+%26+Related+Documents&t=Mega&q=Latest+Postings>.

Current and previous month's reports are available from: <http://www.fanniemae.com/mbs/data/mega/collateral-summary.jhtml?p=Mortgage-Backed+Securities&s=Monthly+Reporting+Data&t=Mega&q=Monthly+Collateral+Summary>

Fannie Mae Fixed-Rate Interest Only MBS Update

Through May 2006 Fannie Mae has issued \$12.7 billion of MBS backed by pools of 30-year fixed-rate interest only mortgages.



Issuance by Coupon

COUPON	2005 (\$ millions)	2006* (\$ millions)
4.00%	2.9	0.0
4.50%	18.5	11.0
5.00%	447.1	285.7
5.50%	1,549.6	2,769.2
6.00%	834.2	5,313.6
6.50%	121.6	1,191.6
7.00%	5.5	153.9

* through May 2006

Pools are grouped by the interest only period of the loans backing the MBS, and are identified by specific prefixes:

- >> "NO" for pools of loans commencing with interest only period greater than three years and less than or equal to five years;
- >> "NP" for pools of loans commencing with interest only period greater than or equal to seven years and less than or equal to 10 years;
- >> "NQ" for pools of loans commencing with interest only period greater than 10 years and less than or equal to 15 years;
- >> "NR" for pools of loans commencing with interest only period greater than 15 years and less than or equal to 20 years;

Issuance of this product is up significantly this year. Through May of 2006, \$9.8 billion has been issued, versus nearly \$3 billion for all of 2005. A large majority (over 80%) of the product carries the “NP” prefix.

After the relevant interest only period concludes, the loans provide for fully amortizing level payments for the remaining term and mature or are due in 30 years or less. (Full prefix definitions are available from our Pool Prefix Dictionary, which is available through “Search Tools and Resources”, in the “Mortgage Backed Securities” section of our web site: <http://www.fanniemae.com/mbs/tools/prefixglossary.jhtml?p=Mortgage-Backed+Securities&s=Search+Tools+%26+Resources&t=Pool+Prefix+Glossary>).

Please note that Fannie Mae allows fixed-rate interest only pools to be commingled with non-interest only fixed-rate pools as collateral for REMICs (of the \$12.7 billion of fixed rate interest only pools issued approximately \$2.9 billion has been used as collateral for REMICs). Although we disclose the presence of fixed-rate interest only collateral in the relevant security’s prospectus supplement and final data statement, investors who prefer REMIC classes that are not backed by interest only pools should be sure to specify this preference to their dealer representative.

S1 Prefix Update: Below 25 Basis Points Servicing Fee ARM Pool Volume

In order to provide lenders with greater securitization flexibility, Fannie Mae recently reduced the minimum required servicing fee to 25 basis points (0.250%) on adjustable-rate loans backing our MBS pools. At that same time we announced that on a negotiated basis, the minimum servicing fee on certain adjustable-rate mortgages may be reduced to a level below 25 basis points based on our evaluation of the servicer’s financial strength, the servicing revenue produced by the servicer’s overall Fannie Mae portfolio, the risk profile of both the servicing portfolio and mortgage deliveries, and the quality of their mortgage servicing activities. We assigned the “S1” prefix to our MBS pools maturing or due in 30 years backed by loans with a minimum servicing fee of 12.5 basis points (0.125%) on each loan. Total issuance for these S1 prefix pools for issue dates between December 2005 and May 2006 has been approximately \$13.55 billion.

MBSenger is published by Fannie Mae’s Fixed-Income Marketing Group

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