

\$900,000,000



FannieMae

Guaranteed REMIC Pass-Through Certificates Fannie Mae REMIC Trust 1998-8

The Guaranteed REMIC Pass-Through Certificates offered hereby (the “REMIC Certificates”) will represent beneficial ownership interests in one of two trust funds. The PA, PB, C and S Classes, in part, and the PM, D, E, F and R Classes, in their entirety, will represent beneficial ownership interests in Fannie Mae REMIC Trust 1998-8 (the “Trust”). The assets of the Trust will consist of “regular interests” in a separate trust fund (the “Lower Tier REMIC”). The PA, PB, C and S Classes, in part, and the A, G, H, B, PD, PE, PC, FA and RL Classes, in their entirety, will represent beneficial ownership interests in the Lower Tier REMIC. The assets of the Lower Tier REMIC will consist of two groups of Fannie Mae Guaranteed Mortgage Pass-Through Certificates described herein (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, single-family, fixed-rate residential mortgage loans having the characteristics described herein. The Certificates will be issued and guaranteed as to timely distribution of principal and interest by Fannie Mae.

This Prospectus Supplement is intended to be used only in conjunction with the REMIC Prospectus (defined herein). Investors should not purchase the Certificates before reading this Prospectus Supplement, the REMIC Prospectus and the additional Disclosure Documents (defined herein). Such documents may be obtained as described on page S-2.

See “Additional Risk Factors” on page S-7 hereof and “Certain Risk Factors” beginning on page 10 of the REMIC Prospectus for a discussion of certain risks that should be considered in connection with an investment in the Certificates.

(Cover continued on next page)

THE CERTIFICATES MAY NOT BE SUITABLE INVESTMENTS FOR ALL INVESTORS. NO INVESTOR SHOULD PURCHASE CERTIFICATES UNLESS SUCH INVESTOR UNDERSTANDS AND IS ABLE TO BEAR THE PREPAYMENT, YIELD, LIQUIDITY AND OTHER RISKS ASSOCIATED WITH SUCH CERTIFICATES.

THE CERTIFICATES, TOGETHER WITH ANY INTEREST THEREON, ARE NOT GUARANTEED BY THE UNITED STATES. THE OBLIGATIONS OF FANNIE MAE UNDER ITS GUARANTY OF THE CERTIFICATES ARE OBLIGATIONS SOLELY OF FANNIE MAE AND DO NOT CONSTITUTE AN OBLIGATION OF THE UNITED STATES OR ANY AGENCY OR INSTRUMENTALITY THEREOF OTHER THAN FANNIE MAE. THE CERTIFICATES ARE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933 AND ARE “EXEMPTED SECURITIES” WITHIN THE MEANING OF THE SECURITIES EXCHANGE ACT OF 1934.

Class(1)	Group	Original Class Balance	Principal Type(2)	Interest Rate	Interest Type(2)	CUSIP Number	Final Distribution Date	Class(1)	Group	Original Class Balance	Principal Type(2)	Interest Rate	Interest Type(2)	CUSIP Number	Final Distribution Date
A	1	\$260,300,000	SEQ	6.50%	FIX	31359RH47	November 2024	PC	2	\$149,418,000	PAC	7.00%	FIX	31359RJ52	March 2028
G	1	50,000,000	SEQ	6.25	FIX	31359RH54	November 2024	C	2	71,379,000	SCH	6.70	FIX	31359RJ60	March 2028
H	1	50,000,000	SEQ	6.75	FIX	31359RH62	November 2024	D	2	3,059,100(3)	NTL	7.00	FIX/IO	31359RJ78	March 2028
B	1	139,700,000	SEQ	6.50	FIX	31359RH70	March 2028	F	2	66,705,294	SUP	(4)	FLT	31359RJ86	March 2028
PM	2	10,469,785(3)	NTL	7.00	FIX/IO	31359RH88	June 2019	FA	2	200,000	SUP	(4)	FLT	31359RK27	March 2027
PA	2	15,827,000	PAC	6.25	FIX	31359RH96	March 2006	E	2	48,571(3)	NTL	7.00	FIX/IO	31359RJ94	March 2028
PB	2	30,000,000	PAC	6.25	FIX	31359RJ29	June 2019	S	2	14,379,706	SUP	(4)	INV	31359RK35	March 2028
PD	2	22,121,000	PAC	6.25	FIX	31359RJ37	November 2013	R	2	200,000	SUP	(4)	FLT	31359RK43	March 2028
PE	2	29,770,000	PAC	6.25	FIX	31359RJ45	June 2019	RL	2	0	NPR	0	NPR	31359RYT3	March 2028

- (1) The AI, AA, AB, AP, AC, AD and AE Classes are RCR Classes. See “Description of the Certificates—Combination and Recombination” herein and Schedule 1 hereto for a description of the RCR Classes.
- (2) See “Description of the Certificates—Class Definitions and Abbreviations” in the REMIC Prospectus and “Description of the Certificates—Distributions of Interest” and “—Distributions of Principal” herein.
- (3) These Classes will be Notional Classes, will not have principal balances and will bear interest on their respective notional principal balances. The notional principal balances of the Notional Classes initially will be as set forth above and thereafter will be calculated as specified herein. See “Description of the Certificates—Distributions of Interest—Notional Classes” herein.
- (4) These Classes will bear interest based on “LIBOR” as described under “Description of the Certificates—Distributions of Interest” herein and “Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes” in the REMIC Prospectus.

The Certificates will be offered by Merrill Lynch, Pierce, Fenner & Smith Incorporated (the “Dealer”) from time to time in negotiated transactions, at varying prices to be determined at the time of sale.

The Certificates will be offered by the Dealer, subject to issuance by Fannie Mae and to prior sale or to withdrawal or modification of the offer without notice, when, as and if delivered to and accepted by the Dealer, subject to the right by the Dealer to reject any order in whole or in part and subject to approval of certain legal matters by counsel. It is expected that the Classes, except for the A, R and RL Classes and the RCR Certificates, will be available through the book-entry system of the Federal Reserve Banks and that the A Class and the RCR Certificates will be available through the book-entry facilities of The Depository Trust Company on or about February 27, 1998 (the “Settlement Date”). It is expected that the R and RL Classes in registered, certificated form will be available for delivery at the offices of the Dealer, New York, New York, on or about the Settlement Date.

Merrill Lynch & Co.

January 12, 1998

(Cover continued from previous page)

Certain of the REMIC Certificates may, upon notice and payment of an exchange fee, be exchanged for the related Combinable and Recombinable REMIC Certificates (“RCR Certificates”) as provided herein. Each RCR Certificate issued in such an exchange will represent a beneficial ownership interest in, and will entitle the Holder thereof to receive a proportionate share of the distributions on, the related REMIC Certificates. Certain characteristics of the RCR Certificates are set forth in Schedule 1 hereto. As used herein, unless the context requires otherwise, the term “Certificates” includes REMIC Certificates and RCR Certificates and the term “Classes” includes the Classes of REMIC Certificates and RCR Certificates. See “Description of the Certificates—Combination and Recombination” herein and Schedule 1 hereto.

The yields to investors in the Group 1 and Group 2 Classes (as described herein) will be sensitive in varying degrees to, among other things, the rate of principal distributions on the Group 1 MBS and Group 2 MBS, respectively, which in turn will be determined by the rate of principal payments of the related Mortgage Loans and the characteristics of such Mortgage Loans. The yield to investors in each Class will also be sensitive to the purchase price paid for such Class and, in the case of any Floating Rate or Inverse Floating Rate Class, fluctuations in the level of the Index (as defined herein). Accordingly, investors should consider the following risks:

- The Mortgage Loans generally may be prepaid at any time without penalty, and, accordingly, the rate of principal payments thereon is likely to vary considerably from time to time.
- Slight variations in Mortgage Loan characteristics could substantially affect the weighted average lives and yields of some or all of the Classes.
- In the case of any Certificates purchased at a discount to their principal amounts (including any Principal Only Class), a slower than anticipated rate of principal payments is likely to result in a lower than anticipated yield.
- In the case of any Certificates purchased at a premium to their principal amounts, a faster than anticipated rate of principal payments is likely to result in a lower than anticipated yield.
- In the case of any Interest Only Class, a faster than anticipated rate of principal payments is likely to result in a lower than anticipated yield and, in certain cases, an actual loss on the investment.
- The yield on any Floating Rate or Inverse Floating Rate Class will be sensitive to the level of the Index. See “Description of the Certificates—Distributions of Interest—Floating Rate and Inverse Floating Rate Classes” herein.

See “Certain Risk Factors—Yield Considerations” in the REMIC Prospectus and “Additional Risk Factors—Additional Yield and Prepayment Considerations” and “Yield Tables” herein.

In addition, investors should purchase Certificates only after considering the following:

- The actual final payment of any Class will likely occur earlier, and could occur much earlier, than the Final Distribution Date for such Class specified on the cover page. See “Description of the Certificates—Weighted Average Lives of the Certificates” herein and “Description of the Certificates—Weighted Average Life and Final Distribution Dates” in the REMIC Prospectus.
- The rate of principal distributions of the Certificates is uncertain and investors may be unable to reinvest the distributions thereon at yields equaling the yields on the Certificates. See “Certain Risk Factors—Suitability and Reinvestment Considerations” in the REMIC Prospectus.
- Investors whose investment activities are subject to legal investment laws and regulations or to review by regulatory authorities may be subject to restrictions on investment in certain Classes of the Certificates. Investors should consult their legal advisors to determine whether and to what extent the Certificates constitute legal investments or are subject to restrictions on investment. See “Legal Investment Considerations” in the REMIC Prospectus.
- The Dealer intends to make a market for the Certificates but is not obligated to do so. There can be no assurance that such a secondary market will develop or, if developed, that it will continue. Thus, investors may not be able to sell their Certificates readily or at prices that will enable them to realize their anticipated yield. No investor should purchase Certificates unless such investor understands and is able to bear the risk that the value of the Certificates will fluctuate over time and that the Certificates may not be readily salable.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of this Prospectus Supplement, the REMIC Prospectus or the MBS Prospectus (each as defined below). Any representation to the contrary is a criminal offense.

Elections will be made to treat the Lower Tier REMIC and the Trust as “real estate mortgage investment conduits” (“REMICs”) pursuant to the Internal Revenue Code of 1986, as amended (the “Code”). The R and RL Classes will be subject to transfer restrictions. See “Description of the Certificates—Characteristics of the R and RL Classes” and “Certain Additional Federal Income Tax Consequences” herein, and “Description of the Certificates—Additional Characteristics of Residual Certificates” and “Certain Federal Income Tax Consequences” in the REMIC Prospectus.

Investors should purchase the Certificates only if they have read and understood this Prospectus Supplement and the following documents (collectively, the “Disclosure Documents”):

- Fannie Mae’s Prospectus for Guaranteed REMIC Pass-Through Certificates dated November 12, 1997 (the “REMIC Prospectus”);
- Fannie Mae’s Prospectus for Guaranteed Mortgage Pass-Through Certificates dated August 1, 1997 (the “MBS Prospectus”); and
- Fannie Mae’s Information Statement dated March 31, 1997 and any supplements thereto (collectively, the “Information Statement”).

The Information Statement is incorporated herein by reference and, together with the other Disclosure Documents, may be obtained from Fannie Mae by writing or calling its MBS Helpline at 3900 Wisconsin Avenue, N.W., Area 2H-3S, Washington, D.C. 20016 (telephone 1-800-BEST-MBS or 202-752-6547). Such documents may also be obtained from Merrill Lynch, Pierce, Fenner & Smith Incorporated by writing or calling its Prospectus Department at 4 Corporate Place, Corporate Park 287, Piscataway, New Jersey 08855 (telephone 908-878-6526).

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REFERENCE SHEET

This reference sheet is not a summary of the REMIC transaction and it does not contain complete information about the Certificates. Investors should purchase the Certificates only after reading this Prospectus Supplement and each of the additional Disclosure Documents described herein in their entirety.

Assumed Characteristics of the Mortgage Loans (as of February 1, 1998)

	Approximate Principal Balance	Original Term to Maturity (in months)	Approximate Weighted Average Remaining Term to Maturity (in months)	Approximate Calculated Loan Age (in months)	Approximate Weighted Average Coupon
Group 1 MBS	\$500,000,000	360	329	25	7.24%
Group 2 MBS	\$400,000,000	360	357	2	7.65%

The actual remaining terms to maturity, calculated loan ages and interest rates of most of the related Mortgage Loans will differ from the weighted averages shown above, perhaps significantly. See “Description of the Certificates—Structuring Assumptions—*Pricing Assumptions*” herein.

Combination and Recombination

Holders of certain REMIC Certificates will be entitled, upon notice and payment of an exchange fee, to exchange all or a portion of such Certificates for a proportionate interest in the related RCR Certificates as reflected on Schedule 1 hereto. The Holders of RCR Certificates will be entitled to receive distributions from the related REMIC Certificates. See “Description of the Certificates—Combination and Recombination” herein. Schedule 1 sets forth all of the available combinations of REMIC Certificates and the related RCR Certificates.

Interest Rates

The Fixed Rate Classes will bear interest at the applicable per annum interest rates set forth on the cover.

The Floating Rate and Inverse Floating Rate Classes will bear interest during the initial Interest Accrual Period at initial interest rates specified or determined as described below, and will bear interest during each Interest Accrual Period thereafter, subject to the applicable maximum and minimum interest rates, at rates determined as described below:

Class	Initial Interest Rate	Maximum Interest Rate	Minimum Interest Rate	Formula for Calculation of Interest Rate (1)
F	6.475%	8.5%	0.85%	LIBOR + 85 basis points
S	9.450%	35.7%	0.00%	$35.7\% - (4.66666667 \times \text{LIBOR})$
FA	5.625%	7.65%	0.00%	LIBOR
R	5.625%	7.65%	0.00%	LIBOR

(1) LIBOR will be established on the basis of the “BBA Method”. See “Description of the Certificates—Calculation of LIBOR” herein.

See “Description of the Certificates—Distributions of Interest—*Floating Rate and Inverse Floating Rate Classes*” herein.

Distributions of interest to be allocated from REMIC Certificates to RCR Certificates on any Distribution Date will be allocated on a pro rata basis.

Notional Classes

The notional principal balances of the Notional Classes will be equal to the indicated percentages of the outstanding balances specified below immediately prior to the related Distribution Date:

<u>Classes</u>	
AI	7.6923076923% of A Class
PM	10.7142857143% of PA Class
	10.7142857143% of PB Class
	10.7142857143% of PD Class
	10.7142857143% of PE Class
D	4.2857142857% of C Class
E	0.0728149531% of F Class

See “Description of the Certificates—Distributions of Interest—*Notional Classes*” and “—Yield Tables—*The Interest Only Classes and the AI Class*” herein.

Distributions of Principal

The portion of the Principal Distribution Amount allocated to each Class of Certificates will be determined as described herein under “Description of the Certificates—Distributions of Principal—*Principal Distribution Amount*.”

Group 1 Principal Distribution Amount

1. To the A, G and H Classes, pro rata, to zero.
2. To the B Class, to zero.

Group 2 Principal Distribution Amount

1. To the PA Class, to its Planned Balance.
2. To the PB and PD Classes, in the proportions of 36.6340623512% and 63.3659376488%, respectively, until the PD Class is reduced to its Planned Balance.
3. To the PB and PE Classes, in the proportions of 36.6340623512% and 63.3659376488%, respectively, to their Planned Balances.
4. To the PC Class, to its Planned Balance.
5. To the C Class, to its Scheduled Balance.
6. To the F, S and FA Classes, in the proportions of 81.8620531386%, 17.6470589679% and 0.4908878935%, respectively, until the FA Class is reduced to zero.
7. To the F, S and R Classes, in the proportions of 81.8620531386%, 17.6470589679% and 0.4908878935%, respectively, to zero.
8. To the C Class, to zero.
9. To the PA Class, to zero.
10. To the PB and PD Classes, in the proportions of 36.6340623512% and 63.3659376488%, respectively, until the PD Class is reduced to zero.
11. To the PB and PE Classes, in the proportions of 36.6340623512% and 63.3659376488%, respectively, to zero.
12. To the PC Class, to zero.

Distributions of principal to be allocated from REMIC Certificates to RCR Certificates on any Distribution Date will be allocated on a pro rata basis.

Weighted Average Lives (years) *

<u>Group 1 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>155%</u>	<u>200%</u>	<u>500%</u>
A, G, H, AI, AA, AB, AP, AC, AD and AE	18.2	6.4	4.5	3.6	1.4
B	28.4	20.4	16.8	14.3	6.1

<u>Group 2 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>90%</u>	<u>210%</u>	<u>275%</u>	<u>500%</u>
PM	11.0	3.3	3.3	3.3	2.8
PA	3.6	1.5	1.5	1.5	1.5
PB	12.4	3.7	3.7	3.7	3.1
PD	9.3	2.7	2.7	2.7	2.6
PE	14.8	4.5	4.5	4.5	3.4
PC	21.8	10.9	10.9	10.9	6.5
FA	28.4	21.6	2.4	1.5	0.9
R	29.5	26.9	14.7	3.6	1.8
F, S and E	28.9	24.3	8.5	2.5	1.3

<u>Group 2 Classes</u>	<u>PSA Prepayment Assumption</u>					
	<u>0%</u>	<u>90%</u>	<u>140%</u>	<u>210%</u>	<u>275%</u>	<u>500%</u>
C and D	25.7	13.1	4.5	4.5	3.7	2.0

* Determined as specified under “Description of the Certificates—Weighted Average Lives of the Certificates” herein.

ADDITIONAL RISK FACTORS

Additional Yield and Prepayment Considerations

The rate of distributions of principal of the Group 1 and Group 2 Classes will be sensitive in varying degrees to the rate of principal distributions on the Group 1 MBS and Group 2 MBS, respectively, which in turn will reflect the rate of amortization (including prepayments) of the related Mortgage Loans. There can be no assurance that the Mortgage Loans underlying the Group 1 MBS or Group 2 MBS will have the characteristics assumed herein. Because the rate of principal distributions on the Group 1 and Group 2 Classes will be related to the rate of amortization of the related Mortgage Loans, which are likely to include Mortgage Loans with remaining terms to maturity shorter or longer than those assumed and interest rates higher or lower than those assumed, the rate of principal distributions on such Classes is likely to differ from the rate anticipated by an investor, even if the related Mortgage Loans prepay at the indicated constant percentages of PSA.

It is highly unlikely that the Mortgage Loans underlying the Group 1 MBS or Group 2 MBS, as applicable, will prepay at any of the rates assumed herein, will prepay at a *constant* PSA rate until maturity or that such Mortgage Loans will prepay at the same rate. Investors must make their own decisions as to the appropriate assumptions, including prepayment assumptions, to be used in deciding whether to purchase the Certificates.

The effective yields on the Delay Classes (as defined herein) will be reduced below the yields otherwise produced because principal and interest payable on a Distribution Date will not be distributed until on or about the 18th day following the end of the related Interest Accrual Period and will not bear interest during such delay. No interest at all will be paid on any Class after its principal balance has been reduced to zero. As a result of the foregoing, the market values of the Delay Classes will be lower than would have been the case if there were no such delay.

DESCRIPTION OF THE CERTIFICATES

The following summaries describing certain provisions of the Certificates do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the remaining provisions of this Prospectus Supplement, the additional Disclosure Documents and the provisions of the Trust Agreement (defined below). Capitalized terms used and not otherwise defined in this Prospectus Supplement have the meanings assigned to such terms in the applicable Disclosure Document or the Trust Agreement (as the context may require).

General

Structure. The Trust and the Lower Tier REMIC will be created pursuant to a trust agreement dated as of February 1, 1998 (the “Trust Agreement”), executed by the Federal National Mortgage Association (“Fannie Mae”) in its corporate capacity and in its capacity as trustee (the “Trustee”), and the Certificates in the Classes and aggregate original principal balances set forth on the cover hereof will be issued by Fannie Mae pursuant thereto. A description of Fannie Mae and its business, together with certain financial statements and other financial information, is contained in the Information Statement.

The PA, PB, C and S Classes, in part, and the PM, D, E and F Classes, in their entirety, will be designated as the “regular interests,” and the R Class will be designated as the “residual interest,” in the REMIC constituted by the Trust. The PA, PB, C and S Classes, in part, and certain other interests in the Lower Tier REMIC, including the A, G, H, B, PD, PE, PC and FA Classes, in their entirety, will be designated as the “regular interests” (the “Lower Tier Regular Interests”), and the RL Class will be designated as the “residual interest,” in the Lower Tier REMIC. The assets of the Lower Tier REMIC will consist of the MBS.

Fannie Mae Guaranty. Fannie Mae guarantees to each holder of an MBS the timely payment of scheduled installments of principal of and interest on the underlying Mortgage Loans, whether or not received, together with the full principal balance of any foreclosed Mortgage Loan, whether or not such balance is actually recovered. In addition, Fannie Mae will be obligated to distribute on a timely basis to the Holders of Certificates required installments of principal and interest and to distribute the principal balance of each Class of Certificates in full no later than the applicable Final Distribution Date, whether or not sufficient funds are available in the Trust Account. The guaranties of Fannie Mae are not backed by the full faith and credit of the United States. See “Description of the Certificates—Fannie Mae’s Guaranty” in the REMIC Prospectus and “Description of Certificates—The Corporation’s Guaranty” in the MBS Prospectus.

Characteristics of Certificates. The Certificates of all Classes, except for the A, R and the RL Classes and the RCR Certificates, will be issued and maintained and may be transferred by Holders only on the book-entry system of the Federal Reserve Banks (such Certificates, the “Fed Book-Entry Certificates”). Such entities whose names appear on the book-entry records of a Federal Reserve Bank as the entities for whose accounts such Certificates have been deposited are herein referred to as “Holders” or “Certificateholders.”

The A Class and the RCR Certificates will be represented by one or more certificates (the “DTC Certificates”) to be registered at all times in the name of the nominee of the Depository (as defined herein), which Depository will maintain such Certificates through its book-entry facilities. When used herein with respect to any DTC Certificate, the terms “Holders” and “Certificateholders” refer to the nominee of the Depository.

A Holder is not necessarily the beneficial owner of a book-entry Certificate. Beneficial owners will ordinarily hold book-entry Certificates through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. See “Description of the Certificates—Denominations, Certificate Form” in the REMIC Prospectus.

The R and RL Certificates will not be issued in book-entry form but will be issued in fully registered, certificated form. As to the R or RL Certificate, “Holder” or “Certificateholder” refers to the registered owner thereof. The R or RL Certificates will be transferable and, if applicable, exchangeable at the corporate trust office of the Transfer Agent, or at the agency of the Transfer Agent in New York, New York. The Transfer Agent initially will be State Street Bank and Trust Company in Boston, Massachusetts (“State Street”). A service charge may be imposed for any registration of transfer or, if applicable, exchange of the R or RL Certificate and Fannie Mae may require payment of a sum sufficient to cover any tax or other governmental charge. See also “Characteristics of the R and RL Classes” herein.

The distribution to the Holder of the R and RL Classes of the proceeds of any remaining assets of the Trust and the Lower Tier REMIC, as applicable, will be made only upon presentation and surrender of the related Certificate at the office of the Paying Agent. The Paying Agent initially will be State Street.

Authorized Denominations. The Certificates, other than the RL Certificate, will be issued in minimum denominations of \$1,000 and integral multiples of \$1 in excess thereof. The RL Class will be issued as a single Certificate and will not have a principal balance.

Distribution Dates. Distributions on the Certificates will be made on the 18th day of each month (or, if such 18th day is not a business day, on the first business day next succeeding such 18th day) (each, a “Distribution Date”), commencing in the month following the Settlement Date.

Record Date. Each monthly distribution on the Certificates will be made to Holders of record on the last day of the preceding month.

REMIC Trust Factors. As soon as practicable following the eleventh calendar day of each month, Fannie Mae will publish or otherwise make available for each Class of Certificates the factor

(carried to eight decimal places) which, when multiplied by the original principal balance of a Certificate of such Class, will equal the remaining principal balance of such Certificate after giving effect to the distribution of principal to be made on the following Distribution Date.

Optional Termination. Consistent with its policy described under “Description of Certificates—Termination” in the MBS Prospectus, Fannie Mae will agree not to effect indirectly an early termination of the Lower Tier REMIC or the Trust through the exercise of its right to repurchase the Mortgage Loans underlying any MBS unless only one Mortgage Loan remains in the related Pool or the principal balance of such Pool at the time of repurchase is less than one percent of the original principal balance thereof.

Combination and Recombination

General. Subject to the rules, regulations and procedures of the Depository, all or a portion of the A Class of REMIC Certificates may be exchanged for a proportionate interest in the related RCR Certificates in accordance with the available combinations reflected on Schedule 1 hereto. Similarly, all or a portion of the RCR Certificates may be exchanged in accordance with the available combinations reflected on Schedule 1, for the related REMIC Certificates. This process may occur repeatedly.

The RCR Certificates issued in an exchange will represent a beneficial ownership interest in, and will be entitled to receive a proportionate share of the distributions on, the related REMIC Certificates, and the Holders of RCR Certificates will be treated as the beneficial owners of a proportionate interest in the related REMIC Certificates.

The Classes of REMIC Certificates and RCR Certificates that are outstanding at any given time, and the outstanding principal balances (or notional principal balances) of such Classes, will depend upon any related distributions of principal as well as any exchanges that occur. The principal balances and/or notional principal balances of the REMIC Certificates and RCR Certificates involved in any exchange will bear the same relationship as that borne by the original principal balances and/or original notional principal balances of the related Classes.

Procedures. A Holder proposing to effect an exchange must notify Fannie Mae’s Capital Markets Department through a dealer who is a member of Fannie Mae’s “REMIC Dealer Group.” Such notice must be given in writing or by telefax not later than two business days before the proposed exchange date (which date, subject to Fannie Mae’s approval, can be any business day other than the first or last business day of the month). The notice must include the outstanding principal balance of both the Certificates to be exchanged and the Certificates to be received, and the proposed exchange date. Promptly after the receipt of a Holder’s notice, Fannie Mae will telephone the dealer to provide instructions for delivering the Certificates and the exchange fee to Fannie Mae by wire transfer. A Holder’s notice becomes irrevocable on the second business day before the proposed exchange date.

A fee will be payable to Fannie Mae in connection with each exchange equal to $\frac{1}{32}$ of 1% of the outstanding principal balance (exclusive of any notional principal balance) of the Certificates to be submitted for exchange, provided that the fee payable in connection with each exchange will in no event be less than \$2,000.

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

Additional Considerations. The characteristics of RCR Certificates will reflect the characteristics of the REMIC Certificates used to form such RCR Certificates.

At any given time, a Holder’s ability to exchange REMIC Certificates for RCR Certificates or to exchange RCR Certificates for REMIC Certificates will be limited by a number of factors. A Holder

must, at the time of the proposed exchange, own Certificates of the Class or of the related Classes in the proportions necessary to effect a desired exchange. A Holder that does not own Certificates of the related Classes in the necessary proportions may not be able to obtain the necessary REMIC Certificates or RCR Certificates, as applicable. The Holder of needed Certificates may refuse or be unable to sell at a reasonable price or any price, or certain Certificates may have been purchased and placed into other financial structures. In addition, principal distributions will, over time, diminish the amounts available for exchange. Only the combinations listed on Schedule 1 are permitted.

Book-Entry Procedures

General. The Fed Book-Entry Certificates will be issued and maintained only on the book-entry system of the Federal Reserve Banks. Such Certificates may be held of record only by entities eligible to maintain book-entry accounts with the Federal Reserve Banks. Beneficial owners ordinarily will hold the Fed Book-Entry Certificates through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. A Holder that is not the beneficial owner of a Fed Book-Entry Certificate, and each other financial intermediary in the chain to the beneficial owner, will have the responsibility of establishing and maintaining accounts for their respective customers. The rights of the beneficial owner of a Fed Book-Entry Certificate with respect to Fannie Mae and the Federal Reserve Banks may be exercised only through the Holder of such Certificate. Fannie Mae and the Federal Reserve Banks will have no direct obligation to a beneficial owner of a Fed Book-Entry Certificate that is not also the Holder of the Certificate. The Federal Reserve Banks will act only upon the instructions of the Holder in recording transfers of a Fed Book-Entry Certificate. See “Description of the Certificates—Denominations, Certificate Form” in the REMIC Prospectus.

The DTC Certificates will be registered at all times in the name of the nominee of The Depository Trust Company, a New York-chartered limited purpose trust company, or any successor depository selected or approved by Fannie Mae (the “Depository”). In accordance with its normal procedures, the Depository will record the positions held by each Depository participating firm (each, a “Depository Participant”) in the DTC Certificates, whether held for its own account or as a nominee for another person. State Street will act as Paying Agent for, and perform certain administrative functions with respect to, the DTC Certificates.

No person acquiring a beneficial ownership interest in the DTC Certificates (a “beneficial owner” or an “investor”) will be entitled to receive a physical certificate representing such ownership interest. An investor’s interest in the DTC Certificates will be recorded on the records of the brokerage firm, bank, thrift institution or other financial intermediary (a “financial intermediary”) that maintains such investor’s account for such purpose. In turn, the financial intermediary’s record ownership of such interest will be recorded on the records of the Depository (or of a Depository Participant that acts as an agent for the financial intermediary if such intermediary is not a Depository Participant). Accordingly, an investor will not be recognized by the Trustee or the Depository as a Certificateholder and must rely on the foregoing arrangements to evidence its interest in the DTC Certificates. Beneficial ownership of an investor’s interest in the DTC Certificates may be transferred only by compliance with the procedures of an investor’s financial intermediary and of Depository Participants. In general, beneficial ownership of an investor’s interest in the DTC Certificates will be subject to the rules, regulations and procedures governing the Depository and Depository Participants as in effect from time to time.

Method of Distribution. Fannie Mae’s fiscal agent for the Fed Book-Entry Certificates is the Federal Reserve Bank of New York. The Federal Reserve Banks will make distributions on such Certificates on behalf of Fannie Mae on the applicable Distribution Dates by crediting Holders’ accounts at the Federal Reserve Banks.

Each distribution on the DTC Certificates will be distributed by the Paying Agent to the Depository in immediately available funds. The Depository will be responsible for crediting the amount of such distributions to the accounts of the Depository Participants entitled thereto, in

accordance with the Depository's normal procedures, which currently provide for distributions in same-day funds settled through the New York Clearing House. Each Depository Participant and each financial intermediary will be responsible for disbursing such distributions to the beneficial owners of the DTC Certificates that it represents. Accordingly, the beneficial owners may experience some delay in their receipt of distributions.

The MBS

The MBS included in each group specified below will have the aggregate unpaid principal balance and Pass-Through Rate set forth below and the general characteristics described in the MBS Prospectus. The MBS will provide that principal and interest on the related Mortgage Loans will be passed through monthly, commencing in the month following the month of the initial issuance of the MBS. The Mortgage Loans underlying the MBS will be conventional Level Payment Mortgage Loans secured by first mortgages or deeds of trust on one- to four-family ("single-family") residential properties and having original maturities of up to 30 years. See "The Mortgage Pools" and "Yield Considerations" in the MBS Prospectus. The characteristics of the Group 1 and Group 2 MBS and the related Mortgage Loans as of February 1, 1998 (the "Issue Date") are expected to be as follows:

Group 1 MBS

Aggregate Unpaid Principal Balance	\$500,000,000
MBS Pass-Through Rate	6.50%

Related Mortgage Loans

Range of WACs (per annum percentages)	6.75% to 9.00%
Range of WAMs	241 months to 360 months
Approximate Weighted Average WAM	329 months
Approximate Weighted Average CAGE	25 months

Group 2 MBS

Aggregate Unpaid Principal Balance	\$400,000,000
MBS Pass-Through Rate	7.00%

Related Mortgage Loans

Range of WACs (per annum percentages)	7.25% to 9.50%
Range of WAMs	241 months to 360 months
Approximate Weighted Average WAM	357 months
Approximate Weighted Average CAGE	2 months

Final Data Statement

Following the issuance of the Certificates, Fannie Mae will prepare a Final Data Statement setting forth with respect to the MBS, the Pool number, the current WAC (or original WAC, if the current WAC is not available) and the current WAM (or Adjusted WAM, if the current WAM is not available) of the Mortgage Loans underlying each MBS, along with the weighted average of all the current or original WACs and the weighted average of all the current or Adjusted WAMs, based on the current unpaid principal balances of the Mortgage Loans underlying the MBS as of the Issue Date. The Final Data Statement will not accompany this Prospectus Supplement but will be made available by Fannie Mae. To request the Final Data Statement, telephone Fannie Mae at 1-800-BEST-MBS or 202-752-6547. The contents of the Final Data Statement and other data specific to the Certificates are available in electronic form by calling Fannie Mae at 1-800-752-6440 or 202-752-6000.

Distributions of Interest

Categories of Classes

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

<u>Interest Type*</u>	<u>Classes</u>
Group 1 Classes	
Fixed Rate	A, G, H and B
RCR**	AI, AA, AB, AP, AC, AD and AE
Group 2 Classes	
Fixed Rate	PM, PA, PB, PD, PE, PC, C, D and E
Floating Rate	F, FA and R
Inverse Floating Rate	S
Interest Only	PM, D and E
No Payment Residual	RL

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

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

General. The interest-bearing Certificates will bear interest at the applicable per annum interest rates set forth on the cover or described herein. Interest on the interest-bearing Certificates is calculated on the basis of a 360-day year consisting of twelve 30-day months and is distributable monthly on each Distribution Date, commencing in the month after the Settlement Date. Interest to be distributed on each interest-bearing Certificate on a Distribution Date will consist of one month’s interest on the outstanding principal balance of such Certificate immediately prior to such Distribution Date.

Distributions of interest to be allocated from REMIC Certificates to RCR Certificates on any Distribution Date will be allocated on a pro rata basis.

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

<u>Classes</u>	<u>Interest Accrual Periods</u>
All Floating Rate and Inverse Floating Rate Classes and the E Class	One month period ending on the day preceding the Distribution Date
All Fixed Rate Classes (except for the E Class) and the AI, AA, AB, AC, AD and AE Classes (collectively, the “Delay Classes”)	Calendar month preceding the month in which the Distribution Date occurs

See “Additional Risk Factors—Additional Yield and Prepayment Considerations” herein.

Solely for purposes of facilitating the trading of the AP Class, such Class will be treated as a Delay Class.

Notional Classes. The Notional Classes will not have principal balances and will bear interest at the applicable per annum interest rates as set forth on the cover or as described herein during each Interest Accrual Period on their respective notional principal balances. The notional principal balances of the Notional Classes will be calculated as specified herein under “Reference Sheet—Notional Classes.”

The notional principal balance of a Notional Class is used for purposes of the determination of interest distributions thereon and does not represent an interest in any distributions of principal. Although a Notional Class will not have a principal balance, a REMIC Trust Factor (as described herein) will be published with respect to such Class that will be applicable to the notional principal balance thereof, and references herein to the principal balances of the Certificates generally shall be deemed to refer also to the notional principal balances of the Notional Classes.

Floating Rate and Inverse Floating Rate Classes. The Floating Rate and Inverse Floating Rate Classes will bear interest during each Interest Accrual Period, subject to applicable maximum and minimum interest rates, at rates determined as described herein under “Reference Sheet—Interest Rates.”

The yields with respect to such Classes will be affected by changes in the index specified (the “Index”), which changes may not correlate with changes in mortgage interest rates. It is possible that lower mortgage interest rates could occur concurrently with an increase in the level of the Index. Conversely, higher mortgage interest rates could occur concurrently with a decrease in the level of the Index.

The establishment of the Index value by Fannie Mae and Fannie Mae’s determination of the rate or rates of interest for the applicable Class or Classes for the related Interest Accrual Period shall (in the absence of manifest error) be final and binding. Each such rate of interest may be obtained by telephoning Fannie Mae at 1-800-BEST-MBS or 202-752-6547.

Calculation of LIBOR

On each Index Determination Date, until the principal balances of the Floating Rate and Inverse Floating Rate Classes have been reduced to zero, Fannie Mae will establish LIBOR for the related Interest Accrual Period. LIBOR will be established on the basis of the “BBA Method”, as described in the REMIC Prospectus under “Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes—LIBOR.” With respect to the “BBA Method,” Interest Settlement Rates currently are based on rates quoted by sixteen BBA designated banks and are calculated by eliminating the four highest rates and the four lowest rates and averaging the eight remaining rates.

If on the initial Index Determination Date, Fannie Mae is unable to determine LIBOR in the manner specified in the REMIC Prospectus, LIBOR for the next succeeding Interest Accrual Period will be equal to 5.625%.

Distributions of Principal

Categories of Classes

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

<u>Principal Type*</u>	<u>Classes</u>
Group 1 Classes	
Sequential Pay	A, G, H and B
RCR**	AI, AA, AB, AP, AC, AD and AE
Group 2 Classes	
PAC(1)	PA, PB, PD, PE and PC
Scheduled(1)	C
Support	F, S, FA and R
Notional	PM, D and E
No Payment Residual	RL

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

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

(1) The Principal Balance Schedules are set forth herein beginning on page B-1.

Principal Distribution Amount

On each Distribution Date, principal will be distributed on the Certificates in an amount (the “Principal Distribution Amount”) equal to the sum of (i) the aggregate distributions of principal to be made on the Group 1 MBS in the month of such Distribution Date (the “Group 1 Principal Distribution Amount”) and (ii) the aggregate distributions of principal to be made on the Group 2 MBS in the month of such Distribution Date (the “Group 2 Principal Distribution Amount”).

Group 1 Principal Distribution Amount

On each Distribution Date, the Group 1 Principal Distribution Amount will be distributed as principal of the Group 1 Classes in the following order of priority:

- (i) concurrently, to the A, G and H Classes, pro rata (or 72.2453510964%, 13.8773244518% and 13.8773244518%, respectively), until the principal balances thereof are reduced to zero; and
- (ii) to the B Class, until the principal balance thereof is reduced to zero.

Sequential
Pay
Classes

Group 2 Principal Distribution Amount

On each Distribution Date, the Group 2 Principal Distribution Amount will be distributed as principal of the Group 2 Classes in the following order of priority:

- (i) to the PA Class, until the principal balance thereof is reduced to its Planned Balance for such Distribution Date;
- (ii) concurrently, to the PB and PD Classes, in the proportions of 36.6340623512% and 63.3659376488%, respectively, until the principal balance of the PD Class is reduced to its Planned Balance for such Distribution Date;
- (iii) concurrently, to the PB and PE Classes, in the proportions of 36.6340623512% and 63.3659376488%, respectively, until the principal balances thereof are reduced to their respective Planned Balances for such Distribution Date;
- (iv) to the PC Class until the principal balance thereof is reduced to its Planned Balance for such Distribution Date;
- (v) to the C Class until the principal balance thereof is reduced to its Scheduled Balance for such Distribution Date;
- (vi) concurrently, to the F, S and FA Classes, in the proportions of 81.8620531386%, 17.6470589679% and 0.4908878935%, respectively, until the principal balance of the FA Class is reduced to zero;
- (vii) concurrently, to the F, S and R Classes, in the proportions of 81.8620531386%, 17.6470589679% and 0.4908878935%, respectively, until the principal balances thereof are reduced to zero;
- (viii) to the C Class, without regard to its Scheduled Balance and until the principal balance thereof is reduced to zero;
- (ix) to the PA Class, without regard to its Planned Balance and until the principal balance thereof is reduced to zero;
- (x) concurrently, to the PB and PD Classes, in the proportions of 36.6340623512% and 63.3659376488%, respectively, without regard to their Planned Balances and until the principal balance of the PD Class is reduced to zero;
- (xi) concurrently, to the PB and PE Classes, in the proportions of 36.6340623512% and 63.3659376488%, respectively, without regard to their Planned Balances and until the principal balances thereof are reduced to zero; and
- (xii) to the PC Class without regard to its Planned Balance and until the principal balance thereof is reduced to zero.

PAC
Classes

Scheduled
Class

Support
Classes

Scheduled
Class

PAC
Classes

Distributions of principal to be allocated from REMIC Certificates to RCR Certificates on any Distribution Date will be allocated on a pro rata basis.

Structuring Assumptions

Pricing Assumptions. Unless otherwise specified, the information in the tables in this Prospectus Supplement has been prepared on the basis of the following assumptions (collectively, the “Pricing Assumptions”):

- the Mortgage Loans underlying the Group 1 MBS and Group 2 MBS have the original terms to maturity, remaining terms to maturity, CAGEs, and interest rates as specified herein under “Reference Sheet—Assumed Characteristics of the Mortgage Loans”;
- the Mortgage Loans prepay at the constant percentages of PSA specified in the related table; and
- the closing date for the sale of the Certificates is February 27, 1998.

Prepayment Assumptions. Prepayments of mortgage loans commonly are measured relative to a prepayment standard or model. The model used herein is The Bond Market Association’s standard prepayment model (“PSA”). To assume a specified rate of PSA is to assume a specified rate of prepayment each month of the then outstanding principal balance of a pool of new mortgage loans computed as described under “Description of the Certificates—Prepayment Models” in the REMIC Prospectus. It is highly unlikely that prepayments will occur at any *constant* PSA rate or at any other constant rate.

Structuring Ranges. The Principal Balance Schedules have been prepared on the basis of the Pricing Assumptions and the assumption that the related Mortgage Loans prepay at a *constant* PSA rate within the Structuring Ranges set forth below.

<u>Principal Balance Schedule References</u>	<u>Related Classes</u>	<u>Structuring Ranges</u>
Planned Balances	PA, PB, PD, PE and PC	Between 90% and 275%
Scheduled Balance	C	Between 140% and 210%

There is no assurance that the balance of any Class listed above will conform on any Distribution Date to the applicable balance specified for such Distribution Date in the Principal Balance Schedules herein, or that distributions of principal of such Class will begin or end on the respective Distribution Dates specified therein. Because any excess of the principal distribution on any Distribution Date over the amount necessary to reduce any such Class to its scheduled balance will be distributed or allocated, the ability to so reduce such Class will not be enhanced by the averaging of high and low principal payments from month to month. In addition, even if prepayments occur on the related Mortgage Loans at rates falling within the applicable Structuring Range specified above, principal distributions may be insufficient to reduce the applicable Classes to their scheduled balances if such prepayments do not occur at a *constant* PSA rate. Moreover, because of the diverse remaining terms to maturity of the related Mortgage Loans (which may include recently originated Mortgage Loans), the Classes specified above may not be reduced to their scheduled balances, even if prepayments occur at a *constant* rate within the applicable Structuring Range specified above.

Initial Effective Ranges. The Effective Range for a Class is the range of prepayment rates (measured by *constant* PSA rates) that would reduce such Class to its scheduled balance on each

Distribution Date. The Initial Effective Ranges set forth in the table below are based upon the assumed characteristics of the related Mortgage Loans specified in the Pricing Assumptions.

<u>Related Classes</u>	<u>Initial Effective Ranges</u>
PA	Between 90% and 890%
PB	Between 90% and 312%
PD	Between 90% and 434%
PE	Between 90% and 312%
PC	Between 90% and 275%
C	Between 140% and 210%

The actual Effective Ranges at any time will be based upon the actual characteristics of the related Mortgage Loans at such time, which are likely to vary (and may vary considerably) from the Pricing Assumptions. The actual Effective Ranges calculated on the basis of the actual characteristics likely will differ from the Initial Effective Ranges. As a result, the applicable Classes might not be reduced to their scheduled balances even if prepayments were to occur at a *constant* PSA rate within the Initial Effective Ranges (particularly if such rate were at the lower or higher end of such ranges). In addition, even if prepayments occur at rates falling within the actual Effective Ranges, principal distributions may be insufficient to reduce the applicable Classes to their scheduled balances if such prepayments do not occur at a *constant* PSA rate. It is highly unlikely that the related Mortgage Loans will prepay at any *constant* PSA rate. In general, the actual Effective Ranges may narrow, widen or shift upward or downward to reflect actual prepayment experience over time. The stability in principal payment of the PAC and Scheduled Classes will be supported in part by the Support Classes. When the Support Classes are retired, the PAC and Scheduled Classes, if still outstanding, may no longer have Effective Ranges and will be more sensitive to prepayments.

Yield Tables

General. The tables below indicate the sensitivity of the pre-tax corporate bond equivalent yields to maturity of applicable Classes to various constant percentages of PSA and, where specified, to changes in the Index. The yields set forth in the tables were calculated 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 value of such assumed streams of cash flows to equal the assumed aggregate purchase prices of such Classes and converting such monthly rates to corporate bond equivalent rates. Such calculations do not take into account variations that may occur in the interest rates at which investors may be able to reinvest funds received by them as distributions on the Certificates and consequently do not purport to reflect the return on any investment in the Certificates when such reinvestment rates are considered. *There can be no assurance that the pre-tax yields on the applicable Certificates will correspond to any of the pre-tax yields shown herein or that the aggregate purchase prices of the applicable Certificates will be as assumed. In addition, there can be no assurance that the Index will correspond to the levels shown herein. Furthermore, because some of the Mortgage Loans will likely have remaining terms to maturity shorter or longer than those assumed and interest rates higher or lower than those assumed, the principal distributions on the Certificates are likely to differ from those assumed, even if all Mortgage Loans prepay at the indicated constant percentages of PSA. Moreover, it is not likely that the Mortgage Loans will prepay at a constant PSA rate until maturity, that all of such Mortgage Loans will prepay at the same rate or that the level of the Index will remain constant.*

The Interest Only Classes and the AI Class. **The yields to investors in the Interest Only Classes and the AI Class will be sensitive in varying degrees to the rate of principal payments (including prepayments) of the related Mortgage Loans. The Mortgage Loans generally can be prepaid at any time. On the basis of the assumptions described below, the yields to maturity on the AI, PM, D and E Classes would be 0% if prepayments of the related Mortgage Loans were to occur at constant rates of approximately 220% PSA,**

575% PSA, 317% PSA and 249% PSA, respectively. If the actual prepayment rates of the related Mortgage Loans were to exceed the applicable level for as little as one month while equaling such level for the remaining months, the investors in the AI, PM, D and E Classes, as applicable, would not fully recoup their initial investments.

The information set forth in the following tables was prepared on the basis of the Pricing Assumptions and the assumption that the aggregate purchase prices of the AI, PM, D and E Classes (expressed in each case as a percentage of original principal balance) are as follows:

<u>Class</u>	<u>Price*</u>
AI	21.000000%
PM	17.890625%
D	21.000000%
E	26.125000%

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

Sensitivity of the AI Class to Prepayments

	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>155%</u>	<u>200%</u>	<u>500%</u>
Pre-Tax Yields to Maturity	24.6%	18.6%	10.7%	3.5%	(55.4)%

Sensitivity of the PM and E Classes to Prepayments (Pre-Tax Yields to Maturity)

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>90%</u>	<u>210%</u>	<u>275%</u>	<u>500%</u>
PM	24.6%	14.0%	14.0%	14.0%	5.0%
E	28.3%	28.3%	15.0%	(20.7%)	(84.8%)

Sensitivity of the D Class to Prepayments

	<u>PSA Prepayment Assumption</u>					
	<u>50%</u>	<u>90%</u>	<u>140%</u>	<u>210%</u>	<u>275%</u>	<u>500%</u>
Pre-Tax Yields to Maturity	32.0%	30.2%	12.6%	12.6%	8.1%	(29.2%)

***The Inverse Floating Rate Class.* The yield to investors in 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. 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.**

Changes in the Index may not correlate with 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 concurrently with an increased level of such Index.

The information set forth in the following table was prepared on the basis of the Pricing Assumptions and the assumptions that (i) the interest rate applicable to the Inverse Floating Rate Class for the initial Interest Accrual Period is the rate listed in the table under “Reference Sheet—Interest Rates” herein and for each Interest Accrual Period subsequent to the initial Interest Accrual

Period will be based on the indicated level of the Index and (ii) the aggregate purchase price of such Class (expressed as a percentage of original principal balance) is as follows:

<u>Class</u>	<u>Price*</u>
S	91.90625%

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>90%</u>	<u>210%</u>	<u>275%</u>	<u>500%</u>
3.625%	21.2%	21.2%	22.3%	24.0%	27.3%
5.625%	10.6%	10.6%	11.6%	13.7%	17.1%
7.650%	0.3%	0.4%	1.1%	3.6%	7.1%

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

The information set forth in the following table was prepared on the basis of the Pricing Assumptions and the assumption that the aggregate purchase price of the AP Class (expressed as a percentage of original principal balance) is as follows:

<u>Class</u>	<u>Price</u>
AP	79.5%

Sensitivity of the AP Class to Prepayments

	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>155%</u>	<u>200%</u>	<u>500%</u>
Pre-Tax Yields to Maturity	2.6%	3.8%	5.5%	6.9%	17.9%

Weighted Average Lives of the Certificates

The weighted average life of a Certificate is determined by (a) multiplying the amount of the reduction, if any, of the principal balance of such Certificate from one Distribution Date to the next Distribution Date by the number of years from the Settlement Date to the second such Distribution Date, (b) summing the results and (c) dividing the sum by the aggregate amount of the reductions in principal balance of such Certificate referred to in clause (a). For a description of the factors which may influence the weighted average life of a Certificate, see “Description of the Certificates—Weighted Average Life 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 such rate of principal payments and the priority sequences of distributions of principal of the Classes. The weighted average lives of the Group 2 Classes will also depend on the distribution of principal of certain Classes in accordance with the Principal Balance Schedules. See “Distributions of Principal” herein.

The effect of the foregoing factors may differ as to various Classes and the effects on any Class may vary at different times during the life of such Class. Accordingly, no assurance can be given as to the weighted average life of any Class. Further, to the extent the prices of the Certificates represent discounts or premiums to their respective original principal balances, variability in the weighted average lives of such 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 of the dates shown at various constant PSA rates and the corresponding weighted average lives of such Classes. The tables have been prepared on the basis of the Pricing Assumptions, except that with respect to the information set forth for each such Class under 0% PSA it has been assumed that the underlying Mortgage Loans have the original and remaining terms to maturity and bear interest at the per annum rates specified below:

<u>Mortgage Loans Relating to Trust Assets Specified Below</u>	<u>Original Terms to Maturity</u>	<u>Remaining Terms to Maturity</u>	<u>Interest Rates</u>	<u>Related Groups</u>
Group 1 MBS	360 months	360 months	9.0%	Group 1
Group 2 MBS	360 months	360 months	9.5%	Group 2

It is not likely that (i) all of the underlying Mortgage Loans will have the interest rates, CAGEs or remaining terms to maturity assumed or (ii) the underlying Mortgage Loans will prepay at a 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 distributions of the weighted average remaining terms to maturity and the weighted average CAGEs of the Mortgage Loans are identical to the distributions of the remaining terms to maturity and CAGEs specified in the Pricing Assumptions.

Percent of Original Principal Balances Outstanding

Date	A, G, H, AI†, AA, AB, AP, AC, AD and AE Classes					B Class					PM† Class					PA Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	155%	200%	500%	0%	100%	155%	200%	500%	0%	90%	210%	275%	500%	0%	90%	210%	275%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
February 1999	99	90	86	82	58	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
February 2000	98	81	73	66	28	100	100	100	100	100	97	81	81	81	81	83	0	0	0	0
February 2001	97	72	61	52	8	100	100	100	100	100	94	57	57	57	50	64	0	0	0	0
February 2002	96	64	50	40	0	100	100	100	100	82	91	34	34	34	0	43	0	0	0	0
February 2003	94	56	41	30	0	100	100	100	100	57	87	12	12	12	0	21	0	0	0	0
February 2004	93	49	32	20	0	100	100	100	100	39	83	0	0	0	0	0	0	0	0	0
February 2005	91	42	24	12	0	100	100	100	100	27	79	0	0	0	0	0	0	0	0	0
February 2006	89	35	17	5	0	100	100	100	100	18	74	0	0	0	0	0	0	0	0	0
February 2007	87	29	11	0	0	100	100	100	97	12	68	0	0	0	0	0	0	0	0	0
February 2008	85	23	5	0	0	100	100	100	83	8	62	0	0	0	0	0	0	0	0	0
February 2009	83	18	0	0	0	100	100	99	71	6	56	0	0	0	0	0	0	0	0	0
February 2010	80	13	0	0	0	100	100	87	60	4	49	0	0	0	0	0	0	0	0	0
February 2011	78	8	0	0	0	100	100	76	51	3	41	0	0	0	0	0	0	0	0	0
February 2012	75	3	0	0	0	100	100	66	43	2	32	0	0	0	0	0	0	0	0	0
February 2013	71	0	0	0	0	100	97	57	36	1	23	0	0	0	0	0	0	0	0	0
February 2014	68	0	0	0	0	100	87	49	30	1	12	0	0	0	0	0	0	0	0	0
February 2015	64	0	0	0	0	100	77	42	25	1	1	0	0	0	0	0	0	0	0	0
February 2016	59	0	0	0	0	100	67	35	21	*	0	0	0	0	0	0	0	0	0	0
February 2017	55	0	0	0	0	100	58	30	17	*	0	0	0	0	0	0	0	0	0	0
February 2018	49	0	0	0	0	100	50	25	13	*	0	0	0	0	0	0	0	0	0	0
February 2019	44	0	0	0	0	100	42	20	11	*	0	0	0	0	0	0	0	0	0	0
February 2020	37	0	0	0	0	100	35	16	8	*	0	0	0	0	0	0	0	0	0	0
February 2021	31	0	0	0	0	100	27	12	6	*	0	0	0	0	0	0	0	0	0	0
February 2022	23	0	0	0	0	100	21	9	4	*	0	0	0	0	0	0	0	0	0	0
February 2023	15	0	0	0	0	100	14	6	3	*	0	0	0	0	0	0	0	0	0	0
February 2024	6	0	0	0	0	100	8	3	1	*	0	0	0	0	0	0	0	0	0	0
February 2025	0	0	0	0	0	91	2	1	*	*	0	0	0	0	0	0	0	0	0	0
February 2026	0	0	0	0	0	63	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2027	0	0	0	0	0	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2028	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	18.2	6.4	4.5	3.6	1.4	28.4	20.4	16.8	14.3	6.1	11.0	3.3	3.3	3.3	2.8	3.6	1.5	1.5	1.5	1.5

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

** Determined as specified under "Weighted Average Lives of the Certificates" herein.

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

Date	PB Class					PD Class					PE Class					PC Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	90%	210%	275%	500%	0%	90%	210%	275%	500%	0%	90%	210%	275%	500%	0%	90%	210%	275%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
February 1999	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
February 2000	100	97	97	97	97	100	93	93	93	93	100	100	100	100	100	100	100	100	100	100
February 2001	100	68	68	68	60	100	26	26	26	7	100	100	100	100	100	100	100	100	100	100
February 2002	100	41	41	41	0	100	0	0	0	0	100	71	71	71	0	100	100	100	100	92
February 2003	100	14	14	14	0	100	0	0	0	0	100	25	25	25	0	100	100	100	100	64
February 2004	99	0	0	0	0	98	0	0	0	0	100	0	0	0	0	100	94	94	94	44
February 2005	94	0	0	0	0	86	0	0	0	0	100	0	0	0	0	100	81	81	81	30
February 2006	88	0	0	0	0	72	0	0	0	0	100	0	0	0	0	100	69	69	69	21
February 2007	82	0	0	0	0	57	0	0	0	0	100	0	0	0	0	100	57	57	57	14
February 2008	75	0	0	0	0	40	0	0	0	0	100	0	0	0	0	100	47	47	47	10
February 2009	67	0	0	0	0	22	0	0	0	0	100	0	0	0	0	100	38	38	38	7
February 2010	58	0	0	0	0	2	0	0	0	0	100	0	0	0	0	100	31	31	31	5
February 2011	49	0	0	0	0	0	0	0	0	0	85	0	0	0	0	100	25	25	25	3
February 2012	39	0	0	0	0	0	0	0	0	0	67	0	0	0	0	100	20	20	20	2
February 2013	27	0	0	0	0	0	0	0	0	0	47	0	0	0	0	100	16	16	16	1
February 2014	15	0	0	0	0	0	0	0	0	0	26	0	0	0	0	100	13	13	13	1
February 2015	1	0	0	0	0	0	0	0	0	0	2	0	0	0	0	100	10	10	10	1
February 2016	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	92	8	8	8	*
February 2017	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	83	7	7	7	*
February 2018	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	73	5	5	5	*
February 2019	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	62	4	4	4	*
February 2020	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	50	3	3	3	*
February 2021	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	37	2	2	2	*
February 2022	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	23	2	2	2	*
February 2023	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7	1	1	1	*
February 2024	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	1	*
February 2025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	*	*	*	*	*
February 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	*	*	*	*	*
February 2027	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	*	*	*	*	*
February 2028	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	12.4	3.7	3.7	3.7	3.1	9.3	2.7	2.7	2.7	2.6	14.8	4.5	4.5	4.5	3.4	21.8	10.9	10.9	10.9	6.5

Date	C and D† Classes						FA Class					R Class					F, S and E† Classes				
	PSA Prepayment Assumption						PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	90%	140%	210%	275%	500%	0%	90%	210%	275%	500%	0%	90%	210%	275%	500%	0%	90%	210%	275%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
February 1999	97	86	82	82	82	82	100	100	88	78	40	100	100	100	100	100	100	100	94	89	70
February 2000	97	86	71	71	71	71	100	100	62	28	0	100	100	100	100	13	100	100	81	64	7
February 2001	97	86	57	57	57	0	100	100	31	0	0	100	100	100	71	0	100	100	66	35	0
February 2002	97	86	45	45	45	0	100	100	7	0	0	100	100	100	29	0	100	100	54	14	0
February 2003	97	86	36	36	36	0	100	100	0	0	0	100	100	90	1	0	100	100	45	*	0
February 2004	97	86	28	28	19	0	100	100	0	0	0	100	100	78	0	0	100	100	39	0	0
February 2005	97	86	22	22	8	0	100	100	0	0	0	100	100	70	0	0	100	100	35	0	0
February 2006	97	86	18	18	2	0	100	100	0	0	0	100	100	66	0	0	100	100	33	0	0
February 2007	97	86	14	14	*	0	100	100	0	0	0	100	100	66	0	0	100	100	33	0	0
February 2008	97	85	12	12	*	0	100	100	0	0	0	100	100	66	0	0	100	100	33	0	0
February 2009	97	80	8	8	*	0	100	100	0	0	0	100	100	66	0	0	100	100	33	0	0
February 2010	97	74	4	4	*	0	100	100	0	0	0	100	100	66	0	0	100	100	33	0	0
February 2011	97	66	1	1	*	0	100	100	0	0	0	100	100	66	0	0	100	100	33	0	0
February 2012	97	56	0	0	*	0	100	100	0	0	0	100	100	60	0	0	100	100	30	0	0
February 2013	97	46	0	0	*	0	100	100	0	0	0	100	100	53	0	0	100	100	27	0	0
February 2014	97	36	0	0	*	0	100	100	0	0	0	100	100	47	0	0	100	100	24	0	0
February 2015	97	24	0	0	*	0	100	100	0	0	0	100	100	41	0	0	100	100	21	0	0
February 2016	97	13	0	0	*	0	100	100	0	0	0	100	100	36	0	0	100	100	18	0	0
February 2017	97	1	0	0	*	0	100	100	0	0	0	100	100	31	0	0	100	100	15	0	0
February 2018	97	0	0	0	*	0	100	82	0	0	0	100	100	26	0	0	100	91	13	0	0
February 2019	97	0	0	0	*	0	100	62	0	0	0	100	100	22	0	0	100	81	11	0	0
February 2020	97	0	0	0	*	0	100	42	0	0	0	100	100	18	0	0	100	71	9	0	0
February 2021	97	0	0	0	*	0	100	22	0	0	0	100	100	15	0	0	100	61	7	0	0
February 2022	97	0	0	0	*	0	100	3	0	0	0	100	100	12	0	0	100	51	6	0	0
February 2023	97	0	0	0	*	0	100	0	0	0	0	100	84	9	0	0	100	42	5	0	0
February 2024	72	0	0	0	*	0	100	0	0	0	0	100	65	7	0	0	100	33	3	0	0
February 2025	32	0	0	0	*	0	100	0	0	0	0	100	47	5	0	0	100	24	2	0	0
February 2026	0	0	0	0	*	0	79	0	0	0	0	100	30	3	0	0	89	15	1	0	0
February 2027	0	0	0	0	*	0	0	0	0	0	0	94	13	1	0	0	47	6	1	0	0
February 2028	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)**	25.7	13.1	4.5	4.5	3.7	2.0	28.4	21.6	2.4	1.5	0.9	29.5	26.9	14.7	3.6	1.8	28.9	24.3	8.5	2.5	1.3

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

** Determined as specified under “Weighted Average Lives of the Certificates” herein.

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

Characteristics of the R and RL Classes

In addition to distributions of principal and interest, the Holder of the R Class will be entitled to receive the proceeds of the remaining assets of the Trust, if any, after the principal balances of all Classes have been reduced to zero. The RL Class will not have a principal balance and will not bear interest. The Holder of the RL Class will be entitled to receive the proceeds of the remaining assets of the Lower Tier REMIC, if any, after the principal balances of the Lower Tier Regular Interests have been reduced to zero. It is not anticipated that there will be any material assets remaining in either such circumstance.

The R and RL Classes will be subject to certain transfer restrictions. No transfer of record or beneficial ownership of an R or RL Certificate will be allowed to a “disqualified organization.” In addition, no transfer of record or beneficial ownership of an R or RL Certificate will be allowed to any person that is not a “U.S. Person” without the written consent of Fannie Mae. Under regulations issued by the Treasury Department (the “Regulations”), a transfer of a “noneconomic residual interest” to a U.S. Person will be disregarded for all federal tax purposes unless no significant purpose of the transfer is to impede the assessment or collection of tax. The R Class may, and the RL Class will, constitute noneconomic residual interests under the Regulations. Any transferee of an R or RL Certificate must execute and deliver an affidavit and an Internal Revenue Service Form W-9 on which the transferee provides its taxpayer identification number. See “Description of the Certificates—Additional Characteristics of Residual Certificates” and “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates” in the REMIC Prospectus. Transferees of an R or RL Certificate should consult with their own tax advisors for further information regarding such transfers.

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

CERTAIN ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES

The following tax discussion, when read in conjunction with the discussion of “Certain Federal Income Tax Consequences” in the REMIC Prospectus, describes the current federal income tax treatment of investors in the Certificates. These two tax discussions do not purport to deal with all federal tax consequences applicable to all categories of investors, some of which may be subject to special rules. Investors should consult their own tax advisors in determining the federal, state, local and any other tax consequences to them of the purchase, ownership and disposition of the Certificates.

REMIC Elections and Special Tax Attributes

Elections will be made to treat the Lower Tier REMIC and the Trust as REMICs for federal income tax purposes. The PM, D, E and F Classes will be designated as “regular interests,” and the R Class will be designated as the “residual interest,” in the REMIC constituted by the Trust. In addition, each of the PA, PB, C and S Classes will represent beneficial ownership of a “regular interest” in the REMIC constituted by the Trust and beneficial ownership of a Lower Tier Regular Interest. The Lower Tier Regular Interests, including the A, G, H, B, PD, PE, PC and FA Classes, will be designated as the “regular interests” and the RL Class will be designated as the “residual interest” in the Lower Tier REMIC.

As a consequence of the qualification of the Lower Tier REMIC and the Trust as REMICs, the REMIC Certificates and any related RCR Certificates generally will be treated as “regular or residual interests in a REMIC” for domestic building and loan associations, “real estate assets” for real estate

investment trusts, and, except for the R and RL Classes, as “qualified mortgages” for other REMICs. See “Certain Federal Income Tax Consequences—Special Tax Attributes” in the REMIC Prospectus.

Taxation of Beneficial Owners of Regular Certificates

The Notional Classes will be, and certain other Classes of REMIC Certificates may be, issued with original issue discount (“OID”) for federal income tax purposes, which generally will result in recognition of some taxable income in advance of the receipt of the cash attributable to such income. The Prepayment Assumption that will be used in determining the rate of accrual of original issue discount will be 155% PSA in the case of the Group 1 Classes and 210% PSA in the case of the Group 2 Classes. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*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” herein and “Description of the Certificates—Weighted Average Life and Final Distribution Dates” in the REMIC Prospectus. In addition, certain Classes of REMIC Certificates may be treated as having been issued at a premium for federal income tax purposes. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Certificates Purchased at a Premium*” in the REMIC Prospectus.

Taxation of Beneficial Owners of Residual Certificates

For purposes of determining the portion of the taxable income of the Trust (or the Lower Tier REMIC) that generally will not be treated as excess inclusions, the rate to be used is 120% of the “federal long-term rate.” The rate will be published on or about January 20, 1998. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*” and “—Foreign Investors—*Residual Certificates*” in the REMIC Prospectus.

Taxation of Beneficial Owners of RCR Certificates

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

The RCR Classes will represent beneficial ownership of the underlying Regular Certificates set forth in Schedule 1. Each RCR Certificate (the “Strip RCR Certificates”) will represent the right to receive a disproportionate part of the principal or interest payments on an underlying Regular Certificate.

Strip RCR Classes. A purchaser of a Strip RCR Certificate will be treated as owning, pursuant to section 1286 of the Code, “stripped bonds” to the extent of its share of principal payments and “stripped coupons” to the extent of its share of interest payments on the underlying Regular Certificates. Although it is unclear how the OID computations on a Strip RCR Certificate should be made, Fannie Mae intends to treat each Strip RCR Certificate as a single debt instrument for purposes of information reporting. The IRS could contend, however, that a Strip RCR Certificate should be treated as an interest in the underlying Regular Certificate to the extent that the Strip RCR Certificate represents an equal pro rata portion of principal and interest on such Regular Certificate, and an installment obligation consisting of “stripped bonds” or “stripped coupons” with respect to the remainder. Investors should consult their own tax advisors as to the proper treatment of a Strip RCR Certificate in this regard.

A beneficial owner who purchases a Strip RCR Certificate should calculate OID with respect to the Strip RCR Certificate and include such OID in its ordinary income for federal income tax purposes as it accrues, which may be prior to the receipt of the cash attributable to such income, in accordance with a constant yield method that takes into account the compounding of interest. Although the matter is not entirely clear, a beneficial owner of a Strip RCR Certificate should accrue OID using a method similar to that described with respect to the accrual of OID on a Regular Certificate under “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Original Issue Discount*” in the REMIC Prospectus. A beneficial owner, however, determines its yield to maturity based on its purchase price and on a schedule of payments projected using a prepayment assumption. A beneficial owner then makes periodic adjustments to take into account actual prepayment experience. With respect to a particular beneficial owner, it is not clear whether the prepayment assumption used for calculating OID would be one determined at the time of purchase of the Strip RCR Certificate or would be the original Prepayment Assumption with respect to the underlying Regular Certificates. Investors should consult their own tax advisors regarding this matter. For purposes of information reporting relating to OID, Fannie Mae will use the original yield to maturity of the Strip RCR Certificate, calculated based on the original Prepayment Assumption.

An investor that exchanges an underlying Regular Certificate for Strip RCR Classes and then sells Strip RCR Certificates also is subject to the coupon stripping rules of section 1286 of the Code. As of the date of such sale, the beneficial owner must allocate its basis in the Regular Certificate between the part of the Regular Certificate underlying the Strip RCR Certificates sold and the part of the Regular Certificate underlying the Strip RCR Certificates retained in proportion to their relative fair market values. Section 1286 of the Code treats the beneficial owner as purchasing the Strip RCR Certificates retained for the amount of the basis allocated to such Certificates. The beneficial owner calculates OID with respect to such retained Certificates as described above.

Upon the sale of the Strip RCR Certificates, the investor will realize gain or loss on the sale of its part of the underlying Regular Certificate in an amount equal to the difference between the amount realized and its adjusted basis in such part. The seller’s adjusted basis in such part generally is equal to the seller’s allocated cost of such part, increased by income previously included, and reduced (but not below zero) by distributions previously received and by any amortized premium in respect of such part. If a beneficial owner holds the Certificates as a capital asset, any gain or loss realized will be capital gain or loss, except to the extent provided under “Certain Federal Income Tax Consequences—Sales of Certificates” in the REMIC Prospectus.

Although the matter is not free from doubt, an investor that acquires in one transaction a combination of Strip RCR Certificates that may be exchanged for underlying Regular Certificates should be treated as owning the underlying Regular Certificates. If an investor acquires such a combination in separate transactions, the law is unclear as to whether the combination should be aggregated or each Strip RCR Certificate should be treated as a separate debt instrument.

Exchanges. An exchange, as described under “Description of the Certificates—Combination and Recombination” herein, by a beneficial owner of (i) a combination of REMIC Certificates or (ii) all or a portion of an RCR Class for the related RCR Class or REMIC Certificates, respectively, will not be a taxable exchange. Such owner will be treated as continuing to own after the exchange the same combination of interests in the related REMIC Certificates that it owned immediately prior to the exchange.

PLAN OF DISTRIBUTION

General. The Dealer will receive the Certificates in exchange for the MBS pursuant to a Fannie Mae commitment. 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 such transactions to or through dealers.

Increase in Certificates. Before the Settlement Date, Fannie Mae and the Dealer may agree to offer hereby Group 1 or Group 2 Classes in addition to those contemplated as of the date hereof. In such event, the related MBS will be increased in principal balance, but it is expected that all such additional MBS will have the same characteristics as described herein under “Description of the Certificates—The MBS.” The proportion that the original principal balance of each Group 1 or Group 2 Class bears to the aggregate original principal balance of all Group 1 or Group 2 Classes, respectively, will remain the same. In addition, the dollar amounts reflected in the Principal Balance Schedules will be increased in a pro rata amount that corresponds to the increase of the principal balances of the PAC and Scheduled Classes, as applicable.

LEGAL MATTERS

Certain legal matters will be passed upon for the Dealer by Milbank, Tweed, Hadley & McCloy.

Schedule 1

Available Recombinations (1)

REMIC Certificates		RCR Certificates						
<u>Class</u>	<u>Original Principal Balance</u>	<u>RCR Class</u>	<u>Original Principal or Notional Principal Balance</u>	<u>Interest Rate</u>	<u>Interest Type (2)</u>	<u>Principal Type (2)</u>	<u>CUSIP Number</u>	<u>Final Distribution Date</u>
Recombination 1 A	\$260,300,000	AI AA	\$ 20,023,077 \$260,300,000	6.50% 6.00%	FIX/IO FIX	NTL SEQ	31359RK50 31359RK68	November 2024 November 2024
Recombination 2 A	\$260,300,000	AI AB	\$ 10,011,538 \$260,300,000	6.50% 6.25%	FIX/IO FIX	NTL SEQ	31359RK50 31359RK76	November 2024 November 2024
Recombination 3 A	\$260,300,000	AP AC	\$ 9,640,741 \$250,659,259	(3) 6.75%	PO FIX	SEQ SEQ	31359RK84 31359RK92	November 2024 November 2024
Recombination 4 A	\$260,300,000	AP AD	\$ 18,592,857 \$241,707,143	(3) 7.00%	PO FIX	SEQ SEQ	31359RK84 31359RL26	November 2024 November 2024
Recombination 5 A	\$260,300,000	AP AE	\$ 72,305,556 \$187,994,444	(3) 9.00%	PO FIX	SEQ SEQ	31359RK84 31359RL34	November 2024 November 2024

- (1) The principal balances and/or notional principal balances of the REMIC Certificates and RCR Certificates involved in any exchange will bear the same relationship as that borne by the original principal balances and/or original notional principal balances of the related Classes.
- (2) See “Description of the Certificates—Class Definitions and Abbreviations” in the REMIC Prospectus and “Description of the Certificates—Distributions of Interest” and “—Distributions of Principal” herein.
- (3) This class will be a Principal Only Class and will bear no interest.

Principal Balance Schedules

<u>Distribution Date</u>	<u>PA Class Planned Balance</u>	<u>PB Class Planned Balance</u>	<u>PD Class Planned Balance</u>	<u>PE Class Planned Balance</u>	<u>PC Class Planned Balance</u>	<u>C Class Scheduled Balance</u>
Initial Balance	\$15,827,000.00	\$30,000,000.00	\$22,121,000.00	\$29,770,000.00	\$149,418,000.00	\$71,379,000.00
March 1998	15,827,000.00	30,000,000.00	22,121,000.00	29,770,000.00	149,418,000.00	70,803,881.61
April 1998	15,827,000.00	30,000,000.00	22,121,000.00	29,770,000.00	149,418,000.00	70,133,526.12
May 1998	15,827,000.00	30,000,000.00	22,121,000.00	29,770,000.00	149,418,000.00	69,368,133.67
June 1998	15,827,000.00	30,000,000.00	22,121,000.00	29,770,000.00	149,418,000.00	68,507,972.72
July 1998	15,827,000.00	30,000,000.00	22,121,000.00	29,770,000.00	149,418,000.00	67,553,380.01
August 1998	15,827,000.00	30,000,000.00	22,121,000.00	29,770,000.00	149,418,000.00	66,504,760.61
September 1998	15,827,000.00	30,000,000.00	22,121,000.00	29,770,000.00	149,418,000.00	65,362,587.63
October 1998	15,827,000.00	30,000,000.00	22,121,000.00	29,770,000.00	149,418,000.00	64,127,402.12
November 1998	15,827,000.00	30,000,000.00	22,121,000.00	29,770,000.00	149,418,000.00	62,799,812.67
December 1998	15,827,000.00	30,000,000.00	22,121,000.00	29,770,000.00	149,418,000.00	61,380,495.03
January 1999	15,827,000.00	30,000,000.00	22,121,000.00	29,770,000.00	149,418,000.00	59,870,191.69
February 1999	15,827,000.00	30,000,000.00	22,121,000.00	29,770,000.00	149,418,000.00	58,269,711.23
March 1999	14,625,853.04	30,000,000.00	22,121,000.00	29,770,000.00	149,418,000.00	57,781,074.74
April 1999	13,366,323.43	30,000,000.00	22,121,000.00	29,770,000.00	149,418,000.00	57,262,456.79
May 1999	12,048,874.25	30,000,000.00	22,121,000.00	29,770,000.00	149,418,000.00	56,714,397.17
June 1999	10,673,995.58	30,000,000.00	22,121,000.00	29,770,000.00	149,418,000.00	56,137,471.80
July 1999	9,242,204.18	30,000,000.00	22,121,000.00	29,770,000.00	149,418,000.00	55,532,292.02
August 1999	7,754,043.24	30,000,000.00	22,121,000.00	29,770,000.00	149,418,000.00	54,899,503.91
September 1999	6,210,081.98	30,000,000.00	22,121,000.00	29,770,000.00	149,418,000.00	54,239,787.47
October 1999	4,610,915.37	30,000,000.00	22,121,000.00	29,770,000.00	149,418,000.00	53,553,855.81
November 1999	2,957,163.70	30,000,000.00	22,121,000.00	29,770,000.00	149,418,000.00	52,842,454.26
December 1999	1,249,472.21	30,000,000.00	22,121,000.00	29,770,000.00	149,418,000.00	52,106,359.44
January 2000	0.00	29,812,620.70	21,796,890.02	29,770,000.00	149,418,000.00	51,346,378.23
February 2000	0.00	29,148,248.21	20,647,724.92	29,770,000.00	149,418,000.00	50,563,346.77
March 2000	0.00	28,464,877.83	19,465,699.19	29,770,000.00	149,418,000.00	49,758,129.36
April 2000	0.00	27,762,780.95	18,251,282.22	29,770,000.00	149,418,000.00	48,931,617.36
May 2000	0.00	27,042,237.27	17,004,957.80	29,770,000.00	149,418,000.00	48,084,727.95
June 2000	0.00	26,303,534.61	15,727,223.81	29,770,000.00	149,418,000.00	47,218,402.98
July 2000	0.00	25,568,035.02	14,455,030.18	29,770,000.00	149,418,000.00	46,364,634.20
August 2000	0.00	24,835,723.37	13,188,350.72	29,770,000.00	149,418,000.00	45,523,307.51
September 2000	0.00	24,106,584.58	11,927,159.35	29,770,000.00	149,418,000.00	44,694,309.71
October 2000	0.00	23,380,603.65	10,671,430.13	29,770,000.00	149,418,000.00	43,877,528.56
November 2000	0.00	22,657,765.64	9,421,137.23	29,770,000.00	149,418,000.00	43,072,852.75
December 2000	0.00	21,938,055.70	8,176,254.94	29,770,000.00	149,418,000.00	42,280,171.89
January 2001	0.00	21,221,459.02	6,936,757.66	29,770,000.00	149,418,000.00	41,499,376.49
February 2001	0.00	20,507,960.87	5,702,619.92	29,770,000.00	149,418,000.00	40,730,357.99
March 2001	0.00	19,797,546.60	4,473,816.35	29,770,000.00	149,418,000.00	39,973,008.72
April 2001	0.00	19,090,201.60	3,250,321.71	29,770,000.00	149,418,000.00	39,227,221.90
May 2001	0.00	18,385,911.35	2,032,110.86	29,770,000.00	149,418,000.00	38,492,891.64
June 2001	0.00	17,684,661.38	819,158.80	29,770,000.00	149,418,000.00	37,769,912.93
July 2001	0.00	16,986,437.31	0.00	29,381,440.62	149,418,000.00	37,058,181.62
August 2001	0.00	16,291,224.80	0.00	28,178,931.53	149,418,000.00	36,357,594.45
September 2001	0.00	15,599,009.58	0.00	26,981,606.87	149,418,000.00	35,668,048.99
October 2001	0.00	14,909,777.46	0.00	25,789,442.07	149,418,000.00	34,989,443.69
November 2001	0.00	14,223,514.30	0.00	24,602,412.69	149,418,000.00	34,321,677.83
December 2001	0.00	13,540,206.03	0.00	23,420,494.38	149,418,000.00	33,664,651.52
January 2002	0.00	12,859,838.65	0.00	22,243,662.92	149,418,000.00	33,018,265.73
February 2002	0.00	12,182,398.22	0.00	21,071,894.20	149,418,000.00	32,382,422.22
March 2002	0.00	11,507,870.85	0.00	19,905,164.21	149,418,000.00	31,757,023.60
April 2002	0.00	10,836,242.73	0.00	18,743,449.05	149,418,000.00	31,141,973.29

<u>Distribution Date</u>	<u>PA Class Planned Balance</u>	<u>PB Class Planned Balance</u>	<u>PD Class Planned Balance</u>	<u>PE Class Planned Balance</u>	<u>PC Class Planned Balance</u>	<u>C Class Scheduled Balance</u>
May 2002	\$ 0.00	\$10,167,500.12	\$ 0.00	\$17,586,724.95	\$149,418,000.00	\$30,537,175.48
June 2002	0.00	9,501,629.32	0.00	16,434,968.23	149,418,000.00	29,942,535.21
July 2002	0.00	8,838,616.70	0.00	15,288,155.31	149,418,000.00	29,357,958.28
August 2002	0.00	8,178,448.71	0.00	14,146,262.73	149,418,000.00	28,783,351.29
September 2002.....	0.00	7,521,111.84	0.00	13,009,267.15	149,418,000.00	28,218,621.62
October 2002	0.00	6,866,592.65	0.00	11,877,145.31	149,418,000.00	27,663,677.43
November 2002	0.00	6,214,877.77	0.00	10,749,874.07	149,418,000.00	27,118,427.63
December 2002	0.00	5,565,953.86	0.00	9,627,430.40	149,418,000.00	26,582,781.91
January 2003	0.00	4,919,807.69	0.00	8,509,791.37	149,418,000.00	26,056,650.73
February 2003	0.00	4,276,426.05	0.00	7,396,934.14	149,418,000.00	25,539,945.26
March 2003	0.00	3,635,795.81	0.00	6,288,836.01	149,418,000.00	25,032,577.46
April 2003.....	0.00	2,997,903.88	0.00	5,185,474.35	149,418,000.00	24,534,460.00
May 2003	0.00	2,362,737.26	0.00	4,086,826.65	149,418,000.00	24,045,506.29
June 2003	0.00	1,730,282.99	0.00	2,992,870.49	149,418,000.00	23,565,630.48
July 2003	0.00	1,100,528.17	0.00	1,903,583.57	149,418,000.00	23,094,747.42
August 2003	0.00	473,459.96	0.00	818,943.68	149,418,000.00	22,632,772.69
September 2003.....	0.00	0.00	0.00	0.00	149,005,994.29	22,179,622.59
October 2003	0.00	0.00	0.00	0.00	147,308,848.97	21,735,214.11
November 2003	0.00	0.00	0.00	0.00	145,618,933.11	21,299,464.93
December 2003	0.00	0.00	0.00	0.00	143,936,212.30	20,872,293.46
January 2004	0.00	0.00	0.00	0.00	142,260,652.28	20,453,618.75
February 2004	0.00	0.00	0.00	0.00	140,592,218.95	20,043,360.58
March 2004	0.00	0.00	0.00	0.00	138,930,878.38	19,641,439.38
April 2004.....	0.00	0.00	0.00	0.00	137,276,596.78	19,247,776.25
May 2004	0.00	0.00	0.00	0.00	135,629,340.51	18,862,292.98
June 2004	0.00	0.00	0.00	0.00	133,989,076.10	18,484,912.00
July 2004	0.00	0.00	0.00	0.00	132,355,770.21	18,115,556.41
August 2004	0.00	0.00	0.00	0.00	130,729,389.68	17,754,149.95
September 2004.....	0.00	0.00	0.00	0.00	129,109,901.47	17,400,617.01
October 2004	0.00	0.00	0.00	0.00	127,497,272.73	17,054,882.62
November 2004	0.00	0.00	0.00	0.00	125,891,470.71	16,716,872.46
December 2004	0.00	0.00	0.00	0.00	124,292,462.85	16,386,512.82
January 2005	0.00	0.00	0.00	0.00	122,700,216.73	16,063,730.63
February 2005	0.00	0.00	0.00	0.00	121,114,700.06	15,748,453.43
March 2005	0.00	0.00	0.00	0.00	119,535,880.71	15,440,609.39
April 2005.....	0.00	0.00	0.00	0.00	117,963,726.71	15,140,127.29
May 2005	0.00	0.00	0.00	0.00	116,398,206.21	14,846,936.49
June 2005	0.00	0.00	0.00	0.00	114,839,287.52	14,560,966.99
July 2005	0.00	0.00	0.00	0.00	113,286,939.09	14,282,149.36
August 2005	0.00	0.00	0.00	0.00	111,741,129.51	14,010,414.77
September 2005.....	0.00	0.00	0.00	0.00	110,201,827.53	13,745,694.99
October 2005	0.00	0.00	0.00	0.00	108,669,002.02	13,487,922.34
November 2005	0.00	0.00	0.00	0.00	107,142,622.00	13,237,029.76
December 2005	0.00	0.00	0.00	0.00	105,622,656.64	12,992,950.73
January 2006	0.00	0.00	0.00	0.00	104,109,075.25	12,755,619.31
February 2006	0.00	0.00	0.00	0.00	102,601,847.26	12,524,970.13
March 2006	0.00	0.00	0.00	0.00	101,100,942.26	12,300,938.38
April 2006.....	0.00	0.00	0.00	0.00	99,606,329.97	12,083,459.79
May 2006	0.00	0.00	0.00	0.00	98,117,980.25	11,872,470.67
June 2006	0.00	0.00	0.00	0.00	96,635,863.09	11,667,907.84
July 2006	0.00	0.00	0.00	0.00	95,159,948.63	11,469,708.69

<u>Distribution Date</u>	<u>PA Class Planned Balance</u>	<u>PB Class Planned Balance</u>	<u>PD Class Planned Balance</u>	<u>PE Class Planned Balance</u>	<u>PC Class Planned Balance</u>	<u>C Class Scheduled Balance</u>
August 2006	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 93,690,207.13	\$11,277,811.14
September 2006	0.00	0.00	0.00	0.00	92,226,609.01	11,092,153.64
October 2006	0.00	0.00	0.00	0.00	90,769,124.79	10,912,675.18
November 2006	0.00	0.00	0.00	0.00	89,317,725.16	10,739,315.26
December 2006	0.00	0.00	0.00	0.00	87,872,380.91	10,572,013.92
January 2007	0.00	0.00	0.00	0.00	86,433,062.99	10,414,033.28
February 2007	0.00	0.00	0.00	0.00	85,003,251.06	10,265,347.86
March 2007	0.00	0.00	0.00	0.00	83,595,968.02	10,112,720.23
April 2007	0.00	0.00	0.00	0.00	82,210,867.45	9,956,284.65
May 2007	0.00	0.00	0.00	0.00	80,847,608.21	9,796,172.51
June 2007	0.00	0.00	0.00	0.00	79,505,854.33	9,632,512.39
July 2007	0.00	0.00	0.00	0.00	78,185,274.93	9,465,430.12
August 2007	0.00	0.00	0.00	0.00	76,885,544.17	9,295,048.80
September 2007	0.00	0.00	0.00	0.00	75,606,341.15	9,121,488.87
October 2007	0.00	0.00	0.00	0.00	74,347,349.83	8,944,868.19
November 2007	0.00	0.00	0.00	0.00	73,108,258.98	8,765,302.00
December 2007	0.00	0.00	0.00	0.00	71,888,762.09	8,582,903.08
January 2008	0.00	0.00	0.00	0.00	70,688,557.32	8,397,781.69
February 2008	0.00	0.00	0.00	0.00	69,507,347.41	8,210,045.70
March 2008	0.00	0.00	0.00	0.00	68,344,839.59	8,019,800.58
April 2008	0.00	0.00	0.00	0.00	67,200,745.57	7,827,149.48
May 2008	0.00	0.00	0.00	0.00	66,074,781.43	7,632,193.23
June 2008	0.00	0.00	0.00	0.00	64,966,667.56	7,435,030.44
July 2008	0.00	0.00	0.00	0.00	63,876,128.61	7,235,757.50
August 2008	0.00	0.00	0.00	0.00	62,802,893.40	7,034,468.63
September 2008	0.00	0.00	0.00	0.00	61,746,694.88	6,831,255.93
October 2008	0.00	0.00	0.00	0.00	60,707,270.08	6,626,209.40
November 2008	0.00	0.00	0.00	0.00	59,684,359.99	6,419,417.00
December 2008	0.00	0.00	0.00	0.00	58,677,709.58	6,210,964.69
January 2009	0.00	0.00	0.00	0.00	57,687,067.66	6,000,936.44
February 2009	0.00	0.00	0.00	0.00	56,712,186.90	5,789,414.31
March 2009	0.00	0.00	0.00	0.00	55,752,823.70	5,576,478.44
April 2009	0.00	0.00	0.00	0.00	54,808,738.18	5,362,207.12
May 2009	0.00	0.00	0.00	0.00	53,879,694.11	5,146,676.80
June 2009	0.00	0.00	0.00	0.00	52,965,458.87	4,929,962.16
July 2009	0.00	0.00	0.00	0.00	52,065,803.36	4,712,136.09
August 2009	0.00	0.00	0.00	0.00	51,180,501.97	4,493,269.79
September 2009	0.00	0.00	0.00	0.00	50,309,332.53	4,273,432.75
October 2009	0.00	0.00	0.00	0.00	49,452,076.27	4,052,692.80
November 2009	0.00	0.00	0.00	0.00	48,608,517.72	3,831,116.14
December 2009	0.00	0.00	0.00	0.00	47,778,444.71	3,608,767.39
January 2010	0.00	0.00	0.00	0.00	46,961,648.31	3,385,709.58
February 2010	0.00	0.00	0.00	0.00	46,157,922.75	3,162,004.22
March 2010	0.00	0.00	0.00	0.00	45,367,065.43	2,937,711.31
April 2010	0.00	0.00	0.00	0.00	44,588,876.80	2,712,889.37
May 2010	0.00	0.00	0.00	0.00	43,823,160.38	2,487,595.48
June 2010	0.00	0.00	0.00	0.00	43,069,722.67	2,261,885.29
July 2010	0.00	0.00	0.00	0.00	42,328,373.14	2,035,813.06
August 2010	0.00	0.00	0.00	0.00	41,598,924.13	1,809,431.68
September 2010	0.00	0.00	0.00	0.00	40,881,190.88	1,582,792.70
October 2010	0.00	0.00	0.00	0.00	40,174,991.42	1,355,946.38

<u>Distribution Date</u>	<u>PA Class Planned Balance</u>	<u>PB Class Planned Balance</u>	<u>PD Class Planned Balance</u>	<u>PE Class Planned Balance</u>	<u>PC Class Planned Balance</u>	<u>C Class Scheduled Balance</u>
November 2010	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 39,480,146.59	\$ 1,128,941.66
December 2010	0.00	0.00	0.00	0.00	38,796,479.92	901,826.23
January 2011	0.00	0.00	0.00	0.00	38,123,817.67	674,646.55
February 2011	0.00	0.00	0.00	0.00	37,461,988.73	447,447.85
March 2011	0.00	0.00	0.00	0.00	36,810,824.62	220,274.20
April 2011	0.00	0.00	0.00	0.00	36,170,159.42	0.00
May 2011	0.00	0.00	0.00	0.00	35,539,829.74	0.00
June 2011	0.00	0.00	0.00	0.00	34,919,674.70	0.00
July 2011	0.00	0.00	0.00	0.00	34,309,535.87	0.00
August 2011	0.00	0.00	0.00	0.00	33,709,257.23	0.00
September 2011	0.00	0.00	0.00	0.00	33,118,685.17	0.00
October 2011	0.00	0.00	0.00	0.00	32,537,668.40	0.00
November 2011	0.00	0.00	0.00	0.00	31,966,057.96	0.00
December 2011	0.00	0.00	0.00	0.00	31,403,707.17	0.00
January 2012	0.00	0.00	0.00	0.00	30,850,471.57	0.00
February 2012	0.00	0.00	0.00	0.00	30,306,208.94	0.00
March 2012	0.00	0.00	0.00	0.00	29,770,779.21	0.00
April 2012	0.00	0.00	0.00	0.00	29,244,044.47	0.00
May 2012	0.00	0.00	0.00	0.00	28,725,868.91	0.00
June 2012	0.00	0.00	0.00	0.00	28,216,118.80	0.00
July 2012	0.00	0.00	0.00	0.00	27,714,662.46	0.00
August 2012	0.00	0.00	0.00	0.00	27,221,370.22	0.00
September 2012	0.00	0.00	0.00	0.00	26,736,114.41	0.00
October 2012	0.00	0.00	0.00	0.00	26,258,769.30	0.00
November 2012	0.00	0.00	0.00	0.00	25,789,211.09	0.00
December 2012	0.00	0.00	0.00	0.00	25,327,317.88	0.00
January 2013	0.00	0.00	0.00	0.00	24,872,969.64	0.00
February 2013	0.00	0.00	0.00	0.00	24,426,048.17	0.00
March 2013	0.00	0.00	0.00	0.00	23,986,437.08	0.00
April 2013	0.00	0.00	0.00	0.00	23,554,021.78	0.00
May 2013	0.00	0.00	0.00	0.00	23,128,689.44	0.00
June 2013	0.00	0.00	0.00	0.00	22,710,328.92	0.00
July 2013	0.00	0.00	0.00	0.00	22,298,830.84	0.00
August 2013	0.00	0.00	0.00	0.00	21,894,087.46	0.00
September 2013	0.00	0.00	0.00	0.00	21,495,992.71	0.00
October 2013	0.00	0.00	0.00	0.00	21,104,442.14	0.00
November 2013	0.00	0.00	0.00	0.00	20,719,332.91	0.00
December 2013	0.00	0.00	0.00	0.00	20,340,563.76	0.00
January 2014	0.00	0.00	0.00	0.00	19,968,034.96	0.00
February 2014	0.00	0.00	0.00	0.00	19,601,648.36	0.00
March 2014	0.00	0.00	0.00	0.00	19,241,307.28	0.00
April 2014	0.00	0.00	0.00	0.00	18,886,916.53	0.00
May 2014	0.00	0.00	0.00	0.00	18,538,382.40	0.00
June 2014	0.00	0.00	0.00	0.00	18,195,612.61	0.00
July 2014	0.00	0.00	0.00	0.00	17,858,516.29	0.00
August 2014	0.00	0.00	0.00	0.00	17,527,003.98	0.00
September 2014	0.00	0.00	0.00	0.00	17,200,987.60	0.00
October 2014	0.00	0.00	0.00	0.00	16,880,380.40	0.00
November 2014	0.00	0.00	0.00	0.00	16,565,097.01	0.00
December 2014	0.00	0.00	0.00	0.00	16,255,053.32	0.00
January 2015	0.00	0.00	0.00	0.00	15,950,166.56	0.00

<u>Distribution Date</u>	<u>PA Class Planned Balance</u>	<u>PB Class Planned Balance</u>	<u>PD Class Planned Balance</u>	<u>PE Class Planned Balance</u>	<u>PC Class Planned Balance</u>	<u>C Class Scheduled Balance</u>
February 2015	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 15,650,355.21	\$ 0.00
March 2015	0.00	0.00	0.00	0.00	15,355,539.01	0.00
April 2015	0.00	0.00	0.00	0.00	15,065,638.94	0.00
May 2015	0.00	0.00	0.00	0.00	14,780,577.20	0.00
June 2015	0.00	0.00	0.00	0.00	14,500,277.18	0.00
July 2015	0.00	0.00	0.00	0.00	14,224,663.45	0.00
August 2015	0.00	0.00	0.00	0.00	13,953,661.76	0.00
September 2015	0.00	0.00	0.00	0.00	13,687,199.00	0.00
October 2015	0.00	0.00	0.00	0.00	13,425,203.16	0.00
November 2015	0.00	0.00	0.00	0.00	13,167,603.37	0.00
December 2015	0.00	0.00	0.00	0.00	12,914,329.86	0.00
January 2016	0.00	0.00	0.00	0.00	12,665,313.91	0.00
February 2016	0.00	0.00	0.00	0.00	12,420,487.89	0.00
March 2016	0.00	0.00	0.00	0.00	12,179,785.18	0.00
April 2016	0.00	0.00	0.00	0.00	11,943,140.22	0.00
May 2016	0.00	0.00	0.00	0.00	11,710,488.44	0.00
June 2016	0.00	0.00	0.00	0.00	11,481,766.30	0.00
July 2016	0.00	0.00	0.00	0.00	11,256,911.20	0.00
August 2016	0.00	0.00	0.00	0.00	11,035,861.54	0.00
September 2016	0.00	0.00	0.00	0.00	10,818,556.66	0.00
October 2016	0.00	0.00	0.00	0.00	10,604,936.84	0.00
November 2016	0.00	0.00	0.00	0.00	10,394,943.29	0.00
December 2016	0.00	0.00	0.00	0.00	10,188,518.12	0.00
January 2017	0.00	0.00	0.00	0.00	9,985,604.34	0.00
February 2017	0.00	0.00	0.00	0.00	9,786,145.84	0.00
March 2017	0.00	0.00	0.00	0.00	9,590,087.38	0.00
April 2017	0.00	0.00	0.00	0.00	9,397,374.60	0.00
May 2017	0.00	0.00	0.00	0.00	9,207,953.93	0.00
June 2017	0.00	0.00	0.00	0.00	9,021,772.69	0.00
July 2017	0.00	0.00	0.00	0.00	8,838,778.96	0.00
August 2017	0.00	0.00	0.00	0.00	8,658,921.68	0.00
September 2017	0.00	0.00	0.00	0.00	8,482,150.54	0.00
October 2017	0.00	0.00	0.00	0.00	8,308,416.02	0.00
November 2017	0.00	0.00	0.00	0.00	8,137,669.39	0.00
December 2017	0.00	0.00	0.00	0.00	7,969,862.66	0.00
January 2018	0.00	0.00	0.00	0.00	7,804,948.57	0.00
February 2018	0.00	0.00	0.00	0.00	7,642,880.63	0.00
March 2018	0.00	0.00	0.00	0.00	7,483,613.05	0.00
April 2018	0.00	0.00	0.00	0.00	7,327,100.74	0.00
May 2018	0.00	0.00	0.00	0.00	7,173,299.34	0.00
June 2018	0.00	0.00	0.00	0.00	7,022,165.17	0.00
July 2018	0.00	0.00	0.00	0.00	6,873,655.22	0.00
August 2018	0.00	0.00	0.00	0.00	6,727,727.14	0.00
September 2018	0.00	0.00	0.00	0.00	6,584,339.28	0.00
October 2018	0.00	0.00	0.00	0.00	6,443,450.60	0.00
November 2018	0.00	0.00	0.00	0.00	6,305,020.71	0.00
December 2018	0.00	0.00	0.00	0.00	6,169,009.85	0.00
January 2019	0.00	0.00	0.00	0.00	6,035,378.89	0.00
February 2019	0.00	0.00	0.00	0.00	5,904,089.30	0.00
March 2019	0.00	0.00	0.00	0.00	5,775,103.14	0.00
April 2019	0.00	0.00	0.00	0.00	5,648,383.08	0.00

<u>Distribution Date</u>	<u>PA Class Planned Balance</u>	<u>PB Class Planned Balance</u>	<u>PD Class Planned Balance</u>	<u>PE Class Planned Balance</u>	<u>PC Class Planned Balance</u>	<u>C Class Scheduled Balance</u>
May 2019	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 5,523,892.37	\$ 0.00
June 2019	0.00	0.00	0.00	0.00	5,401,594.83	0.00
July 2019	0.00	0.00	0.00	0.00	5,281,454.84	0.00
August 2019	0.00	0.00	0.00	0.00	5,163,437.35	0.00
September 2019	0.00	0.00	0.00	0.00	5,047,507.83	0.00
October 2019	0.00	0.00	0.00	0.00	4,933,632.32	0.00
November 2019	0.00	0.00	0.00	0.00	4,821,777.39	0.00
December 2019	0.00	0.00	0.00	0.00	4,711,910.10	0.00
January 2020	0.00	0.00	0.00	0.00	4,603,998.06	0.00
February 2020	0.00	0.00	0.00	0.00	4,498,009.38	0.00
March 2020	0.00	0.00	0.00	0.00	4,393,912.65	0.00
April 2020	0.00	0.00	0.00	0.00	4,291,676.98	0.00
May 2020	0.00	0.00	0.00	0.00	4,191,271.93	0.00
June 2020	0.00	0.00	0.00	0.00	4,092,667.57	0.00
July 2020	0.00	0.00	0.00	0.00	3,995,834.43	0.00
August 2020	0.00	0.00	0.00	0.00	3,900,743.48	0.00
September 2020	0.00	0.00	0.00	0.00	3,807,366.18	0.00
October 2020	0.00	0.00	0.00	0.00	3,715,674.41	0.00
November 2020	0.00	0.00	0.00	0.00	3,625,640.51	0.00
December 2020	0.00	0.00	0.00	0.00	3,537,237.24	0.00
January 2021	0.00	0.00	0.00	0.00	3,450,437.80	0.00
February 2021	0.00	0.00	0.00	0.00	3,365,215.81	0.00
March 2021	0.00	0.00	0.00	0.00	3,281,545.28	0.00
April 2021	0.00	0.00	0.00	0.00	3,199,400.67	0.00
May 2021	0.00	0.00	0.00	0.00	3,118,756.82	0.00
June 2021	0.00	0.00	0.00	0.00	3,039,588.96	0.00
July 2021	0.00	0.00	0.00	0.00	2,961,872.71	0.00
August 2021	0.00	0.00	0.00	0.00	2,885,584.09	0.00
September 2021	0.00	0.00	0.00	0.00	2,810,699.50	0.00
October 2021	0.00	0.00	0.00	0.00	2,737,195.68	0.00
November 2021	0.00	0.00	0.00	0.00	2,665,049.77	0.00
December 2021	0.00	0.00	0.00	0.00	2,594,239.25	0.00
January 2022	0.00	0.00	0.00	0.00	2,524,741.97	0.00
February 2022	0.00	0.00	0.00	0.00	2,456,536.13	0.00
March 2022	0.00	0.00	0.00	0.00	2,389,600.25	0.00
April 2022	0.00	0.00	0.00	0.00	2,323,913.22	0.00
May 2022	0.00	0.00	0.00	0.00	2,259,454.24	0.00
June 2022	0.00	0.00	0.00	0.00	2,196,202.87	0.00
July 2022	0.00	0.00	0.00	0.00	2,134,138.95	0.00
August 2022	0.00	0.00	0.00	0.00	2,073,242.67	0.00
September 2022	0.00	0.00	0.00	0.00	2,013,494.54	0.00
October 2022	0.00	0.00	0.00	0.00	1,954,875.34	0.00
November 2022	0.00	0.00	0.00	0.00	1,897,366.19	0.00
December 2022	0.00	0.00	0.00	0.00	1,840,948.51	0.00
January 2023	0.00	0.00	0.00	0.00	1,785,603.98	0.00
February 2023	0.00	0.00	0.00	0.00	1,731,314.61	0.00
March 2023	0.00	0.00	0.00	0.00	1,678,062.68	0.00
April 2023	0.00	0.00	0.00	0.00	1,625,830.74	0.00
May 2023	0.00	0.00	0.00	0.00	1,574,601.63	0.00
June 2023	0.00	0.00	0.00	0.00	1,524,358.46	0.00
July 2023	0.00	0.00	0.00	0.00	1,475,084.62	0.00

<u>Distribution Date</u>	<u>PA Class Planned Balance</u>	<u>PB Class Planned Balance</u>	<u>PD Class Planned Balance</u>	<u>PE Class Planned Balance</u>	<u>PC Class Planned Balance</u>	<u>C Class Scheduled Balance</u>
August 2023	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1,426,763.75	\$ 0.00
September 2023	0.00	0.00	0.00	0.00	1,379,379.75	0.00
October 2023	0.00	0.00	0.00	0.00	1,332,916.77	0.00
November 2023	0.00	0.00	0.00	0.00	1,287,359.24	0.00
December 2023	0.00	0.00	0.00	0.00	1,242,691.81	0.00
January 2024	0.00	0.00	0.00	0.00	1,198,899.40	0.00
February 2024	0.00	0.00	0.00	0.00	1,155,967.14	0.00
March 2024	0.00	0.00	0.00	0.00	1,113,880.42	0.00
April 2024	0.00	0.00	0.00	0.00	1,072,624.86	0.00
May 2024	0.00	0.00	0.00	0.00	1,032,186.30	0.00
June 2024	0.00	0.00	0.00	0.00	992,550.81	0.00
July 2024	0.00	0.00	0.00	0.00	953,704.71	0.00
August 2024	0.00	0.00	0.00	0.00	915,634.49	0.00
September 2024	0.00	0.00	0.00	0.00	878,326.88	0.00
October 2024	0.00	0.00	0.00	0.00	841,768.85	0.00
November 2024	0.00	0.00	0.00	0.00	805,947.52	0.00
December 2024	0.00	0.00	0.00	0.00	770,850.28	0.00
January 2025	0.00	0.00	0.00	0.00	736,464.67	0.00
February 2025	0.00	0.00	0.00	0.00	702,778.45	0.00
March 2025	0.00	0.00	0.00	0.00	669,779.59	0.00
April 2025	0.00	0.00	0.00	0.00	637,456.24	0.00
May 2025	0.00	0.00	0.00	0.00	605,796.74	0.00
June 2025	0.00	0.00	0.00	0.00	574,789.62	0.00
July 2025	0.00	0.00	0.00	0.00	544,423.59	0.00
August 2025	0.00	0.00	0.00	0.00	514,687.55	0.00
September 2025	0.00	0.00	0.00	0.00	485,570.57	0.00
October 2025	0.00	0.00	0.00	0.00	457,061.91	0.00
November 2025	0.00	0.00	0.00	0.00	429,150.99	0.00
December 2025	0.00	0.00	0.00	0.00	401,827.40	0.00
January 2026	0.00	0.00	0.00	0.00	375,080.91	0.00
February 2026	0.00	0.00	0.00	0.00	348,901.44	0.00
March 2026	0.00	0.00	0.00	0.00	323,279.09	0.00
April 2026	0.00	0.00	0.00	0.00	298,204.11	0.00
May 2026	0.00	0.00	0.00	0.00	273,666.91	0.00
June 2026	0.00	0.00	0.00	0.00	249,658.05	0.00
July 2026	0.00	0.00	0.00	0.00	226,168.25	0.00
August 2026	0.00	0.00	0.00	0.00	203,188.39	0.00
September 2026	0.00	0.00	0.00	0.00	180,709.47	0.00
October 2026	0.00	0.00	0.00	0.00	158,722.65	0.00
November 2026	0.00	0.00	0.00	0.00	137,219.25	0.00
December 2026	0.00	0.00	0.00	0.00	116,190.72	0.00
January 2027	0.00	0.00	0.00	0.00	95,628.63	0.00
February 2027	0.00	0.00	0.00	0.00	75,524.72	0.00
March 2027	0.00	0.00	0.00	0.00	55,870.84	0.00
April 2027	0.00	0.00	0.00	0.00	36,658.97	0.00
May 2027	0.00	0.00	0.00	0.00	17,881.26	0.00
June 2027 and thereafter	0.00	0.00	0.00	0.00	0.00	0.00

No dealer, salesman or other person has been authorized to give any information or to make any representations in connection with this offering other than those contained in this Prospectus Supplement and the additional Disclosure Documents and, if given or made, such information or representations must not be relied upon as having been authorized. This Prospectus Supplement and the aforementioned documents do not constitute an offer to sell or a solicitation of an offer to buy any of the Certificates offered hereby in any state to any person to whom it is unlawful to make such offer or solicitation in such state. The delivery of this Prospectus Supplement and the aforementioned documents at any time does not imply that the information contained herein or therein is correct as of any time subsequent to the date hereof or thereof.

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Pass-Through Certificates

Fannie Mae REMIC Trust 1998-8

PROSPECTUS SUPPLEMENT

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Merrill Lynch & Co.

January 12, 1998
