

\$291,003,663



**FannieMae**

## Guaranteed REMIC Pass-Through Certificates Fannie Mae REMIC Trust 1998-31

The Guaranteed REMIC Pass-Through Certificates offered hereby (the "Certificates") will represent beneficial ownership interests in Fannie Mae REMIC Trust 1998-31 (the "Trust"). The assets of the Trust will consist of (i) a non-interest bearing cash deposit of \$999.99 (the "Retail Cash Deposit") to be applied as described herein, (ii) certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates described herein (the "MBS") and (iii) a previously issued REMIC certificate (the "Underlying REMIC Certificate") evidencing a beneficial ownership interest in the related Fannie Mae REMIC Trust (the "Underlying REMIC Trust") as further described in Exhibit A hereto. The assets of the Underlying REMIC Trust evidence beneficial ownership interests in certain "fully modified pass-through" mortgage-backed securities guaranteed as to timely payment of principal and interest by Ginnie Mae (the "Ginnie Mae Certificates"). 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. Each Ginnie Mae Certificate is based on and backed by a pool of mortgage loans (together with the pools and mortgage loans underlying the MBS, the "Pools" and "Mortgage Loans," respectively) which are either insured or guaranteed by the Federal Housing Administration ("FHA"), the Department of Veterans Affairs ("VA") or the Rural Housing Service ("FmHA"). 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.

Prospective investors in the LL Class should consider carefully, as should prospective investors in any Class of Certificates, whether such an investment is appropriate for their investment objectives. See "Description of the Certificates—The Retail Certificates" herein.

See "Additional Risk Factors" on page S-8 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	Group	Original Class Balance	Principal Type(1)	Interest Rate	Interest Type(1)	CUSIP Number	Final Distribution Date	Class	Group	Original Class Balance	Principal Type(1)	Interest Rate	Interest Type(1)	CUSIP Number	Final Distribution Date		
A	....	1	\$ 16,667,000	SEQ	6.00%	FIX	31359TPF 9	December 2014	H	....	1	\$ 717,000	SEQ	(2)	PO	31359TPM4	May 2028
B	....	1	50,000,000	SEQ	6.00	FIX	31359TPG 7	December 2027	G	....	1	9,416,666(3)	NTL	6.00%	FIX/IO	31359TPN2	May 2028
C	....	1	36,153,260	SEQ	6.00	FIX	31359TPH 5	January 2014	K	....	2	18,003,663	SC/PT	(2)	PO	31359TP P 7	January 2022
D	....	1	128,179,740	SEQ	6.00	FIX	31359TP J 1	January 2028	S	....	2	36,007,326(3)	NTL	(4)	INV/IO	31359TP Q 5	January 2022
E	....	1	29,000,000	SEQ	6.00	FIX	31359TPK 8	May 2028	R	....	2	0	NPR	0	NPR	31359TP R 3	May 2028
LL	....	1	12,283,000(5)	SEQ/RTL	6.35	FIX	31359TPL 6	May 2028									

- (1) 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.
- (2) These Classes will be Principal Only Classes and will bear no interest.
- (3) These Classes will be Notional Classes, will not have principal balances and will bear interest on their respective notional principal balances. The notional principal balances of the Notional Classes initially will be as set forth above and thereafter will be calculated as specified herein. See "Description of the Certificates—Distributions of Interest—Notional Classes" herein.
- (4) This Class will bear interest based on "LIBOR" as described under "Description of the Certificates—Distributions of Interest" herein and "Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes" in the REMIC Prospectus.
- (5) The Retail Certificates will be offered in \$1,000 increments ("Retail Class Units") as described herein. See "Description of the Certificates—The Retail Certificates" herein.

All the Certificates will be offered by Lehman Brothers Inc. and the LL Class will also be offered by Edward D. Jones & Co., L.P. (together, the "Dealers") 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 Dealers, 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 Dealers, subject to the right by the Dealers to reject any order in whole or in part and subject to approval of certain legal matters by counsel. It is expected that the LL Class will be available through the book-entry facilities of The Depository Trust Company, and that all other Classes (except for the R Class) will be available through the book-entry system of the Federal Reserve Banks on or about April 30, 1998 (the "Settlement Date"). It is expected that the R Class in registered, certificated form will be available for delivery at the offices of Lehman Brothers Inc., Three World Financial Center, New York, New York 10285, on or about the Settlement Date.

**LEHMAN BROTHERS**

**EDWARD D. JONES & Co., L.P.**

April 6, 1998

(Cover continued from previous page)

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

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

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

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

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

The LL Class (the “Retail Certificates”) may not be an appropriate investment for all prospective investors. The Retail Certificates would not be an appropriate investment for any investor requiring a particular distribution of principal on a specific date or an otherwise predictable stream of principal distributions. Any investor who purchases a Retail Certificate at a premium (or a discount) should consider the risk that relatively early (or late) principal distributions following issuance of the Certificates could result in an actual yield that is lower than such investor’s anticipated yield. In addition, although the Dealers intend to make a secondary market in the Retail Certificates, they have no obligation to do so, and any such market making may be discontinued at any time. Finally, there can be no assurance that the price at which an investor may be able to sell a Retail Certificate will be the same as the price at which such investor purchased such Certificate. See “Description of the Certificates—The Retail Certificates” herein.

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, the Prospectus Supplement for the Underlying REMIC Trust (the “Underlying REMIC Disclosure Document”) 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”);
- Fannie Mae’s Information Statement dated March 31, 1997 and any supplements thereto (collectively, the “Information Statement”); and
- The Underlying REMIC Disclosure Document.

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). The Disclosure Documents, other than the Underlying REMIC Disclosure Document, may also be obtained from the Dealers by writing or calling the Prospectus Department of Lehman Brothers Inc. at 536 Broadhollow Road, Melville, New York 11747 (telephone 516-254-7106) or Edward D. Jones & Co., L.P. at 20 American Industrial Drive, Maryland Heights, Missouri 63043 (telephone 314-515-3479).

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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.**

### **The Retail Certificates**

#### *Description*

The Retail Certificates represent an indirect interest in certain Mortgage Loans. The Retail Certificates are guaranteed by Fannie Mae but are not guaranteed by, and are not a debt or obligation of, the United States. See “Description of the Certificates—General—*Fannie Mae Guaranty*” herein.

#### *Investment Objective*

Each individual investor should determine, in consultation with his or her investment advisor, whether or not the Retail Certificates satisfy his or her specified investment objectives. See “Description of the Certificates—The Retail Certificates—*Investment Determination*” herein.

#### *Liquidity*

If a Retail Certificate is sold prior to its maturity, an investor may receive sales proceeds (less applicable transaction costs) that are less than the amount originally invested. The Dealers intend to make a market for the purchase and sale of the Retail Certificates after their initial issuance, but are not obligated to do so. There is no assurance that such a secondary market will develop or, if it develops, that it will continue. See “Description of the Certificates—The Retail Certificates—*Investment Determination*” herein.

#### *Federal Income Taxes*

Interest on the Retail Certificates will be taxed in the year it is earned, which may not be the year it is paid. Relevant federal income tax information for the preceding calendar year will be mailed to investors who own Retail Certificates, as required by the Internal Revenue Service. Investors should be aware, however, that such information need not be furnished before March 15 of any calendar year following a calendar year in which income accrues on a Retail Certificate. See “Description of the Certificates—The Retail Certificates—*Retail Principal Distributions—Tax Information*” and “Certain Additional Federal Income Tax Consequences” herein.

#### *Maturity*

Unlike many other fixed income securities, the Retail Certificates do not have fixed principal redemption schedules or fixed principal distribution dates. The timing of principal distributions may vary considerably based upon a number of factors, including changes in prevailing interest rates. If prevailing interest rates decrease, principal distributions on the Retail Certificates may accelerate, and any reinvestment of such distributions might be at such lower prevailing interest rates. Conversely, if prevailing interest rates increase, principal distributions on the Retail Certificates may slow down, and investors might not be able to reinvest their principal at such higher prevailing interest rates. In such case, the market value of such Retail Certificates is likely to have declined. See “Description of the Certificates—The Retail Certificates—*Certain Principal Distribution Considerations*” herein.

## Assumed Characteristics of the Mortgage Loans Underlying the MBS (as of April 1, 1998)

Group	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
1	\$222,000,000	360	355	5	6.91%
	20,000,000	360	355	5	7.15%
	31,000,000	360	355	5	8.00%

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.

## Characteristics of the Underlying REMIC Certificate

The table contained in Exhibit A hereto sets forth information with respect to the Underlying REMIC Certificate, including certain information regarding the underlying Mortgage Loans. Certain additional information as to the Underlying REMIC Certificate may be obtained by performing an analysis of current Fannie Mae principal factors in the context of applicable information contained in the Underlying REMIC Disclosure Document, which may be obtained from Fannie Mae as described herein.

See “Description of the Certificates—The Underlying REMIC Certificate” herein.

## Interest Rates

The first distribution of interest on each Retail Class Unit will be made on May 18, 1998 in an amount equal to approximately \$5.29 with respect to each Retail Class Unit. Distributions of interest in that approximate amount on each monthly Distribution Date will continue on each Retail Class Unit until such Unit is retired. See “Description of the Certificates—The Retail Certificates—Retail Interest Distributions” herein.

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

The Inverse Floating Rate Class will bear interest during the initial Interest Accrual Period at an initial interest rate determined as described below, and will bear interest during each Interest Accrual Period thereafter, subject to the applicable maximum and minimum interest rate, at a rate determined as described below:

Class	Initial Interest Rate	Maximum Interest Rate	Minimum Interest Rate	Formula for Calculation of Interest Rate (2)
S .....	4.51375% (1)	10.17%	0.0%	10.17% – LIBOR

(1) The initial interest rate for this Class is an assumed rate. The actual initial interest rate for this Class will be calculated on the basis of the applicable formula on the Index Determination Date occurring on April 23, 1998.

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

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



## Notional Classes

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

### Classes

G .....	8.3333333333% of the 6.5% MBS(1)
	25% of the 7.5% MBS(1)
S .....	200% of K Class

(1) As described herein under “The MBS.”

See “Description of the Certificates—Distributions of Interest—*Notional Classes*” and “—Yield Tables—*The Inverse Floating Rate Class*” and “—*The G Class*” herein.

## Distributions of Principal

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

### *Group 1 Principal Distribution Amount*

A. Commencing in May 2001, on each Distribution Date, an amount up to \$13,000 to the LL and H Classes, pro rata, to zero.

B. Commencing in May 2003, on each Distribution Date, all amounts remaining after giving effect to A. above, to the E Class, to the extent specified under “Description of the Certificates—Distributions of Principal.”

C. Commencing in May 1998, on each Distribution Date, all amounts remaining after giving effect to A. and B. above, to the Classes specified below in the following order:

- (i) 29.32% of such amounts to the A and B Classes, in that order, to zero; and
- (ii) all remaining amounts as follows:
  - first*, to the C and D Classes, in that order, to zero;
  - second*, to the LL and H Classes, pro rata, to zero; and
  - third*, to the E Class, to zero.

### *Group 2 Principal Distribution Amount*

To the K Class, to zero.

## Weighted Average Lives (years) \*

<u>Group 1 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>350%</u>	<u>500%</u>	<u>700%</u>
A.....	9.9	2.2	1.1	0.8	0.7
B.....	24.6	13.0	4.5	3.1	2.4
C.....	9.2	2.0	1.0	0.8	0.6
D.....	24.4	13.1	4.6	3.2	2.4
E.....	17.5	10.7	7.8	7.7	6.7
LL** and H.....	25.5	24.5	15.7	10.1	4.6
G.....	21.5	11.4	4.8	3.5	2.6
<u>Group 2 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>280%</u>	<u>350%</u>	<u>500%</u>
K and S.....	21.6	15.4	8.8	7.3	5.1

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

\*\* The weighted average lives shown in the table for the Class of Retail Certificates apply to such Class as a whole and are not likely to reflect the experience of any investor in such Class of Retail Certificates. Because investors will receive principal distributions subject to the distribution priorities and allocations described under “Description of the Certificates—The Retail Certificates—*Retail Principal Distributions*” herein, the weighted average lives of Retail Class Units will vary among different investors. See “Description of the Certificates—The Retail Certificates—*Certain Principal Distribution Considerations*” herein.

## ADDITIONAL RISK FACTORS

### Additional Yield and Prepayment Considerations

The rate of distributions of principal of the Group 1 Classes will be sensitive in varying degrees to the rate of principal distributions on the MBS, which in turn will reflect the rate of amortization (including prepayments) of the related Mortgage Loans. There can be no assurance that such Mortgage Loans will have the characteristics assumed herein. Because the rate of principal distributions on the Group 1 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 such Mortgage Loans prepay at the indicated constant percentages of PSA.

The Mortgage Loans underlying the MBS are relocation mortgage loans (as defined herein under “Description of the Certificates—The MBS”). Accordingly, the rate of prepayment of such Mortgage Loans will depend in part on the occurrence and timing of any future relocation of the borrowers thereunder. Such prepayment experience would depend on, among other things, the circumstances of individual employees and employers and the characteristics of the specific relocation programs involved. Borrowers under relocation mortgage loans are thought by some within the mortgage industry to be more likely to be transferred by their employers than non-relocation mortgage loan borrowers, which would result in relocation mortgage loans experiencing a higher rate of prepayment than non-relocation mortgage loans. However, Fannie Mae cannot estimate what the prepayment experience of the related Mortgage Loans will be or how it might compare to that of non-relocation mortgage loans, nor is Fannie Mae aware of any conclusive studies or statistics on the rate of prepayment of mortgage loans such as the related Mortgage Loans.

The rate of distributions of principal of the Group 2 Classes will be directly related to the rate of distributions of principal of the related Underlying REMIC Certificate, which in turn will be sensitive to the rate of payments of principal (including prepayments) of the related Mortgage Loans and the priority sequence affecting such Underlying REMIC Certificate. As described in the Underlying REMIC Disclosure Document, the Underlying REMIC Certificate is subordinate in priority of principal distributions to certain other classes of certificates evidencing beneficial ownership interests in the Underlying REMIC Trust and, accordingly, distributions of principal of the related Mortgage Loans may for extended periods be applied to the distribution of principal of those classes of certificates having priority over such Underlying REMIC Certificate. In addition, the Underlying REMIC Certificate has a Principal Balance Schedule and, as a result, may receive principal distributions at a rate faster or slower than would otherwise have been the case (and may receive no distributions of principal for an extended period). Prepayments on the related Mortgage Loans may have occurred at a rate faster or slower than that initially assumed. This Prospectus Supplement contains no information as to whether such class has adhered to its Principal Balance Schedule, whether any related Support classes remain outstanding or whether such class otherwise has performed as originally anticipated. Additional information as to the Underlying REMIC Certificate may be obtained by performing an analysis of current Fannie Mae principal factors in the context of applicable information contained in the Underlying REMIC Disclosure Document, which may be obtained from Fannie Mae as described herein.

It is highly unlikely that the Mortgage Loans underlying the MBS or the Underlying REMIC Certificate, 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 the 18th or 25th day, as applicable, 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 April 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 consist of the MBS, the Underlying REMIC Certificate (which evidences a beneficial ownership interest in the Underlying REMIC Trust) and a non-interest bearing cash deposit of \$999.99 (the “Retail Cash Deposit”). The Retail Cash Deposit will be used, if necessary, to round the amount of any principal distribution on the LL Class to an amount equal to an integral multiple of \$1,000 as described herein. The Retail Cash Deposit will not be available for application toward any distributions on the other Classes of Certificates offered hereby (other than the R Class). See “Description of the Certificates—The Retail Certificates—Rounding of Retail Principal Distributions” herein.

*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. The guaranty obligations of Fannie Mae with respect to the Underlying REMIC Certificate are described in the Underlying REMIC Disclosure Document. 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, “Description of Certificates—The Corporation’s Guaranty” in the MBS Prospectus, and “Description of the Certificates—General—Fannie Mae Guaranty” in the Underlying REMIC Disclosure Document.

*Characteristics of Certificates.* The LL Class 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.

The Certificates of all other Classes (except for the R Class) 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 the Fed Book-Entry 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 LL and R Certificates, will be issued in minimum denominations of \$1,000 and integral multiples of \$1 in excess thereof. The LL Certificates will be issued in minimum denominations of \$1,000 and integral multiples thereof. The R Class will be issued as a single Certificate and will not have a principal balance.

*Distribution Dates.* Distributions on the Group 1 Classes 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) and distributions on the Group 2 Classes will be made on the 25th day of each month (or, if the 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.

*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 fourteenth 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 (i) in the case of each such Class of Certificates other than the Retail Certificates, when multiplied by the original principal balance of a Certificate of such Class, will equal the remaining principal balance of such Certificate and (ii) in the case of the Retail Certificates, when multiplied by the aggregate original principal balance of such Class, will equal the aggregate remaining principal balance of such Class, in each case after giving effect to the distribution of principal to be made on the following Distribution Date. As a result, the factor for the Retail Certificates will reflect the reduction in aggregate principal balance of such Class taken as a whole, and will not reflect the reduction in principal balance of the Retail Certificates owned by any particular investor. For purposes of determining the factor for the Retail Certificates, any rounding of the distribution of principal thereof will be disregarded.

*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.

*Voting the Underlying REMIC Certificate.* In the event any issue arises under the trust agreement governing the Underlying REMIC Trust that requires the vote of holders of certificates outstanding thereunder, the Trustee will vote the Underlying REMIC Certificate in accordance with instructions received from Holders of Certificates of the related Classes having principal balances aggregating not less than 51% of the aggregate principal balance of all such Classes outstanding. In the absence of such instructions, the Trustee will vote in a manner consistent, in its sole judgment, with the best interests of Certificateholders.

## **The Retail Certificates**

### *General*

The LL Class will consist of Retail Certificates. The Class of Retail Certificates will be represented by one or more certificates to 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”). The Depository will maintain the Class of Retail Certificates in integral numbers of Retail Class Units, through its book-entry facilities. For purposes of calculating principal distributions, the Retail Class Unit for the Class of Retail Certificates will have the initial principal balance set forth below:

<u>Class</u>	<u>Initial Principal Balance Per Unit</u>	<u>Number of Retail Class Units</u>
LL.....	\$1,000	12,283

In accordance with its normal procedures, the Depository will record the positions held by each Depository participating firm (each, a “Depository Participant”) in the Retail 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 Retail Certificates.

No person acquiring a beneficial ownership interest in the Retail Certificates (a “beneficial owner” or an “investor”) will be entitled to receive a physical certificate representing such ownership interest. An investor’s interest in a Retail Certificate will be recorded, in an integral number of Retail Class Units 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 Certificate will be recorded, in an integral number of Retail Class Units on the records of the Depository (or of a Depository Participant that acts as agent for the financial intermediary if such intermediary is not a Depository Participant). Therefore, the investor must rely on the foregoing arrangements to evidence its interest in the Retail Certificates. Beneficial ownership of the Retail Certificates may be transferred only by compliance with the procedures of an investor’s financial intermediary and of the Depository Participants. In general, beneficial ownership of the Retail 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*

Each distribution of principal and interest on the Retail Certificates will be distributed by State Street 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. Each Depository Participant and each financial intermediary will be responsible for disbursing such distribution to the beneficial owners of the Retail Certificates that it represents. Accordingly, the beneficial owners may experience some delay in their receipt of distributions.

### *Retail Interest Distributions*

Interest to be distributed on the Retail Certificates on each Distribution Date will consist of one month's interest at the per annum rate of 6.35% on the outstanding principal balance thereof immediately prior to such Distribution Date. For further discussion, see "Distributions of Interest" herein.

### *Retail Principal Distributions*

*General.* Distributions of principal of the Retail Certificates on any Distribution Date (each, a "Retail Principal Distribution") will be made, in each case in integral multiples of \$1,000, in accordance with the priorities and limitations set forth herein. On each Distribution Date, State Street, or the Depository in the case of excess Retail Principal Distributions by random lot as described below, will determine the portion of the Retail Principal Distribution, if any, to be made on Retail Certificates held for the account of each Depository Participant. Each Depository Participant and each financial intermediary will in turn determine the portion of the Retail Principal Distribution to be made on the Retail Class Units held for the account of each investor that it represents.

*Rounding of Retail Principal Distributions.* On each Distribution Date on which amounts are available for the distribution of principal of the Retail Certificates (as described under "Distributions of Principal" herein), the amount of such distribution will be rounded, as necessary, to an amount equal to an integral multiple of \$1,000. Such rounding will be accomplished on the first Distribution Date on which a Retail Principal Distribution is made by withdrawing from the Retail Cash Deposit the amount of funds, if any, needed to round the amount otherwise allocable as principal of the Retail Certificates to the next higher integral multiple of \$1,000. On each succeeding Distribution Date on which a Retail Principal Distribution is to be made, the aggregate amount allocable as principal to the Retail Certificates will be applied first to repay any funds withdrawn from the Retail Cash Deposit on the preceding Distribution Date, and then the remainder of such allocable amount, if any, will be similarly rounded upward and applied as a Retail Principal Distribution. This procedure will continue on succeeding Distribution Dates until the principal balance of the Class of Retail Certificates has been reduced to zero. Thus, the Retail Principal Distribution on any Distribution Date may be slightly more or less than would be the case in the absence of such rounding procedures, but such difference will in no event exceed \$999.99 on any Distribution Date. The aggregate of all Retail Principal Distributions made through any Distribution Date will in no event be less than what would have been the case in the absence of such rounding procedures.

*Retail Principal Distribution Requests.* An investor in the Retail Certificates may request that distributions of principal of the Retail Certificates be allocated to such investor (up to the amount of such investor's ownership interest in the Retail Certificates) in integral multiples of \$1,000, on the earliest possible Distribution Date, subject to the priorities and limitations described below (each, a "Retail Principal Distribution Request"). Any Retail Principal Distribution Request must be submitted to the financial intermediary that maintains the account evidencing the related investor's interest in the Retail Certificates. If such financial intermediary is not a Depository Participant, it must notify the related Depository Participant of such request. The related Depository Participant must in turn make the request in writing to the Depository on a form required by the Depository. Upon the receipt of a request, the Depository will date and time stamp such request and forward it to State Street. State Street shall not be deemed liable for any delay in delivery to State Street of Retail Principal Distribution Requests or the withdrawal of such requests. The exact procedures to be followed by the Depository for purposes of determining the order of receipt will be those established from time to time by the Depository. State Street will maintain a list of those Depository Participants representing investors that have submitted Retail Principal Distribution Requests, together with the order of receipt and the amounts of such requests. State Street will notify the Depository and the appropriate Depository Participants as to which requests should be honored on each Distribution Date. Retail Principal Distribution Requests will be honored by the Depository in accordance with the procedures, and subject to the priorities and limitations, described below. The exact procedures to be



followed by State Street and the Depository for purposes of determining such priorities and limitations will be those established from time to time by State Street or the Depository, as the case may be. The decisions of State Street and the Depository concerning such matters will be final and binding on all affected persons.

*An investor may withdraw a Retail Principal Distribution Request by notifying the financial intermediary that maintains the account evidencing such investor's Retail Certificates. If such financial intermediary is not a Depository Participant, it must notify the related Depository Participant, which must in turn forward the withdrawal of such request, on a form required by the Depository, to State Street.*

In order for a Retail Principal Distribution Request, or a withdrawal of such request, to be honored with respect to a Distribution Date, it must be received by the Depository and forwarded to State Street, in the case of a Retail Principal Distribution Request, or received by the Depository Participant and forwarded to State Street, in the case of a withdrawal of such request, by the last day of the month preceding the month in which such Distribution Date occurs (the "Record Date"), in accordance with the procedures described above. Priority of distribution of principal of the Retail Certificates will be given to investors on whose behalf Retail Principal Distribution Requests have been duly received and not withdrawn. Such requests will be honored by the Depository in the following order of priority:

(i) requests on behalf of Deceased Owners (as defined above) will be honored in the order of their receipt by the Depository until such requests have been honored, with respect to each Deceased Owner on whose behalf such a request has been made, in an initial amount up to \$100,000 of original principal balance per Deceased Owner; and

(ii) requests on behalf of Living Owners (as defined below) will be honored in the order of their receipt by the Depository until such requests have been honored, with respect to each Living Owner on whose behalf such a request has been made, in an initial amount up to \$10,000 of original principal balance per Living Owner.

Thereafter, requests on behalf of Deceased Owners will be honored as provided in clause (i) above up to an additional amount equal to \$100,000 of original principal balance, and requests on behalf of Living Owners will be honored as provided in clause (ii) above up to an additional amount equal to \$10,000 of original principal balance. This sequence of priorities will be repeated until all Retail Principal Distribution Requests have been honored.

To the extent that the Retail Principal Distribution Requests exceed the aggregate amount of principal available for distribution on the Retail Certificates on a Distribution Date, such requests will automatically be honored on succeeding Distribution Dates, without the need for any further Retail Principal Distribution Requests, all in accordance with the applicable procedures of State Street. A Retail Principal Distribution Request submitted on behalf of a Living Owner who thereafter becomes a Deceased Owner will become entitled to the priority of a newly submitted request on behalf of a Deceased Owner, provided that, as to any Distribution Date, the Depository has received and forwarded to State Street appropriate evidence of death and any required tax waivers on or before the related Record Date. Upon the transfer of beneficial ownership of any Retail Certificate, any Retail Principal Distribution Request relating thereto will be deemed to have been withdrawn only upon the receipt by State Street of notification of such withdrawal using a form required by the Depository.

*Excess Retail Principal Distribution by Random Lot.* To the extent the Retail Principal Distribution for the Retail Certificates on any Distribution Date exceeds the amount evidenced by the applicable Retail Principal Distribution Requests received by State Street, the Retail Certificates in respect of which distributions of principal are to be made (in integral multiples of \$1,000) will be determined in accordance with the then applicable random lot procedures of the Depository and the established procedures of the Depository Participants and financial intermediaries. Accordingly, a Depository Participant or financial intermediary may elect to allot the remaining portion of such

Retail Principal Distribution to the accounts of some investors (which could include such Depository Participant or financial intermediary) without allotting such distributions to the accounts of other investors.

*Beneficial Owners.* A “Deceased Owner” is a beneficial Owner of Retail Certificates who was living at the time such interest was acquired and whose executor or other authorized representative causes to be furnished to the Depository evidence of death satisfactory to State Street and any tax waivers requested by State Street. A “Living Owner” is any other beneficial owner of Retail Certificates. Retail Certificates beneficially owned by tenants by the entirety, joint tenants or tenants in common will be considered to be beneficially owned by a single owner. The death of a tenant by the entirety, joint tenant or tenant in common will be deemed to be the death of the beneficial owner, and the Retail Certificates so beneficially owned will be eligible for priority in principal distribution, subject to the limitations stated above. Retail Certificates beneficially owned by a trust will be considered to be beneficially owned by each beneficiary of the trust to the extent of such beneficiary’s beneficial interest in such Retail Certificates, but in no event will a trust’s beneficiaries collectively be deemed to be beneficial owners of a principal amount of Retail Certificates greater than the principal amount of Retail Certificates of which such trust is the owner. The death of a beneficiary of a trust will be deemed to be the death of a beneficial owner of the Retail Certificates beneficially owned by the trust to the extent of such beneficiary’s beneficial interest in the Retail Certificates owned by such trust. The death of an individual who was a tenant by the entirety, joint tenant or tenant in common in a tenancy which is the beneficiary of a trust will be deemed to be the death of the beneficiary of the trust. The death of a person who, during his or her lifetime, was entitled to substantially all of the beneficial ownership interests in Retail Certificates will be deemed to be the death of the beneficial owner of such Retail Certificates regardless of the registration of ownership, if such beneficial interest can be established to the satisfaction of State Street. Such beneficial interest will be deemed to exist in typical cases of street name or nominee ownership, ownership by a trustee, ownership under the Uniform Gifts to Minors Act and community property or other joint ownership arrangements between spouses. Beneficial interest will include the power to sell, transfer or otherwise dispose of Retail Certificates and the right to receive the proceeds therefrom, as well as interest and principal distributable with respect thereto.

*Tax Information.* Information allowing beneficial owners of the Retail Certificates to calculate properly the taxable income attributable to the Retail Certificates will be made available by Fannie Mae to Depository Participants and financial intermediaries as required by federal income tax law. Financial intermediaries, in turn, will be obligated to supply such information to individuals and other beneficial owners who are not “exempt recipients.” Beneficial owners should be aware, however, that such information need not be furnished before March 15 of any calendar year following a calendar year in which income accrues on a Retail Certificate. The Class of Retail Certificates may be issued with “original issue discount” or at a premium for federal income tax purposes. *Prospective investors in the Class of Retail Certificates should be aware that the beneficial owners of Retail Certificates must include in gross income original issue discount, if any, as it accrues under a method that generally results in recognition of some taxable income in advance of receipt of the cash attributable to such income.* Prospective investors in the Class of Retail Certificates also should be aware that beneficial owners of the Retail Certificates should treat any premium, any original issue discount and any market discount with respect to such Certificates in the same manner as beneficial owners of other “regular interests” in a REMIC. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates” in the REMIC Prospectus. Because the Retail Certificates will not receive payments of principal on a pro rata basis, however, a payment in full of a Retail Certificate may be treated as a prepayment for purposes of the premium, original issue discount and market discount rules. Additional tax consequences affecting beneficial owners of the Retail Certificates are discussed under “Certain Additional Federal Income Tax Consequences—Taxation of Beneficial Owners of the Regular Certificates” herein and “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates” in the REMIC Prospectus.



### *Certain Principal Distribution Considerations*

Because there may be little or no distribution of principal of the Retail Certificates on any particular Distribution Date, *there is no assurance that a Retail Principal Distribution Request will be honored, either in whole or in part, within any particular time after it is submitted.* The likelihood that any particular Retail Principal Distribution Request will be honored within any particular time after submission will also be affected by the aggregate principal balance of the Retail Certificates beneficially owned by persons having priority to right of distribution, either due to their status as Deceased Owners or because of earlier submission of their Retail Principal Distribution Requests. Conversely, the amount of principal available to be distributed on the Retail Certificates on any Distribution Date may exceed the amount necessary to satisfy such Retail Principal Distribution Requests, in which case non-requesting investors may receive distributions of principal in accordance with the random lot procedures referred to herein.

During periods in which interest rates generally are higher than the per annum rate at which interest accrues on the Retail Certificates, a greater number of investors may be expected to submit Retail Principal Distribution Requests. During such periods, however, there may be a concurrent reduction in the rate of prepayments on the related Mortgage Loans, thus reducing the funds available for Retail Principal Distributions. Conversely, Retail Principal Distributions may be greater when prevailing interest rates decline relative to the rates of interest on the related Mortgage Loans. Under such conditions, investors may be less likely to submit Retail Principal Distribution Requests while mortgagors may be more likely to prepay the related Mortgage Loans. Investors whose Retail Certificates are selected for distribution under such conditions may be unable to reinvest the proceeds of such distributions at effective interest rates equal to the specified per annum rate at which interest accrues on the Retail Certificates.

Because the rate of Retail Principal Distributions is dependent upon the rate of principal distributions (including prepayments) on the related Mortgage Loans and the priority sequences of distributions described herein under “Description of the Certificates—Distributions of Principal,” no assurance can be given as to the Distribution Date on which the Retail Certificates will begin to receive principal distributions, as to the rate at which such distributions will continue thereafter or as to the date on which the principal amount of the Retail Certificates will be distributed in full. In addition, it is possible that certain investors in the Retail Certificates may not receive Retail Principal Distributions until the Final Distribution Date for such Class. Any investor who purchases a Retail Certificate at a premium (or a discount) should consider the risk that relatively early (or late) principal distributions following issuance of the Certificates could result in an actual yield that is lower than such investor’s anticipated yield. See “Description of the Certificates—Distributions of Principal,” “—Yield Tables” and “—Weighted Average Lives of the Certificates” herein.

As described under “Distributions of Principal” herein, the amount of principal allocated on each Distribution Date to the Retail Certificates primarily will depend on the sufficiency of the Group 1 Principal Distribution Amount (as defined herein) to reduce the principal balances of those Classes of Certificates that have higher principal payment priorities than the Class of Retail Certificates to zero. As a result, the amount of principal distributable on the Retail Certificates on any Distribution Date will be sensitive to the level of prepayments of the related Mortgage Loans.

To illustrate the effect of prepayments on the distributions of principal of the Retail Certificates, the following table indicates the approximately aggregate distributions of principal of the Retail Certificates during the periods shown. The following table shows the amounts that would be available for distributions of principal of the Class of Retail Certificates during the periods indicated at various constant percentages of PSA (as defined under “Structuring Assumptions—*Prepayment Assumptions*” herein), based on the allocations of principal described under “Distributions of Principal” herein. The amounts shown have been calculated on the basis of the Pricing Assumptions (as defined herein) (except that with respect to the information set forth below under 0% PSA, it has been assumed that the related Mortgage Loans have remaining terms to maturity of 360 months, and that

the Mortgage Loans relating to the 6.0% MBS, 6.5% MBS and 7.5% MBS bear interest at the per annum rates of 8.5%, 9.0% and 10.0%, respectively) and on the assumption that principal distributions on the Retail Certificates are not rounded to integral multiples of \$1,000 and are made on the 18th day of each month in which such distributions are required to be made. **The amounts in the table are hypothetical numbers only, apply to the Class of Retail Certificates taken as a whole, and are presented solely to show the relationship between prepayments and distributions on the Retail Certificates in order to assist investors in analyzing that relationship. Because of the distribution priorities and allocations described above and because investors in the Retail Certificates will receive principal distributions in integral multiples of \$1,000, there is no assurance that any investor will receive a distribution of principal on any Distribution Date. Investors are urged to consult their own financial advisors as to the significance of prepayments in terms of the investors' financial and investment objectives.**

**Aggregate Retail Principal Distributions  
(for illustrative purposes only)  
(Amounts in thousands)**

Twelve Consecutive Months Through	PSA Prepayment Assumption				
	0%	100%	350%	500%	700%
April 1999 .....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
April 2000 .....	0	0	0	0	0
April 2001 .....	0	0	0	0	0
April 2002 .....	147	147	147	147	147
April 2003 .....	147	147	147	147	12,136
April 2004 .....	147	147	147	147	0
April 2005 .....	147	147	147	2,064	0
April 2006 .....	147	147	147	3,166	0
April 2007 .....	147	147	147	1,086	0
April 2008 .....	147	147	147	147	0
April 2009 .....	147	147	147	147	0
April 2010 .....	147	147	147	1,238	0
April 2011 .....	147	147	147	1,281	0
April 2012 .....	147	147	1,910	876	0
April 2013 .....	147	147	2,126	598	0
April 2014 .....	147	147	1,640	407	0
April 2015 .....	147	147	1,263	276	0
April 2016 .....	147	147	969	186	0
April 2017 .....	147	147	742	126	0
April 2018 .....	147	147	566	84	0
April 2019 .....	147	147	430	56	0
April 2020 .....	147	147	325	37	0
April 2021 .....	147	147	245	24	0
April 2022 .....	147	147	183	16	0
April 2023 .....	147	147	136	10	0
April 2024 .....	147	147	100	7	0
April 2025 .....	147	147	72	4	0
April 2026 .....	147	2,958	52	2	0
April 2027 .....	147	3,712	36	1	0
April 2028 .....	8,451	2,075	16	1	0
Total* .....	<u>\$12,283</u>	<u>\$12,283</u>	<u>\$12,283</u>	<u>\$12,283</u>	<u>\$12,283</u>

\* Total principal payments may not equal the sums of the respective columns due to rounding.

The foregoing table has been prepared on the basis of assumptions, some or all of which are likely to differ from actual experience. There can be no assurance that the related Mortgage Loans will have the assumed characteristics or will prepay at any of the constant rates shown in the table or at any other particular rate or that the amounts available for distribution of principal of the Retail Certificates will correspond to any of the amounts shown herein. The rates of Retail Principal

Distributions for the Retail Certificates will be directly related to the actual amortization and prepayments of the related Mortgage Loans, which will likely include Mortgage Loans that have remaining terms to maturity shorter or longer than those assumed and interest rates higher or lower than those assumed. As a result, the amounts available for distribution of principal of the Retail Certificates are likely to differ from those shown in the table above, even if all the Mortgage Loans prepay at the indicated constant percentages of PSA. In particular, the diverse remaining terms to maturity of the Mortgage Loans could produce lower yields than those produced by Mortgage Loans having the assumed characteristics. In addition, the Mortgage Loans will not prepay at a constant level of PSA until maturity and it is extremely unlikely that all of such Mortgage Loans will prepay at the same rate. The timing of the changes in the rate of prepayments may significantly affect the actual amounts available for distribution of principal to an investor (and may affect the resulting yield to maturity), even if the average rate of principal prepayments is consistent with an investor's expectation. In general, the earlier the payment of principal of the Mortgage Loans, the greater the effect on an investor's yield to maturity. As a result, the effect on an investor's yield of principal prepayments occurring at a rate slower (or faster) than the rate anticipated by the investor during the period immediately following the issuance of the Retail Certificates will not be equally offset by a subsequent like increase (or decrease) in the rate of principal prepayments. Investors are urged to consult their own financial advisors as to the appropriate prepayment assumption to be used in deciding whether to purchase any Retail Certificates.

The weighted average lives of the Retail Certificates shown in the table referenced under "Decrement Tables" herein apply to such Class taken as a whole; as a result of the distribution priorities and allocations described above, the weighted average lives of the Retail Certificates beneficially owned by individual investors may vary significantly from the weighted average life of the Class as a whole. Although distributions of principal and interest on the Retail Certificates are guaranteed by Fannie Mae as described herein, Fannie Mae can give no assurance as to any particular principal distribution scenario, as to any particular weighted average life for the Retail Certificates or as to the date or dates on which any particular investor will receive distributions of principal. In addition, there is no assurance that procedures of the financial intermediaries or the Depository will not change. Investors in the Retail Certificates should understand that they are assuming all risks and benefits associated with the rate of principal distributions on such Retail Certificates, whether such rate is rapid or slow and with variations in such rate from time to time. Investors in the Retail Certificates should also consider that the effective yields to Holders of the Retail Certificates will be lower than the yields otherwise produced because principal and interest payable on a Distribution Date will not be distributed until the 18th day following the end of the related Interest Accrual Period and will not bear interest during such delay.

#### *Investment Determination*

The Retail Certificates may not be an appropriate investment for all prospective investors. The Retail Certificates would not be an appropriate investment for any investor requiring a particular distribution of principal on a specified date or an otherwise predictable stream of principal distributions. There is no assurance that any investor in the Retail Certificates will receive a principal distribution (in integral multiples of \$1,000) on any particular Distribution Date. Any investor who purchases a Retail Certificate at a premium (or a discount) should consider the risk that relatively early (or late) principal distributions following issuance of the Certificates could result in an actual yield that is lower than such investor's anticipated yield. In addition, although the Dealers intend to make a secondary market in the Retail Certificates, they have no obligation to do so, and any such market making may be discontinued at any time. There is no assurance that such a secondary market will develop, that any such market will continue or that information on any such secondary market will be as readily available as information regarding certain other types of investments. Thus, investors may not be able to sell their Retail Certificates readily or at a price that will enable them to realize their anticipated yield. The price of the Retail Certificates in any such secondary market will be affected by various factors, and the volatility of such price may differ from that evidenced by certain

other types of investments. Accordingly, there can be no assurance that the price at which an investor may be able to sell a Retail Certificate will be the same as or higher than the purchase price at which such investor purchased such Certificate; in fact, such price may be lower and, under certain circumstances, substantially lower than the original price for such Retail Certificate.

## **Book-Entry Procedures**

*General.* The LL Class 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 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.

The Fed Book-Entry Certificates will be issued and maintained only on the book-entry system of the Federal Reserve Banks. The Fed Book-Entry 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 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 such 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.

*Method of Distribution.* 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.

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.

## The MBS

The MBS will have the aggregate unpaid principal balances and Pass-Through Rates 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 an original maturity of up to 30 years. In addition, the Mortgage Loans underlying the MBS were originated pursuant to agreements between lenders and employers in connection with relocation programs maintained by employers that commonly relocate their employees ("relocation mortgage loans"), as opposed to being originated in connection with the non-recurring relocation of an employer's place of business. See "The Mortgage Pools" and "Yield Considerations" in the MBS Prospectus. The characteristics of the MBS and the related Mortgage Loans as of April 1, 1998 (the "Issue Date") are expected to be as follows:

### MBS

#### 6.0% MBS

Aggregate Unpaid Principal Balance .....	\$222,000,000
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 .....	355 months
Approximate Weighted Average CAGE .....	5 months

#### 6.5% MBS

Aggregate Unpaid Principal Balance .....	\$20,000,000
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 .....	355 months
Approximate Weighted Average CAGE .....	5 months

#### 7.5% MBS

Aggregate Unpaid Principal Balance .....	\$31,000,000
MBS Pass-Through Rate .....	7.50%

#### Related Mortgage Loans

Range of WACs (per annum percentages) .....	7.75% to 10.00%
Range of WAMs .....	241 months to 360 months
Approximate Weighted Average WAM .....	355 months
Approximate Weighted Average CAGE .....	5 months

## The Underlying REMIC Certificate

The Underlying REMIC Certificate represents a beneficial ownership interest in the Underlying REMIC Trust, the assets of which evidence beneficial ownership interests in distributions made in respect of certain Ginnie Mae Certificates. Each Ginnie Mae Certificate is based on and backed by a pool of mortgage loans that are either insured or guaranteed by the FHA, the VA or the FmHA. The Underlying REMIC Certificate provides that distributions thereon will be passed through monthly, commencing in the month following the initial issuance thereof. The general characteristics of the Underlying REMIC Certificate are described in the Underlying REMIC Disclosure Document.



The table contained in Exhibit A hereto sets forth certain information with respect to the Underlying REMIC Certificate, including the numerical designation of the related trust, the class designation, the date of issue, the CUSIP number, the interest rate, the interest type, the final distribution date, the principal type, the original principal balance of the entire class, the current principal factor for such class and the principal balance of such class contained in the Trust as of the Issue Date. The table also sets forth the approximate weighted average WAC, approximate weighted average WARM and approximate weighted average WALA of the Mortgage Loans underlying the related Ginnie Mae Certificates as of the Issue Date, the underlying security type and the related Class Group.

To request further information regarding the Underlying REMIC Certificate, telephone Fannie Mae at 1-800-BEST-MBS or 202-752-6547. Other data specific to the Certificates is available in electronic form by calling Fannie Mae at 1-800-752-6440 or 202-752-6000. It should be noted that there may have been material changes in facts and circumstances since the date the Underlying REMIC Disclosure Document was prepared, including, but not limited to, changes in prepayment speeds and prevailing interest rates and other economic factors, which may limit the usefulness of the information set forth in such document.

## Final Data Statement

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

## Distributions of Interest

### *Categories of Classes*

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

<u>Interest Type*</u>	<u>Classes</u>
<b>Group 1 Classes</b>	
Fixed Rate	A, B, C, D, E, LL and G
Principal Only	H
Interest Only	G
<b>Group 2 Classes</b>	
Principal Only	K
Inverse Floating Rate	S
Interest Only	S
<b>No Payment Residual</b>	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 Periods.* Interest to be distributed on a Distribution Date will accrue on the interest-bearing Certificates during the one-month periods set forth below (each, an “Interest Accrual Period”).

<u>Classes</u>	<u>Interest Accrual Periods</u>
S Class (the “No Delay Class”)	One month period ending on the day preceding the Distribution Date
All Fixed Rate Classes (collectively, the “Delay Classes”)	Calendar month preceding the month in which the Distribution Date occurs

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

Solely for purposes of facilitating the trading of the Principal Only Classes, the H Class will be treated as a Delay Class, and the K Class will be treated as a No Delay Class.

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

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

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

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

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

## **Calculation of LIBOR**

On each Index Determination Date, until the principal balance of the S Class has been reduced to zero, Fannie Mae will establish LIBOR for the related Interest Accrual Period. LIBOR will be established on the basis of the “LIBO Method” as described in the REMIC Prospectus under “Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes—LIBOR.”

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

## 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>
<b>Group 1 Classes</b>	
Sequential Pay	A, B, C, D, E, LL and H
Retail	LL
Notional	G
<b>Group 2 Classes</b>	
Structured Collateral/Pass-Through	K
Notional	S
<b>No Payment Residual</b>	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 monthly 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 MBS in the month of such Distribution Date (the "Group 1 Principal Distribution Amount") and (ii) the distribution of principal concurrently made on the Class 1992-G8-SA REMIC Certificate (the "Group 2 Principal Distribution Amount"). The portion of the Class of Underlying REMIC Certificate held by the Trust will be set forth in Exhibit A.

### *Group 1 Principal Distribution Amount*

On each Distribution Date, the Group 1 Principal Distribution Amount will be distributed as principal of the Group 1 Classes as described below.

A. Commencing in May 2001, an amount up to \$13,000 will be distributed, concurrently, as principal of the LL and H Classes, pro rata (or 94.4846153846% and 5.5153846154%, respectively), until the principal balances thereof are reduced to zero.

B. Commencing in May 2003, the Specified Percentage (described below) of the Basic Principal Amount (described below) (in no event to exceed the Group 1 Principal Distribution Amount remaining after giving effect to A. above) will be distributed as principal of the E Class, until the principal balance thereof is reduced to zero.

C. Commencing in May 1998, the Group 1 Principal Distribution Amount remaining after giving effect to A. and B. above will be distributed as principal of the Classes specified below in the following order of priority:

(i) 29.32% of such amount, sequentially, to the A and B Classes, in that order, until the respective principal balances thereof are reduced to zero; and

(ii) all remaining amounts in the following order of priority:

*first*, sequentially, to the C and D Classes, in that order, until the principal balances thereof are reduced to zero;

*second*, concurrently, to the LL and H Classes, pro rata, until the principal balances thereof are reduced to zero; and

*third*, to the E Class, until the principal balance thereof is reduced to zero.

Sequential  
Pay  
Classes

The “Specified Percentage” for any Distribution Date will be calculated by dividing (x) the outstanding principal balance of the E Class plus \$21,000,000 by (y) the aggregate outstanding principal balance of all the Group 1 Classes, in each case immediately prior to such Distribution Date, but in no event shall the Specified Percentage exceed 100%.

The “Basic Principal Amount” for any Distribution Date is the sum of (i) the portion of the Group 1 Principal Distribution Amount consisting of scheduled payments of principal assumed to be received on the underlying Mortgage Loans during the calendar month prior to the month of such Distribution Date plus (ii) the Prepayment Percentage (described below) of the remaining portion of the Group 1 Principal Distribution Amount. For this purpose, the scheduled payments of principal assumed to be received on the underlying Mortgage Loans during any calendar month will be calculated by Fannie Mae on the basis of the interest rates and remaining terms to maturity of such Mortgage Loans. All such amounts calculated by Fannie Mae shall (in the absence of manifest error) be final and binding. The “Prepayment Percentage” for any Distribution Date will be as specified below:

<u>Distribution Date</u>	<u>Prepayment Percentage</u>
May 2003 through April 2004 .....	30%
May 2004 through April 2005 .....	40%
May 2005 through April 2006 .....	60%
May 2006 through April 2007 .....	80%
May 2007 and thereafter .....	100%

#### *Group 2 Principal Distribution Amount*

On each Distribution Date, the Group 2 Principal Distribution Amount will be distributed as principal of the K Class, until the principal balance thereof is reduced to zero. } Structured Collateral / Pass-Through Class

### **Structuring Assumptions**

*Pricing Assumptions.* Unless otherwise specified, the information in the tables in this Prospectus Supplement has been prepared on the basis of the actual characteristics of each Pool underlying the Underlying REMIC Certificate, the priority sequence affecting distributions on the Underlying REMIC Certificate and the following assumptions (such characteristics and assumptions, collectively, the “Pricing Assumptions”):

- the Mortgage Loans underlying the 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 Underlying the MBS”;
- all payments (including prepayments) on the Mortgage Loans underlying the Ginnie Mae Certificates are distributed on the Certificates in the month in which such payments are received;
- 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 April 30, 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.

## Yield Tables

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

*The G Class.* The yields to investors in the G Class will be very sensitive to the rate of principal payments (including prepayments) of the related Mortgage Loans. The Mortgage Loans generally can be prepaid at any time. On the basis of the assumptions described below, the yield to maturity on the G Class would be 0% if prepayments of the related Mortgage Loans were to occur at a constant rate of approximately 650% PSA. If the actual prepayment rates of the related Mortgage Loans were to exceed the applicable level for as little as one month while equaling such level for the remaining months, the investors in the G 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 assumption that the aggregate purchase price of the G Class (expressed as a percentage of the original principal balance) is as follows:

<u>Class</u>	<u>Price*</u>
G .....	16.50%

\* 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 G Class to Prepayments

	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>350%</u>	<u>500%</u>	<u>700%</u>
Pre-Tax Yields to Maturity .....	34.5%	31.8%	17.8%	9.0%	(3.1)%

*The Inverse Floating Rate Class.* The yields to investors in the Inverse Floating Rate Class will be sensitive to the rate of principal payments (including prepayments) of the related Mortgage Loans and to the level of the Index. The Mortgage Loans generally can be prepaid at any time. In addition, the rate of principal payments (including prepayments) of the Mortgage Loans is likely to vary, and may vary considerably, from Pool to Pool. As indicated in the table below, it is possible that, under certain Index and prepayment scenarios, investors in the Inverse Floating Rate Class would not fully recoup their initial investments.

Changes in the Index may not correlate with changes in prevailing mortgage interest rates. It is possible that lower prevailing mortgage interest rates, which might be expected to result in faster prepayments, could occur concurrently with an increased level of such Index.

The information set forth in the following table was prepared on the basis of the Pricing Assumptions and the assumptions that (i) the interest rate applicable to the Inverse Floating Rate Class for the initial Interest Accrual Period is the assumed rate appearing in the table under “Reference Sheet—Interest Rates” herein and for each Interest Accrual Period subsequent to the initial Interest Accrual Period will be based on the indicated level of the Index and (ii) the aggregate purchase price of such Class (expressed as a percentage of original principal balance) is as follows:

<u>Class</u>	<u>Price*</u>
S .....	44.0%

\* 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 S Class to Prepayments and LIBOR  
(Pre-Tax Yields to Maturity)**

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>280%</u>	<u>350%</u>	<u>500%</u>
3.65625% .....	13.6%	12.7%	5.5%	1.6%	(8.1)%
5.65625% .....	7.5%	6.3%	(1.9)%	(6.0)%	(16.0)%
7.65625% .....	0.1%	(1.5)%	(10.8)%	(15.1)%	(25.3)%
9.65625% .....	(13.8)%	(16.0)%	(26.1)%	(30.5)%	(40.4)%
10.17000% .....	*	*	*	*	*

\* The pre-tax yield to maturity will be less than (99.9)%.

*The Principal Only Classes.* **The Principal Only Classes will not bear interest. As indicated in the tables below, a low rate of principal payments (including prepayments) on the related Mortgage Loans will have a negative effect on the yields to investors in the Principal Only Classes.**

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

<u>Class</u>	<u>Price</u>
H .....	35.0%
K .....	62.0%

**Sensitivity of the H Class to Prepayments  
(Pre-Tax Yields to Maturity)**

	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>350%</u>	<u>500%</u>	<u>700%</u>
H .....	4.5%	4.6%	7.1%	11.4%	24.3%

**Sensitivity of the K Class to Prepayments  
(Pre-Tax Yields to Maturity)**

	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>280%</u>	<u>350%</u>	<u>500%</u>
K .....	2.7%	3.2%	5.7%	7.0%	10.2%

## 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, the priority sequences of distributions of principal of the Group 1 Classes and, in the case of the Group 2 Classes, the priority sequence of principal distributions of the Underlying REMIC Certificate. See “Distributions of Principal” herein and “Description of the Certificates—Distributions of Principal” in the Underlying REMIC Disclosure Document.

The effect of the foregoing factors may differ as to various Classes and the effects on any Class may vary at different times during the life of such Class. Accordingly, no assurance can be given as to the weighted average life of any Class. Further, to the extent the prices of the Certificates represent discounts or premiums to their respective original principal balances, variability in the weighted average lives of such Classes of Certificates could result in variability in the related yields to maturity. For an example of how the weighted average lives of the Classes may be affected at various constant prepayment rates, see the Decrement Tables below.

## Decrement Tables

The following tables indicate the percentages of original principal balances of the specified Classes that would be outstanding after each of the dates shown at various constant PSA rates and the corresponding weighted average lives of such Classes. The tables have been prepared on the basis of the Pricing Assumptions, except that with respect to the information set forth for each such Class under 0% PSA it has been assumed that the underlying Mortgage Loans have the original and remaining terms to maturity and bear interest at the per annum rates specified below:

<u>Mortgage Loans Relating to Trust Assets Specified Below</u>	<u>Original Terms to Maturity</u>	<u>Remaining Terms to Maturity</u>	<u>Interest Rates</u>	<u>Related Groups</u>
6.0% MBS	360 months	360 months	8.5%	Group 1
6.5% MBS	360 months	360 months	9.0%	Group 1
7.5% MBS	360 months	360 months	10.0%	Group 1
1992-G8	360 months	285 months	(1)	Group 2

(1) With respect to Fannie Mae REMIC Trust 1992-G8, it has been assumed that the Mortgage Loans underlying the related Ginnie Mae Certificates issued under the Ginnie Mae I and Ginnie Mae II programs bear interest at the rates of 9.50% and 10.50%, respectively.

It is not likely that (i) all of the underlying Mortgage Loans will have the interest rates, CAGEs or WALAs or remaining terms to maturity assumed or (ii) the underlying Mortgage Loans will prepay at a constant PSA level. In addition, the diverse remaining terms to maturity of the Mortgage Loans could produce slower or faster principal distributions than indicated in the tables at the specified constant PSA rates, even if the distributions of the weighted average remaining terms to maturity and the weighted average CAGEs or WALAs of the Mortgage Loans are identical to the distributions of the remaining terms to maturity and CAGEs or WALAs specified in the Pricing Assumptions.



## Percent of Original Principal Balances Outstanding

Date	A Class					B Class					C Class					D Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	350%	500%	700%	0%	100%	350%	500%	700%	0%	100%	350%	500%	700%	0%	100%	350%	500%	700%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
April 1999	97	84	57	40	18	100	100	100	100	100	96	82	52	33	9	100	100	100	100	100
April 2000	93	57	0	0	0	100	100	93	79	61	92	52	0	0	0	100	100	91	77	60
April 2001	89	26	0	0	0	100	100	67	46	24	87	18	0	0	0	100	100	66	46	25
April 2002	84	0	0	0	0	100	99	46	24	2	83	0	0	0	0	100	96	47	25	5
April 2003	80	0	0	0	0	100	90	30	8	0	77	0	0	0	0	100	87	31	11	0
April 2004	76	0	0	0	0	100	82	20	1	0	73	0	0	0	0	100	80	22	4	0
April 2005	71	0	0	0	0	100	75	13	0	0	68	0	0	0	0	100	74	15	0	0
April 2006	66	0	0	0	0	100	69	9	0	0	62	0	0	0	0	100	68	11	0	0
April 2007	61	0	0	0	0	100	64	7	0	0	56	0	0	0	0	100	63	9	0	0
April 2008	55	0	0	0	0	100	59	6	0	0	50	0	0	0	0	100	58	9	0	0
April 2009	48	0	0	0	0	100	54	3	0	0	43	0	0	0	0	100	54	6	0	0
April 2010	41	0	0	0	0	100	50	1	0	0	35	0	0	0	0	100	50	3	0	0
April 2011	34	0	0	0	0	100	46	0	0	0	26	0	0	0	0	100	46	1	0	0
April 2012	25	0	0	0	0	100	42	0	0	0	17	0	0	0	0	100	43	0	0	0
April 2013	16	0	0	0	0	100	39	0	0	0	7	0	0	0	0	100	39	0	0	0
April 2014	6	0	0	0	0	100	35	0	0	0	0	0	0	0	0	99	36	0	0	0
April 2015	0	0	0	0	0	98	31	0	0	0	0	0	0	0	0	95	32	0	0	0
April 2016	0	0	0	0	0	94	27	0	0	0	0	0	0	0	0	92	28	0	0	0
April 2017	0	0	0	0	0	90	23	0	0	0	0	0	0	0	0	87	24	0	0	0
April 2018	0	0	0	0	0	85	19	0	0	0	0	0	0	0	0	83	21	0	0	0
April 2019	0	0	0	0	0	80	16	0	0	0	0	0	0	0	0	78	18	0	0	0
April 2020	0	0	0	0	0	74	12	0	0	0	0	0	0	0	0	73	14	0	0	0
April 2021	0	0	0	0	0	68	9	0	0	0	0	0	0	0	0	67	12	0	0	0
April 2022	0	0	0	0	0	61	6	0	0	0	0	0	0	0	0	60	9	0	0	0
April 2023	0	0	0	0	0	53	4	0	0	0	0	0	0	0	0	53	6	0	0	0
April 2024	0	0	0	0	0	43	1	0	0	0	0	0	0	0	0	43	4	0	0	0
April 2025	0	0	0	0	0	32	0	0	0	0	0	0	0	0	0	33	1	0	0	0
April 2026	0	0	0	0	0	20	0	0	0	0	0	0	0	0	0	22	0	0	0	0
April 2027	0	0	0	0	0	7	0	0	0	0	0	0	0	0	0	9	0	0	0	0
April 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)**	9.9	2.2	1.1	0.8	0.7	24.6	13.0	4.5	3.1	2.4	9.2	2.0	1.0	0.8	0.6	24.4	13.1	4.6	3.2	2.4

  

Date	E Class					LL*** and H Classes					G† Class					K and S† Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	350%	500%	700%	0%	100%	350%	500%	700%	0%	100%	350%	500%	700%	0%	100%	280%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
April 1999	100	100	100	100	100	100	100	100	100	100	99	97	91	88	83	100	100	100	100	100
April 2000	100	100	100	100	100	100	100	100	100	100	99	91	75	66	55	100	100	100	100	100
April 2001	100	100	100	100	100	100	100	100	100	100	98	85	59	46	32	100	100	100	100	81
April 2002	100	100	100	100	100	99	99	99	99	99	97	79	46	32	18	100	100	100	90	55
April 2003	100	100	100	100	97	98	98	98	98	0	96	73	36	22	10	100	100	90	69	38
April 2004	98	94	86	80	55	96	96	96	96	0	96	68	28	15	6	100	100	73	53	26
April 2005	96	87	69	62	31	95	95	95	80	0	94	63	22	10	3	100	100	59	41	17
April 2006	93	79	48	43	18	94	94	94	54	0	93	58	17	7	2	100	100	47	31	12
April 2007	91	68	26	26	10	93	93	93	45	0	92	54	13	5	1	100	100	38	24	8
April 2008	88	57	3	12	6	92	92	92	44	0	91	49	10	3	1	100	100	30	18	5
April 2009	85	46	0	2	3	90	90	90	43	0	89	45	8	2	*	100	90	24	13	4
April 2010	81	36	0	0	2	89	89	89	33	0	87	42	6	2	*	100	80	18	10	2
April 2011	78	27	0	0	1	88	88	88	22	0	86	38	5	1	*	100	69	14	7	2
April 2012	74	18	0	0	1	87	87	72	15	0	84	35	4	1	*	100	60	11	5	1
April 2013	69	9	0	0	*	86	86	55	10	0	81	31	3	*	*	100	51	8	4	1
April 2014	64	1	0	0	*	84	84	42	7	0	79	28	2	*	*	100	42	6	3	*
April 2015	59	0	0	0	*	83	83	32	5	0	76	26	2	*	*	100	33	4	2	*
April 2016	53	0	0	0	*	82	82	24	3	0	73	23	1	*	*	100	25	3	1	*
April 2017	47	0	0	0	*	81	81	18	2	0	70	20	1	*	*	100	17	2	1	*
April 2018	40	0	0	0	*	80	80	13	1	0	66	18	1	*	*	84	11	1	*	*
April 2019	33	0	0	0	*	78	78	9	1	0	62	16	*	*	*	64	5	*	*	*
April 2020	25	0	0	0	*	77	77	7	1	0	57	13	*	*	*	43	1	*	*	0
April 2021	16	0	0	0	*	76	76	5	*	0	52	11	*	*	*	19	*	0	0	0
April 2022	7	0	0	0	*	75	75	3	*	0	47	9	*	*	*	0	0	0	0	0
April 2023	0	0	0	0	*	74	74	2	*	0	41	8	*	*	*	0	0	0	0	0
April 2024	0	0	0	0	*	72	72	1	*	0	34	6	*	*	*	0	0	0	0	0
April 2025	0	0	0	0	*	71	71	1	*	0	27	4	*	*	*	0	0	0	0	0
April 2026	0	0	0	0	*	70	47	*	*	0	19	2	*	*	*	0	0	0	0	0
April 2027	0	0	0	0	*	69	17	*	*	0	10	1	*	*	*	0	0	0	0	0
April 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)**	17.5	10.7	7.8	7.7	6.7	25.5	24.5	15.7	10.1	4.6	21.5	11.4	4.8	3.5	2.6	21.6	15.4	8.8	7.3	5.1

\* 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.

\*\*\* The weighted average lives shown in the table for the Class of Retail Certificates apply to such Class as a whole and are not likely to reflect the experience of any investor in such Class of Retail Certificates. Because investors will receive principal distributions subject to the distribution priorities and allocations described under “Description of the Certificates—The Retail Certificates—*Retail Principal Distributions*” herein, the weighted average lives of Retail Class Units will vary among different investors. See “Description of the Certificates—The Retail Certificates—*Certain Principal Distribution Considerations*” 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 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 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 Notional Classes and the Principal Only Classes will be, and certain other Classes of 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 350% PSA in the case of the Group 1 Classes and 280% 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 or the Ginnie Mae Certificates 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 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.

Additional tax consequences affecting beneficial owners of Retail Certificates are discussed under “Description of the Certificates—The Retail Certificates—*Retail Principal Distributions—Tax Information*” herein.

### **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 7.01% (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 Dealers will receive the applicable Certificates in exchange for the MBS and the Underlying REMIC Certificate pursuant to a Fannie Mae commitment. The Dealers propose to offer the applicable Certificates directly to the public from time to time in negotiated transactions at varying prices to be determined at the time of sale. The Dealers may effect such transactions to or through dealers.

*Increase in Certificates.* Before the Settlement Date, Fannie Mae and the Dealers may agree to offer hereby Group 1 Classes 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 Group 1 Class bears to the aggregate original principal balance of all Group 1 Classes will remain the same. In addition, the proportion that any maximum or specified amount distributable to each Group 1 Class bears to the aggregate original principal balance of all Group 1 Classes will remain the same.

### **LEGAL MATTERS**

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

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Underlying REMIC Certificate

<u>Underlying REMIC Trust</u>	<u>Class</u>	<u>Date of Issue</u>	<u>CUSIP Number</u>	<u>Interest Rate</u>	<u>Interest Type (1)</u>	<u>Final Distribution Date</u>	<u>Principal Type (1)</u>	<u>Original Principal Balance of Class</u>	<u>April 1998 Class Factor</u>	<u>Principal Balance in the Trust as of Issue Date</u>	<u>Approximate Weighted Average WAC</u>	<u>Approximate Weighted Average WARM (in months)</u>	<u>Approximate Weighted Average WALA (in months)</u>	<u>Underlying Security Type</u>	<u>Class Group</u>
1992-G8	SA	January 1992	31358LMT0	(2)	INV	January 2022	PAC	\$23,003,663	1.00000000	\$18,003,663	9.503%	256	95	Ginnie Mae	2

(1) See “Description of the Certificates—Class Definitions and Abbreviations” in the REMIC Prospectus.  
(2) This Class bears interest during its interest accrual period, subject to the applicable maximum and minimum interest rates, as further described in the Underlying REMIC Disclosure Document.

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.

\$291,003,663



Guaranteed REMIC  
Pass-Through Certificates  
Fannie Mae REMIC Trust 1998-31

PROSPECTUS SUPPLEMENT

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LEHMAN BROTHERS

April 6, 1998