Prospectus Supplement
(To Prospectus dated November 12, 1997)

$248,695,112 (Approximate)

FannieMae

Guaranteed REMIC Pass-Through Certificates
Fannie Mae REMIC Trust 1998-21

The Guaranteed REMIC Pass-Through Certificates offered hereby (the "REMIC Certificates") will represent beneficial ownership interests in Fannie Mae REMIC Trust 1998-21 (the "Trust"). The assets of the Trust will include certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the "MBS") described herein. Each MBS represents a beneficial ownership interest in a pool (each, a "Pool") of first lien, single-family, adjustable-rate residential mortgage loans (the "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-5 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	Original Class Balance(1)	Principal Type(2)	Interest Rate	Interest Type(2)	CUSIP Number	Final Distribution Date
F	$248,695,112	PT	(3)	W	31359RU67	March 2028
IO	248,695,112(4)	NTL	(5)	W/IO	31359RU75	March 2028
R	0	NPR	0%	NPR	31359RU83	March 2028

(1) Subject to a permitted variance of plus or minus 7% in the aggregate.
(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) The F Class will bear interest during each Interest Accrual Period at a rate per annum equal to the least of (x) the 1-Year Treasury Index (the "Certificate Index") + 35 basis points, (y) the Weighted Average Pool Accrual Rate (defined herein) and (z) 10.0%. See "Description of the Certificates—Distributions of Interest" herein.
(4) The IO Class will be a Notional Class, will not have a principal balance and will bear interest on its notional principal balance. The notional principal balance of the Notional Class initially will be as set forth above and thereafter will be calculated as specified herein. See "Description of the Certificates—Distributions of Interest—Notional Class" herein.
(5) The IO Class will bear interest during each Interest Accrual Period at a rate per annum equal to the excess, if any, of (x) the Weighted Average Pool Accrual Rate over (y) the rate per annum applicable to the F Class during such Interest Accrual Period.

The Certificates will be offered by Lehman Brothers 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, and subject to approval of certain legal matters by counsel. It is expected that the F and IO Classes will be available through the book-entry system of the Federal Reserve Banks on or about March 13, 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, Three World Financial Center, New York, New York 10285, on or about the Settlement Date.

LEHMAN BROTHERS

February 27, 1998

(Cover continued from previous page)

The yield to investors in each Class will be sensitive in varying degrees to, among other things, the rate of principal distributions on the MBS, which in turn will be determined by the rate of principal payments of the 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 each Weighted Average Coupon Class, fluctuations in the level of the Certificate Index and the Weighted Average Pool Accrual Rate. 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.**
- **In the case of the 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 the F Class will be sensitive to the level of the Certificate Index and, under certain circumstances, the level of the Weighted Average Pool Accrual Rate. The yield on the IO Class will be sensitive at all times to the level of the Certificate Index relative to the level of the Weighted Average Pool Accrual Rate. See ''Description of the Certificates—Distributions of Interest—Weighted Average Coupon Classes'' herein.**

See ''Risk Factors—Yield Considerations'' in the REMIC Prospectus and ''Additional Risk Factors—Additional Yield and Prepayment Considerations'' and ''Description of the Certificates—Yield Table'' 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 ''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 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 the Dealer by writing or calling its Prospectus Department at 536 Broadhollow Road, Melville, New York 11747 (telephone 516-254-7106).

TABLE OF CONTENTS

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 Underlying the MBS

The table contained on Schedule 1 hereto sets forth certain assumed characteristics of the Mortgage Loans as of March 1, 1998 (the "Issue Date"). However, the actual characteristics of most of the Mortgage Loans will differ from the weighted averages set forth on Schedule 1, perhaps significantly. See "Description of the Certificates—Additional Characteristics of the Mortgage Loans" herein for additional information regarding the Mortgage Loans. Certain further information may be obtained from Fannie Mae as described under "Description of the Certificates—Final Data Statement" herein.

Interest Rates

The Weighted Average Coupon Classes will bear interest at the applicable per annum interest rates described herein under "Description of the Certificates—Distributions of Interest—*Weighted Average Coupon Classes*".

Notional Class

The notional principal balance of the Notional Class during each Interest Accrual Period will be equal to 100% of the outstanding principal balance of the MBS (after giving effect to the distributions thereon during such Interest Accrual Period). See "Description of the Certificates—Distributions of Interest—*Notional Class*" and "—Yield Table—*The Interest Only Class*" herein.

Distributions of Principal

Principal Distribution Amount

To the F Class, to zero.

Weighted Average Lives (years)*

Class	CPR Prepayment Assumption				
	0%	10%	18%	36%	45%
F and IO	16.4	7.4	4.6	2.2	1.7

* 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 principal distributions and notional balance reductions of the Classes will be determined by the rate of principal distributions on the MBS, which in turn will reflect the rate of amortization (including prepayments) of the Mortgage Loans. There can be no assurance that the Mortgage Loans underlying the MBS will have the characteristics assumed herein. Because the rate of principal distributions on the Classes will be related to the rate of amortization of the 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 distributions on the Classes is likely to differ from the rate anticipated by an investor, even if the Mortgage Loans prepay at the indicated levels of CPR.

A number of the Mortgage Loans underlying the MBS are convertible to fixed-rate mortgage loans at the option of the related borrowers during certain periods. Borrowers having such option may choose to exercise it under a variety of circumstances. For example, the conversion option may be exercised during periods of rising interest rates as borrowers seek to limit their exposure to higher rates. By contrast, if rates decline significantly, borrowers also may exercise their conversion option in order to secure fixed rate mortgage loans at competitive rates. The existence of periodic and lifetime caps also may affect the likelihood of conversion. As described in the MBS Prospectus, Fannie Mae will repurchase any Mortgage Loan for which the conversion option is exercised. Any such repurchase will have the effect of a prepayment in full of such Mortgage Loan, and substantial numbers of such repurchases may significantly reduce the weighted average lives of the Classes. See "Description of the Certificates—Additional Characteristics of the Mortgage Loans" herein.

It is highly unlikely that the Mortgage Loans underlying the MBS will prepay at any of the rates assumed herein, will prepay at a particular CPR level 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. See "Risk Factors—Prepayment Considerations" in the REMIC Prospectus and "Maturity and Prepayment Assumptions" in the MBS Prospectus.

As described herein, the yield on the F Class will be sensitive to the level of the Certificate Index and, under certain circumstances, the level of the Weighted Average Pool Accrual Rate. The yield on the IO Class will be sensitive at all times to the level of the Certificate Index relative to the level of the Weighted Average Pool Accrual Rate.

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 25th 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 March 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 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 include 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. Certificates of the F and IO Classes 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."

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 Classes will be made on the 25th day of each month (or, if such 25th day is not a business day, on the first business day next succeeding such 25th day) (each, a "Distribution Date"), commencing in the month following the Settlement Date. See

"Distribution of Interest—General" and "—Interest Accrual Period" and "Distribution of Principal—Principal Distribution Amount" herein.

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 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.

The MBS

The MBS are expected to have the characteristics set forth on Schedule 1 hereto and the general characteristics described in the MBS Prospectus. The MBS will provide that principal and interest on the 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 Adjustable Rate 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, as described under "The Mortgage Pools" and "Yield Considerations" in the MBS Prospectus. As described more fully under "—Determination of Weighted Average Pool Accrual Rate" and in the MBS Prospectus, interest will be distributed on each MBS on each Distribution Date at a rate equal to the related Pool Accrual Rate.

Additional Characteristics of the Mortgage Loans

General

The Mortgage Loans are amortizing loans having original maturities of up to 30 years and bear interest at rates that will vary in response to the applicable Mortgage Rate Indices and will adjust at periodic intervals as further described below. The actual Mortgage Interest Rate at any time borne by a Mortgage Loan generally will, subject to any applicable adjustment caps, be equal to the sum of a specified percentage, or "Mortgage Margin," and the Mortgage Rate Index level then applicable thereto, which sum then may be rounded (as provided in the related mortgage note) to the nearest or next highest one-eighth of 1%. The Mortgage Loans generally contain provisions limiting the amount by which rates may be adjusted upward or downward. The Mortgage Loans provide for periodic adjustments of scheduled payments in order to fully amortize by their respective stated maturities. Except as specified herein, each of the Mortgage Loans will provide for payment adjustments following any interest rate change in the amount necessary to pay interest at the Mortgage Interest Rate in effect during the month immediately prior to the month in which the first payment in the new amount is due and to fully amortize the outstanding principal balance of the related Mortgage Loan on a level debt service basis over the remainder of its term.

Limitations on Rate Changes

Substantially all of the Mortgage Loans contain provisions limiting the amount by which rates may be adjusted. For most of the Mortgage Loans, the related Mortgage Interest Rate, when adjusted on each interest rate change date, may not be more than a specified percentage amount greater or less than the initial Mortgage Interest Rate, in the case of the first change date, and, in the case of any subsequent change date, the Mortgage Interest Rate that was in effect immediately preceding such change date. In addition, substantially all of the Mortgage Loans by their terms provide that the Mortgage Interest Rates are subject to lifetime maximum and minimum caps (typically not more than a specified percentage greater or, if applicable, less than the initial Mortgage Interest Rates).

Interest Rate Change Dates

Because the Mortgage Loans have varying interest rate change dates, the Weighted Average Pool Accrual Rate for any month will be calculated based on Mortgage Interest Rates that have been determined based on varying Mortgage Rate Index levels. For instance, with respect to Mortgage Loans with both March 1 and August 1 annual interest rate change dates and a 45-day "look-back" period, interest will accrue on the related MBS during the month of March with respect to the Mortgage Loans having a March 1 interest rate change date on the basis of the Mortgage Rate Index level most recently available 45 days prior to March 1 and with respect to the Mortgage Loans having an August 1 interest rate change date on the basis of the Mortgage Rate Index level most recently available 45 days prior to August 1. This results in the likelihood of a Weighted Average Pool Accrual Rate that represents a weighted average of the different Net Mortgage Rates of the Mortgage Loans.

Mortgage Rate Indices

A general description of the indices applicable to the Mortgage Loans (each, a "Mortgage Rate Index" and, together, the "Mortgage Rate Indices") is provided in the following paragraphs. In the event a Mortgage Rate Index is no longer available or otherwise is not published, an alternative published rate will be selected by Fannie Mae as required by the terms of the related Mortgage Loans.

The Mortgage Rate Index applicable to approximately 84% of the Mortgage Loans (by Stated Principal Balance (defined herein) as of the Issue Date) is the weekly average yield on United States Treasury Securities adjusted to a constant maturity of one year as published by the Board of Governors of the Federal Reserve System in the Federal Reserve Statistical Release; Selected Interest Rates No. H.15(519) (the "One Year Treasury Rate (weekly average)"), as further described in the MBS Prospectus. The Mortgage Interest Rates applicable to such Mortgage Loans generally will be reset annually on the basis of the One-Year Treasury Rate (weekly average) value in effect 45 days prior to the date of such reset.

Listed below are historical values for the One-Year Treasury Rate (weekly average) for selected months beginning in December 1992. The values for the One Year Treasury Rate (weekly average) are the first weekly values published in a given month.

	One-Year Treasury Rate (weekly average)
December 1992	3.82%
June 1993	3.58
December 1993	3.62
June 1994	5.31
December 1994	6.89
June 1995	5.71
December 1995	5.39
June 1996	5.70
December 1996	5.41
June 1997	5.86
December 1997	5.50
January 1998	5.52
February 1998	5.28

The Mortgage Rate Index applicable to approximately 16% of the Mortgage Loans (by Stated Principal Balance as of the Issue Date) is the weekly average of secondary market interest rates on six-month negotiable certificates of deposit, as published by the Board of Governors of the Federal Reserve System in the Federal Reserve Statistical Release: Selected Interest Rates No. H.15(519) as "CDS (Secondary Market)" (the "Six-Month CD Rate"), as further described in the MBS Prospectus. The Mortgage Interest Rates applicable to such Mortgage Loans generally will be reset semi-annually on the basis of the Six-Month CD Rate value in effect 45 days prior to the date of such reset.

Listed below are historical values for the Six-Month CD Rate for selected months beginning in January 1993. The values for the Six-Month CD Rate are the first weekly values published in a given month.

	Six-Month CD Rate		Six-Month CD Rate
January 1993	3.47%	January 1996	5.42%
April 1993	3.22	April 1996	5.37
July 1993	3.34	July 1996	5.66
October 1993	3.24	October 1996	5.58
January 1994	3.33	January 1997	5.50
April 1994	4.15	April 1997	5.87
July 1994	5.08	July 1997	5.78
October 1994	5.60	October 1997	5.71
January 1995	6.88	January 1998	5.76
April 1995	6.34	February 1998	5.54
July 1995	5.80	March 1998	5.58
October 1995	5.79		

Convertible Mortgage Loans

Approximately 62% of the Mortgage Loans (by Stated Principal Balance as of the Issue Date) by their terms may be converted to fixed-rate mortgage loans at the option of their borrowers during certain periods beginning on the first interest rate change date and ending on the tenth interest rate change date. As described in the MBS Prospectus, Fannie Mae will repurchase any converted Mortgage Loan from the related Pool and, accordingly, the weighted average lives of the Classes may be shortened to some degree relative to classes evidencing interests in similar pools where no such option to convert and obligation to repurchase exists.

Final Data Statement

Following the issuance of the Certificates, Fannie Mae will prepare a Final Data Statement setting forth, among other information, the Pool number, CUSIP number, Pool Accrual Rate, Maximum Pool Accrual Rate, Minimum Pool Accrual Rate, issue date, latest loan maturity date, original certificate balance, current certificate balance, current WAC, current WAM, MBS Margin and Weighted Average Months to Rate Adjustment for each of the related MBS, in each case based on the Stated Principal Balances of the Mortgage Loans as of the Issue Date, along with the weighted average of all the current WACs and the weighted average of all the current WAMs 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
Weighted Average Coupon	F and IO
Interest Only	IO
No Payment Residual	R

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

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.

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").

Classes	Interest Accrual Period
The F and IO 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.

Notional Class. The Notional Class will not have a principal balance and will bear interest at the applicable per annum interest rate described herein during each Interest Accrual Period on its notional principal balance. The notional principal balance of the Notional Class will be calculated as specified herein under "Reference Sheet—Notional Class."

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 the principal distributions of the MBS or the underlying Mortgage Loans. 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 balance of the Notional Class.

Weighted Average Coupon Classes. During the initial Interest Accrual Period, the F Class will bear interest at the rate of 5.63% per annum. During each Interest Accrual Period thereafter, the F Class will bear interest at a rate per annum equal to the least of (x) the Certificate Index + 35 basis points, (y) the Weighted Average Pool Accrual Rate and (z) 10.0%.

During the initial Interest Accrual Period, the IO Class is expected to bear interest at the rate of approximately 2.07249% per annum. During each Interest Accrual Period thereafter, the IO Class will bear interest at a rate per annum equal to the excess, if any, of (x) the Weighted Average Pool Accrual Rate over (y) the rate applicable to the F Class for such Interest Accrual Period (but in no event less than 0%).

The Certificate Index and Weighted Average Pool Accrual Rate will be calculated monthly as described below.

The establishment of each Certificate Index value and the Weighted Average Pool Accrual Rate by Fannie Mae and Fannie Mae's determination of the rate or rates of interest for the applicable 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.

Determination of Certificate Index

On each Index Determination Date, until the principal balance and notional principal balance of the F and IO Classes have been reduced to zero, Fannie Mae will ascertain the average yield on U.S. Treasury securities, adjusted to a constant maturity of one year, in effect for the week ending on the last Friday immediately preceding the related Index Determination Date in the manner described in the REMIC Prospectus under "Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes—*Treasury Index*" with respect to yields on U.S. Treasury securities at "constant maturity." The yield so ascertained for any month is referred to herein as the "Certificate Index."

Determination of Weighted Average Pool Accrual Rate

The "Weighted Average Pool Accrual Rate" for any Distribution Date is the weighted average of the Pool Accrual Rates in effect with respect to the MBS during the calendar month preceding the month of such Distribution Date, weighted on the basis of the respective principal balances of such MBS (after giving effect to the distributions thereon during such preceding calendar month). The "Pool Accrual Rate" for any MBS and calendar month is the weighted average of the interest rates for the Mortgage Loans underlying such MBS (such interest rates, the "Mortgage Interest Rates"), weighted on the basis of the respective Stated Principal Balances of such Mortgage Loans immediately prior to such calendar month, less the servicing and guaranty fees applicable thereto (which fees may vary from Mortgage Loan to Mortgage Loan). The Mortgage Interest Rate for any Mortgage Loan as reduced by the fees applicable thereto is referred to herein as the "Net Mortgage Interest Rate." The Stated Principal Balance of a Mortgage Loan refers to the principal balance utilized by Fannie Mae in calculating the then outstanding principal balances of the MBS. Such Stated Principal Balance may differ from the actual principal balance for a number of reasons, including supplemental payments by Fannie Mae on delinquent Mortgage Loans pursuant to its guaranty obligations and delays in the distribution of certain Mortgage Loan receipts.

The Pool Accrual Rate for any of the MBS will change over time due to changes in the levels of the Mortgage Rate Indices (as defined below), but cannot be determined solely on the basis of the levels of the Mortgage Rate Indices and the related MBS Margins (as defined below) because the Pool Accrual Rate for such MBS is restricted by periodic adjustment caps and lifetime adjustment caps affecting the related Mortgage Loans. The weighted average of the Pool Accrual Rates will reflect such restrictions on rate adjustments. In addition, differences in the amortization schedules, prepayment rates and maturity dates of the Mortgage Loans with differing maximum and minimum Mortgage Interest Rates will cause the range of Pool Accrual Rates and the Weighted Average Pool Accrual Rates for the related MBS to change over time.

The "Maximum Pool Accrual Rate" and "Minimum Pool Accrual Rate" for any of the MBS are the maximum and minimum Pool Accrual Rates, respectively, applicable to such MBS, given lifetime interest rate adjustment caps affecting the related Mortgage Loans. The range of Maximum and Minimum Pool Accrual Rates, as well as the weighted average of the Maximum and Minimum Pool Accrual Rates applicable to any such MBS, will be subject to differences in the amortization schedules, prepayment rates and maturity dates of the related Mortgage Loans with differing maximum and minimum Mortgage Interest Rates, and such differences will cause the range of Maximum and Minimum Pool Accrual Rates and the weighted average of the Maximum and Minimum Pool Accrual Rates of such MBS to change over time.

The "MBS Margin" for any of the MBS at any time is equal to the weighted average of the Net Mortgage Margins for the related Mortgage Loans. The "Net Mortgage Margin" for any such Mortgage Loan at any time is equal to the related Mortgage Margin (as defined herein) for such Mortgage Loan less the applicable servicing and guaranty fees (which may vary from Mortgage Loan to Mortgage Loan). The range of MBS Margins as well as the weighted average of the MBS Margins applicable to any of the MBS will be affected by applicable periodic and lifetime adjustment caps, and will also be subject to differences in the amortization schedules, prepayment rates and maturity dates of Mortgage Loans with differing Net Mortgage Margins, which differences will cause the range of MBS Margins, as well as the weighted average of the MBS Margins, to change over time.

The "Weighted Average Months to Rate Change" for any of the MBS equals the weighted average of the number of months from the Issue Date that will elapse before the Mortgage Interest Rates on the related Mortgage Loans are subject to change as described in "Additional Characteristics of the Mortgage Loans—*Mortgage Rate Indices*" below. The weighted average of the Weighted Average Months to Rate Change for the MBS will vary over time due to differences in the amortization schedules, prepayment rates and maturity dates of the related Mortgage Loans with different numbers of months to rate change.

In effect, if the Mortgage Interest Rate for all Mortgage Loans were not affected by an interest rate cap, the Weighted Average Pool Accrual Rate would at any time be equal, before giving effect to any rounding, to the sum of (x) the weighted average of the levels of the then applicable Mortgage Rate Indices* and (y) the weighted average of the individual Mortgage Margins (as defined herein), less the applicable servicing and guaranty fees. However, as indicated herein, the Weighted Average Pool Accrual Rate cannot be determined solely on the basis of the levels of the applicable Mortgage Rate Indices and the Net Mortgage Margins because the Mortgage Interest Rates for all of the Mortgage Loans are restricted by periodic and/or lifetime adjustment caps. In addition, differences in the amortization schedules, prepayment rates and maturity dates of Mortgage Loans with differing Net Mortgage Interest Rates will cause the Weighted Average Pool Accrual Rate to change over the life of the MBS.

Distributions of Principal

Categories of Classes

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

Principal Type*	Classes
Pass-Through	F
Notional	IO
No Payment Residual	R

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

Principal Distribution Amount

On each Distribution Date, principal will be distributed on the Certificates in an amount (the "Principal Distribution Amount") equal to the aggregate distributions of principal to be made on the MBS in the month of such Distribution Date.

On each Distribution Date, the Principal Distribution Amount will be distributed as principal of the F Class, until the principal balance thereof is reduced to zero. **Pass-Through Class**

* See "Description of the Certificates—Additional Characteristics of the Mortgage Loans—*Mortgage Rate Indices*" herein.

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 MBS have the aggregate characteristics set forth in Schedule 1 hereto;
- unless otherwise specified, the levels of the One-Year Treasury Rate (weekly average) and the Six-Month CD Rate at all times on and after the next rate change dates for the applicable Mortgage Loans underlying the MBS are 5.28% and 5.58%, respectively;
- the Mortgage Loans prepay at the CPR levels specified in the related table; and
- the closing date for the sale of the Certificates is March 13, 1998.

Prepayment Assumptions. Prepayments of mortgage loans commonly are measured relative to a prepayment standard or model. The model used herein is the "Constant Prepayment Rate" or "CPR" model. The CPR model represents an assumed *constant* rate of prepayment each month, expressed as a per annum percentage of the then outstanding principal balance of the pool of mortgage loans. It is highly unlikely that prepayments will occur at any particular CPR level or at any other constant rate.

Yield Table

General. The table below indicates the sensitivity of the pre-tax corporate bond equivalent yields to maturity of the applicable Class to various CPR levels and to changes in the applicable indices. The yields set forth in the table were calculated by determining the monthly discount rates that, when applied to the assumed streams of cash flows to be paid on the applicable Class, would cause the discounted present value of such assumed streams of cash flows to equal the assumed aggregate purchase price of such Class 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 Certificates will correspond to any of the pre-tax yields shown herein or that the aggregate purchase price of the applicable Certificates will be as assumed. In addition, there can be no assurance that the applicable indices 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 CPR levels. Moreover, it is not likely that the Mortgage Loans will prepay at a particular CPR level until maturity, that all of such Mortgage Loans will prepay at the same rate or that the levels of the applicable indices will remain constant.*

The Interest Only Class. **The yield to investors in the Interest Only Class will be sensitive to the rate of principal payments (including prepayments) of the Mortgage Loans and to the levels of the applicable indices. 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. As indicated in the table below, it is possible that, under certain scenarios, investors in the Interest Only Class would not fully recoup their initial investments.**

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 Interest Only Class for the initial Interest Accrual Period is 2.07249%, (ii) the level of the Certificate Index for each Interest Accrual Period thereafter will be as specified, (iii) the levels of the One-Year Treasury Rate (weekly average) and the Six-Month CD Rate at all times on and after the next rate change dates assumed to be applicable to the Mortgage Loans are the respective per annum rates specified and (iv) the aggregate purchase price of such Class (expressed as a percentage of original principal balance) is as follows:

Class	Price*
IO	4.0%

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

Sensitivity of the IO Class to Prepayments and to the Indices Specified (1)
(Pre-Tax Yields to Maturity)

Certificate Index (2)	One-Year Treasury Rate (2) (weekly average)	Six-Month CD Rate (2)	CPR Prepayment Assumption 3%	10%	18%	36%	45%
3.28%	3.280%	3.580%	57.4%	48.6%	38.2%	12.5%	(1.8)%
5.28%	5.280%	5.580%	43.3%	34.8%	24.7%	(0.2)%	(14.0)%
7.28%	7.280%	7.580%	35.8%	27.4%	17.5%	(6.9)%	(20.5)%
9.65%	9.852%	7.781%	11.2%	3.5%	(5.6)%	(27.8)%	(40.2)%

(1) Substantially all of the Mortgage Loans contain provisions limiting the amount by which their interest rates may be adjusted. Accordingly, the Mortgage Loan interest rates assumed for purposes of computing the pre-tax yields of the IO Class were calculated giving effect to the applicable rate limitation provisions. See "Description of the Certificates—Additional Characteristics of the Mortgage Loans—*Limitations on Rate Changes*" herein.
(2) The indices specified above are assumed, the relationships between the actual values of the indices are likely to vary, and may vary significantly, from time to time.

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 Table below.

Decrement Table

The following table indicates the percentages of original principal balances of the specified Classes that would be outstanding after each of the dates shown at various CPR levels and the corresponding weighted average lives of such Classes. The table has been prepared on the basis of the Pricing Assumptions.

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 particular CPR level. In addition, the diverse remaining terms to maturity of the Mortgage Loans could produce slower or faster principal distributions than indicated in the table at the specified CPR levels, 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

	F and IO† Classes				
	CPR Prepayment Assumption				
Date	0%	10%	18%	36%	45%
Initial Percent	100	100	100	100	100
March 1999	99	89	81	63	54
March 2000	97	79	65	40	29
March 2001	96	70	53	25	16
March 2002	94	62	43	16	9
March 2003	92	54	34	10	5
March 2004	90	48	27	6	2
March 2005	88	42	22	4	1
March 2006	86	37	18	2	1
March 2007	83	32	14	2	*
March 2008	81	28	11	1	*
March 2009	78	24	9	1	*
March 2010	75	21	7	*	*
March 2011	71	18	5	*	*
March 2012	67	15	4	*	*
March 2013	63	13	3	*	*
March 2014	59	11	2	*	*
March 2015	54	9	2	*	*
March 2016	49	7	1	*	*
March 2017	43	6	1	*	*
March 2018	37	5	1	*	*
March 2019	31	3	*	*	*
March 2020	24	2	*	*	*
March 2021	16	1	*	*	*
March 2022	9	1	*	*	*
March 2023	3	*	*	*	*
March 2024	0	0	0	0	0
March 2025	0	0	0	0	0
March 2026	0	0	0	0	0
March 2027	0	0	0	0	0
March 2028	0	0	0	0	0
Weighted Average Life (years)**	16.4	7.4	4.6	2.2	1.7

* 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.

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

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 return 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 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 IO Class will be, and the F Class 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 18% CPR. 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 that rate 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, the F Class 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.

The F Class may not qualify as a "variable rate debt instrument" (VRDI) as defined in the OID Regulations. Under the OID Regulations, a debt instrument that provides for a variable rate of interest but that does not qualify as a VRDI is a contingent payment debt instrument. Treasury regulations governing contingent payment debt instruments provide that they do not apply to debt instruments, such as the F Class, to which section 1272(a)(6) of the Code applies. To date, no regulations have been issued under section 1272(a)(6) of the Code. In the absence of other guidance, Fannie Mae intends to compute accruals of interest and OID with respect to the F Class by applying the principles of the OID Regulations governing VRDIs. See "Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Floating Rate and Inverse Floating Rate Classes*" 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 6.94% (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.

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 Certificates in addition to those contemplated as of the date hereof. In such event, the 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 Class bears to the aggregate original principal balance of all Classes will remain the same.

LEGAL MATTERS

Certain legal matters will be passed upon for the Dealer by Cleary, Gottlieb, Steen & Hamilton.

Schedule 1

Assumed Characteristics of the Mortgage Loans Underlying the MBS
(As of March 1, 1998)

Aggregate Principal Balances (1)	Mortgage Rate Index	Mortgage Interest Rates	Pool Accrual Rates	MBS Margins	Original Terms to Maturity (2)	Remaining Terms to Maturity (2)	Months to Rate Adjustment	CAGEs (2)	Mortgage Reset Frequency (2)	Mortgage Periodic Rate Caps	Maximum Pool Accrual Rates	Minimum Pool Accrual Rates	Maximum Interest Rates
$ 64,747,281	One-Year Treasury Rate (weekly average) (3)	8.420%	7.712%	2.098%	360	279	6	81	12	2.0%	11.95%	2.098%	12.658%
145,040,520	One-Year Treasury Rate (weekly average) (4)	8.394	7.748	2.151	360	304	6	56	12	2.0	10.65	2.151	11.296
38,907,311	Six-Month CD Rate (5)	8.193	7.517	1.799	360	311	3	49	6	1.0	9.58	1.799	10.256

(1) Actual principal balances as of February 1, 1998.

(2) In months.

(3) Non-convertible.

(4) Convertible.

(5) Approximately 80% non-convertible and 20% convertible (based on Stated Principal Balances as of the Issue Date).

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.

TABLE OF CONTENTS

$248,695,112 (Approximate)

FannieMae[SM]

Guaranteed REMIC Pass-Through Certificates Fannie Mae REMIC Trust 1998-21

PROSPECTUS SUPPLEMENT

LEHMAN BROTHERS

February 27, 1998