

\$1,250,000,000



FannieMae

**Guaranteed REMIC Pass-Through Certificates
Fannie Mae REMIC Trust 1998-11**

The Guaranteed REMIC Pass-Through Certificates offered hereby (the “REMIC Certificates”) will represent beneficial ownership interests in Fannie Mae REMIC Trust 1998-11 (the “Trust”). The assets of the Trust 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 connection 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-6 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.

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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.

<u>Class(1)</u>	<u>Group</u>	<u>Original Class Balance</u>	<u>Principal Type(2)</u>	<u>Interest Rate</u>	<u>Interest Type(2)</u>	<u>CUSIP Number</u>	<u>Final Distribution Date</u>
G	1	\$ 99,946,000	SEQ	6.00%	FIX	31359RC75	May 2009
J	1	282,236,000	SEQ	6.00	FIX	31359RC83	February 2021
B	1	192,162,000	SEQ	6.00	FIX	31359RC91	May 2025
C	1	50,739,000	SEQ/AD	6.00	FIX	31359RD25	June 2006
D	1	45,833,000	SEQ/AD	6.00	FIX	31359RD33	July 2011
Z	1	79,084,000	SEQ	6.00	FIX/Z	31359RD41	March 2028
K	2	192,655,429	SEQ	6.00	FIX	31359RD58	February 2024
EA	2	100,000,000	SEQ	6.25	FIX	31359RD66	February 2024
O	2	40,442,571	SEQ	9.50	FIX	31359RD74	February 2024
H	2	166,902,000	SEQ	6.50	FIX	31359RD82	March 2028
R		0	NPR	0	NPR	31359RD90	March 2028

(1) The A, P, E, L, N and M 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.

The Certificates will be offered by Greenwich Capital Markets, Inc. (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 C, D, Z, EA and H Classes will be available through the book-entry system of the Federal Reserve Banks and that the G, J, B, K and O Classes 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 Class in registered, certificated form will be available for delivery at the offices of the Dealer, Greenwich, Connecticut, on or about the Settlement Date.

GREENWICH CAPITAL MARKETS

A DIVISION OF NATWEST MARKETS



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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. The 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. 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, 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.

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

An election will be made to treat the Trust as a “real estate mortgage investment conduit” (“REMIC”) pursuant to the Internal Revenue Code of 1986, as amended (the “Code”). The R Class will be subject to transfer restrictions. See “Description of the Certificates—Characteristics of the R Class” 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 Greenwich Capital Markets, Inc. by writing or calling its Prospectus Department at 600 Steamboat Road, Greenwich, CT 06830 (telephone 203-622-5628).

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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	\$600,000,000	360	355	3	6.70%
	\$150,000,000	360	335	22	6.70%
Group 2 MBS	\$500,000,000	360	357	2	7.00%

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 of principal and interest from the related REMIC Certificates. See “Description of the Certificates—Combination and Recombination” herein. Schedule 1 sets forth all of the available combinations of the 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.

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

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

Group 1 Accrual Amount

To the C and D Classes, in that order, to zero, and then to the Z Class.

Group 1 Cash Flow Distribution Amount

To the G, J, B, C, D and Z Classes, in that order, to zero.

Group 2 Principal Distribution Amount

1. To the K, EA and O Classes, pro rata, to zero.
2. To the H 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>150%</u>	<u>350%</u>	<u>500%</u>
G	6.4	1.5	1.2	0.7	0.5
J	18.0	5.9	4.4	2.4	1.9
B	25.2	13.2	10.0	5.0	3.7
C	4.5	4.5	4.5	4.3	3.7
D	11.0	11.0	11.0	7.4	5.5
Z	28.6	22.5	19.1	11.6	8.6
A	15.0	4.8	3.6	2.0	1.5
P	18.4	7.6	5.7	3.0	2.3
<u>Group 2 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>170%</u>	<u>350%</u>	<u>500%</u>
K, EA, O, E, L, N and M	17.5	6.7	4.7	2.8	2.2
H	28.1	20.9	16.1	9.3	6.7

* 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 will be created pursuant to a trust agreement dated as of September 1, 1987, as supplemented by an issue supplement thereto dated as of February 1, 1998 (together, 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 REMIC Certificates (other than the R Class) 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 assets of the Trust 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 C, D, Z, EA and H Classes (the “Fed Book-Entry Certificates”) will be issued and maintained and may be transferred by Holders only on the book-entry system of the Federal Reserve Banks. 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 G, J, B, K and O Classes 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 Certificate will not be issued in book-entry form but will be issued in fully registered, certificated form. As to the R Certificate, “Holder” or “Certificateholder” refers to the registered owner thereof. The R Certificate will be transferable 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 of the R 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 Class” herein.

The distribution to the Holder of the R Class of the proceeds of any remaining assets of the Trust 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 R Certificate, will be issued in minimum denominations of \$1,000 and integral multiples of \$1 in excess thereof. The R 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 and any interest to be added as principal to the principal balance of the Accrual Class on such 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 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 G, J, B, K and O Classes of REMIC Certificates may be exchanged for a proportionate interest in the related RCR Certificates as 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 of such Classes, will depend upon any related distributions of principal as well as any exchanges that occur. The 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 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 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	\$750,000,000
MBS Pass-Through Rate	6.00%

Related Mortgage Loans

Range of WACs (per annum percentages)	6.25% to 8.50%
Range of WAMs	241 months to 360 months
Approximate Weighted Average WAM	351 months
Approximate Weighted Average CAGE	7 months

Group 2 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	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:

Interest Type*

Classes

Group 1 Classes

Fixed Rate	G, J, B, C, D and Z
Accrual	Z
RCR**	A and P

Group 2 Classes

Fixed Rate	K, EA, O and H
RCR**	E, L, N and M

No Payment Residual

R

* 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 (except with respect to the Accrual Class) in the month after the Settlement Date. Interest to be distributed or, in the case of the Accrual Class, added to principal 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 Period. Interest to be distributed on a Distribution Date will accrue on the interest-bearing Certificates during the one-month period set forth below (an "Interest Accrual Period").

<u>Classes</u>	<u>Interest Accrual Period</u>
All interest-bearing 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.

Accrual Class. The Z Class is an Accrual Class. Interest will accrue on the Accrual Class at the per annum rate set forth on the cover hereof; however, such interest will not be distributed thereon until the Distribution Date following the Distribution Date on which the principal balance of the D Class is reduced to zero. Interest so accrued and unpaid on the Accrual Class will be added as principal to the principal balance thereof on each Distribution Date. Distributions of principal of the Accrual Class will be made as described herein.

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	G, J, B, C, D and Z
Accretion Directed	C and D
RCR**	A and P
Group 2 Classes	
Sequential Pay	K, EA, O and H
RCR**	E, L, N and M
No Payment Residual	R

* 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.

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 Cash Flow Distribution Amount") and any interest accrued and added to the principal balance of the Z Class (the "Group 1 Accrual Amount" and, together with the Group 1 Cash Flow Distribution Amount, 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

Group 1 Accrual Amount

On each Distribution Date, the Group 1 Accrual Amount, if any, will be distributed, sequentially, as principal of the C and D Classes, in that order, until the respective principal balances thereof are reduced to zero, and thereafter to the Z Class. } Accretion
Directed
Classes and
Accrual
Class

Group 1 Cash Flow Distribution Amount

On each Distribution Date, the Group 1 Cash Flow Distribution Amount will be distributed, sequentially, as principal of the G, J, B, C, D and Z Classes, in that order, until the respective principal balances thereof are 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) concurrently, to the K, EA and O Classes, pro rata (or 57.8374619482%, 30.0211949636% and 12.1413430882%, respectively), until the principal balances thereof are reduced to zero; and } Sequential
Pay
Classes
- (ii) to the H Class, until the principal balance thereof is reduced 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.

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.

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. 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:

Mortgage Loans Relating to Trust Assets Specified Below	Original and Remaining Terms to Maturity	Interest Rates
Group 1 MBS	360 months	8.5%
Group 2 MBS	360 months	9.0%

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 weighted average remaining terms to maturity and the weighted average CAGEs of the Mortgage Loans are identical to the remaining terms to maturity and CAGEs specified in the Pricing Assumptions.

Percent of Original Principal Balances Outstanding

Date	G Class					J Class					B Class					C Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	150%	350%	500%	0%	100%	150%	350%	500%	0%	100%	150%	350%	500%	0%	100%	150%	350%	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	94	72	62	23	0	100	100	100	100	98	100	100	100	100	100	90	90	90	90	90
February 2000	88	30	5	0	0	100	100	100	67	43	100	100	100	100	100	80	80	80	80	80
February 2001	81	0	0	0	0	100	93	78	24	0	100	100	100	100	85	69	69	69	69	69
February 2002	74	0	0	0	0	100	77	57	0	0	100	100	100	85	30	58	58	58	58	58
February 2003	66	0	0	0	0	100	61	37	0	0	100	100	100	46	0	46	46	46	46	17
February 2004	57	0	0	0	0	100	47	19	0	0	100	100	100	15	0	33	33	33	33	0
February 2005	48	0	0	0	0	100	33	3	0	0	100	100	100	0	0	19	19	19	0	0
February 2006	38	0	0	0	0	100	20	0	0	0	100	100	84	0	0	4	4	4	0	0
February 2007	27	0	0	0	0	100	8	0	0	0	100	100	64	0	0	0	0	0	0	0
February 2008	14	0	0	0	0	100	0	0	0	0	100	95	47	0	0	0	0	0	0	0
February 2009	1	0	0	0	0	100	0	0	0	0	100	79	31	0	0	0	0	0	0	0
February 2010	0	0	0	0	0	95	0	0	0	0	100	64	17	0	0	0	0	0	0	0
February 2011	0	0	0	0	0	90	0	0	0	0	100	50	4	0	0	0	0	0	0	0
February 2012	0	0	0	0	0	84	0	0	0	0	100	37	0	0	0	0	0	0	0	0
February 2013	0	0	0	0	0	77	0	0	0	0	100	25	0	0	0	0	0	0	0	0
February 2014	0	0	0	0	0	70	0	0	0	0	100	13	0	0	0	0	0	0	0	0
February 2015	0	0	0	0	0	62	0	0	0	0	100	2	0	0	0	0	0	0	0	0
February 2016	0	0	0	0	0	54	0	0	0	0	100	0	0	0	0	0	0	0	0	0
February 2017	0	0	0	0	0	45	0	0	0	0	100	0	0	0	0	0	0	0	0	0
February 2018	0	0	0	0	0	34	0	0	0	0	100	0	0	0	0	0	0	0	0	0
February 2019	0	0	0	0	0	24	0	0	0	0	100	0	0	0	0	0	0	0	0	0
February 2020	0	0	0	0	0	12	0	0	0	0	100	0	0	0	0	0	0	0	0	0
February 2021	0	0	0	0	0	0	0	0	0	0	98	0	0	0	0	0	0	0	0	0
February 2022	0	0	0	0	0	0	0	0	0	0	77	0	0	0	0	0	0	0	0	0
February 2023	0	0	0	0	0	0	0	0	0	0	55	0	0	0	0	0	0	0	0	0
February 2024	0	0	0	0	0	0	0	0	0	0	30	0	0	0	0	0	0	0	0	0
February 2025	0	0	0	0	0	0	0	0	0	0	4	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	0	0	0	0	0
February 2027	0	0	0	0	0	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)**	6.4	1.5	1.2	0.7	0.5	18.0	5.9	4.4	2.4	1.9	25.2	13.2	10.0	5.0	3.7	4.5	4.5	4.5	4.3	3.7

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

Percent of Original Principal Balances Outstanding

Date	D Class					Z Class					A Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	150%	350%	500%	0%	100%	150%	350%	500%	0%	100%	150%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
February 1999	100	100	100	100	100	106	106	106	106	106	99	93	90	80	72
February 2000	100	100	100	100	100	113	113	113	113	113	97	82	75	50	32
February 2001	100	100	100	100	100	120	120	120	120	120	95	69	58	18	0
February 2002	100	100	100	100	100	127	127	127	127	127	93	57	42	0	0
February 2003	100	100	100	100	100	135	135	135	135	135	91	45	27	0	0
February 2004	100	100	100	100	0	143	143	143	143	140	89	35	14	0	0
February 2005	100	100	100	84	0	152	152	152	152	96	86	24	3	0	0
February 2006	100	100	100	0	0	161	161	161	155	66	84	15	0	0	0
February 2007	88	88	88	0	0	171	171	171	120	45	81	6	0	0	0
February 2008	69	69	69	0	0	182	182	182	93	31	78	0	0	0	0
February 2009	50	50	50	0	0	193	193	193	71	21	74	0	0	0	0
February 2010	29	29	29	0	0	205	205	205	55	14	70	0	0	0	0
February 2011	8	8	8	0	0	218	218	218	42	10	66	0	0	0	0
February 2012	0	0	0	0	0	222	222	204	32	7	62	0	0	0	0
February 2013	0	0	0	0	0	222	222	178	24	4	57	0	0	0	0
February 2014	0	0	0	0	0	222	222	155	18	3	52	0	0	0	0
February 2015	0	0	0	0	0	222	222	134	14	2	46	0	0	0	0
February 2016	0	0	0	0	0	222	201	115	10	1	40	0	0	0	0
February 2017	0	0	0	0	0	222	178	99	8	1	33	0	0	0	0
February 2018	0	0	0	0	0	222	155	83	6	1	25	0	0	0	0
February 2019	0	0	0	0	0	222	134	70	4	*	17	0	0	0	0
February 2020	0	0	0	0	0	222	114	58	3	*	9	0	0	0	0
February 2021	0	0	0	0	0	222	95	47	2	*	0	0	0	0	0
February 2022	0	0	0	0	0	222	78	37	1	*	0	0	0	0	0
February 2023	0	0	0	0	0	222	61	28	1	*	0	0	0	0	0
February 2024	0	0	0	0	0	222	45	20	1	*	0	0	0	0	0
February 2025	0	0	0	0	0	222	30	13	*	*	0	0	0	0	0
February 2026	0	0	0	0	0	160	17	7	*	*	0	0	0	0	0
February 2027	0	0	0	0	0	84	6	2	*	*	0	0	0	0	0
February 2028	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	11.0	11.0	11.0	7.4	5.5	28.6	22.5	19.1	11.6	8.6	15.0	4.8	3.6	2.0	1.5

Date	P Class					K, EA, O, E, L, N and M Classes					H Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	150%	350%	500%	0%	100%	170%	350%	500%	0%	100%	170%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
February 1999	99	95	93	87	81	99	96	94	90	86	100	100	100	100	100
February 2000	98	88	83	66	55	98	88	83	68	57	100	100	100	100	100
February 2001	97	79	72	45	28	97	79	68	43	24	100	100	100	100	100
February 2002	95	71	61	28	10	95	69	54	22	1	100	100	100	100	100
February 2003	94	64	52	15	0	94	61	42	6	0	100	100	100	100	71
February 2004	93	56	43	5	0	92	52	32	0	0	100	100	100	87	49
February 2005	91	50	35	0	0	90	44	22	0	0	100	100	100	68	33
February 2006	89	43	28	0	0	89	37	13	0	0	100	100	100	53	23
February 2007	87	37	22	0	0	86	30	6	0	0	100	100	100	41	16
February 2008	85	32	16	0	0	84	24	0	0	0	100	100	98	31	11
February 2009	83	26	10	0	0	82	18	0	0	0	100	100	86	24	7
February 2010	80	21	6	0	0	79	12	0	0	0	100	100	75	19	5
February 2011	78	17	1	0	0	76	6	0	0	0	100	100	65	14	3
February 2012	75	12	0	0	0	73	1	0	0	0	100	100	57	11	2
February 2013	71	8	0	0	0	69	0	0	0	0	100	93	49	8	2
February 2014	68	4	0	0	0	65	0	0	0	0	100	84	42	6	1
February 2015	64	1	0	0	0	61	0	0	0	0	100	75	36	5	1
February 2016	60	0	0	0	0	56	0	0	0	0	100	67	31	4	*
February 2017	55	0	0	0	0	51	0	0	0	0	100	60	26	3	*
February 2018	50	0	0	0	0	45	0	0	0	0	100	52	22	2	*
February 2019	45	0	0	0	0	39	0	0	0	0	100	46	18	1	*
February 2020	39	0	0	0	0	32	0	0	0	0	100	39	15	1	*
February 2021	33	0	0	0	0	25	0	0	0	0	100	33	12	1	*
February 2022	26	0	0	0	0	17	0	0	0	0	100	27	10	1	*
February 2023	18	0	0	0	0	8	0	0	0	0	100	22	7	*	*
February 2024	10	0	0	0	0	0	0	0	0	0	97	17	5	*	*
February 2025	1	0	0	0	0	0	0	0	0	0	76	12	4	*	*
February 2026	0	0	0	0	0	0	0	0	0	0	53	7	2	*	*
February 2027	0	0	0	0	0	0	0	0	0	0	28	3	1	*	*
February 2028	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	18.4	7.6	5.7	3.0	2.3	17.5	6.7	4.7	2.8	2.2	28.1	20.9	16.1	9.3	6.7

* 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.

Characteristics of the R Class

The R Class will not have a principal balance and will not bear 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. It is not anticipated that there will be any material assets remaining in such circumstance.

The R Class will be subject to certain transfer restrictions. No transfer of record or beneficial ownership of an R Certificate will be allowed to a “disqualified organization.” In addition, no transfer of record or beneficial ownership of an R 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 will constitute a noneconomic residual interest under the Regulations. Any transferee of an R 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. Transferors of an R 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. See “Certain Federal Income Tax Consequences” in the REMIC Prospectus. Pursuant to the Trust Agreement, Fannie Mae will be obligated to provide to such Holder (i) such information as is necessary to enable it to prepare its federal income tax returns and (ii) any reports regarding the R 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 Election and Special Tax Attributes

An election will be made to treat the Trust as a REMIC for federal income tax purposes. The Certificates, other than the R Class, 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.

As a consequence of the qualification of the Trust as a REMIC, 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 Class, 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 Accrual Class 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 150% PSA in the case of the Group 1 Classes and 170% 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 that generally will not be treated as excess inclusions, the rate to be used is 6.95% (which is 120% of the “federal long-term rate”). 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. RCR Certificates will represent beneficial ownership of undivided interests in two or more underlying Regular Certificates (“Combination RCR Certificates”).

The A, P, E L, N and M Classes are Combination RCR Classes.

Combination RCR Classes. A beneficial owner of a Combination RCR Certificate will be treated as the beneficial owner of a proportionate interest in the related Class or Classes of REMIC Certificates. A purchaser of a Combination RCR Certificate must allocate its purchase price among the related Classes of REMIC Certificates in proportion to their relative fair market values at the time of purchase. Such owner should account for its ownership interest in each related Class of REMIC Certificates as described under “—Taxation of Beneficial Owners of Regular Certificates” herein and “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates” in the REMIC Prospectus. When a beneficial owner sells a Combination RCR Certificate, such owner must allocate the sale proceeds among the related Classes of REMIC Certificates in proportion to their relative fair market values at the time of sale.

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.

LEGAL MATTERS

Certain legal matters will be passed upon for the Dealer by Brown & Wood LLP. Brown & Wood LLP also performs legal services for Fannie Mae.

Schedule 1

Available Recombinations (1)

REMIC Certificates		RCR Certificates						
Class	Original Principal Balance	RCR Class	Original Principal Balance	Interest Rate	Interest Type (2)	Principal Type (2)	CUSIP Number	Final Distribution Date
Recombination 1								
G	\$ 99,946,000	A	\$382,182,000	6.00%	FIX	SEQ	31359RE24	February 2021
J	282,236,000							
Recombination 2								
G	99,946,000	P	574,344,000	6.00	FIX	SEQ	31359RE32	May 2025
J	282,236,000							
B	192,162,000							
Recombination 3								
K	192,655,429	E	207,475,077	6.25	FIX	SEQ	31359RE40	February 2024
O	14,819,648							
Recombination 4								
K	192,655,429	L	224,764,667	6.50	FIX	SEQ	31359RE57	February 2024
O	32,109,238							
Recombination 5								
K	148,289,427	N	188,731,998	6.75	FIX	SEQ	31359RE65	February 2024
O	40,442,571							
Recombination 6								
K	6,740,428	M	47,182,999	9.00	FIX	SEQ	31359RE73	February 2024
O	40,442,571							

- (1) The 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 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.

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.

\$1,250,000,000



Guaranteed REMIC
Pass-Through Certificates
Fannie Mae REMIC Trust 1998-11

PROSPECTUS SUPPLEMENT

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January 21, 1998