

**\$19,200,000**



**FannieMae**

**Guaranteed REMIC Pass-Through Certificates  
Fannie Mae REMIC Trust 1998-64  
Individual Investor Class**

Carefully consider the risk factors starting on page S-6 of this prospectus supplement and on page 10 of the REMIC prospectus. Unless you understand and are able to tolerate these risks, you should not invest in the retail certificates.

You should read the REMIC prospectus as well as this prospectus supplement.

The certificates, together with interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any agency or instrumentality thereof other than Fannie Mae.

The certificates are exempt from registration under the Securities Act of 1933 and are "exempted securities" under the Securities Exchange Act of 1934.

**The Retail Certificates**

We, the Federal National Mortgage Association ("Fannie Mae"), will issue the class of retail certificates listed below as part of an issue of certificates.

<i>Class</i>	<i>Original Class Balance</i>	<i>Interest Rate</i>	<i>CUSIP Number</i>	<i>Final Distribution Date</i>
LL . . . . .	\$19,200,000(1)	6.25%	31359UZ57	August 2028

(1) The retail certificates are offered in \$1,000 increments.

The retail certificates are offered under this prospectus supplement. The non-retail certificates are offered separately.

**Distributions to Certificateholders**

You, the investor, will receive monthly distributions on your certificates, including:

- interest accrued on the balance of your certificate, and
- principal to the extent available for payment on the retail class and payable to you as described in this prospectus supplement.

We may distribute principal at rates which vary from time to time. We may not distribute principal for long periods of time.

**The Fannie Mae Guaranty**

We will guarantee that required payments of principal and interest on the retail certificates are distributed to investors on time.

**The Trust and its Assets**

The trust will directly or indirectly own

- an underlying REMIC certificate backed by Fannie Mae MBS, and
- a separate non-interest bearing cash deposit of \$999.99.

The mortgage loans underlying the Fannie Mae MBS are first lien, single-family, fixed-rate loans.

PaineWebber Incorporated

October 21, 1998

Edward D. Jones & Co., L.P.

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## AVAILABLE INFORMATION

You should purchase the certificates only if you have read and understand this prospectus supplement and the following documents (the “Disclosure Documents”):

- our Prospectus for Guaranteed REMIC Pass-Through Certificates dated September 18, 1998 (the “REMIC Prospectus”);
- our Prospectus for Guaranteed Mortgage Pass-Through Certificates dated October 1, 1998 (the “MBS Prospectus”);
- our Information Statement dated March 31, 1998 and its supplements (the “Information Statement”); and
- the disclosure document relating to the underlying REMIC certificate (the “Underlying REMIC Disclosure Document”).

You can obtain the Disclosure Documents by writing or calling us at:

Fannie Mae  
MBS Helpline  
3900 Wisconsin Avenue, N.W., Area 2H-3S  
Washington, D.C. 20016  
(telephone 1-800-237-8627 or 202-752-6547).

Most of the Disclosure Documents, together with the class factors, are available on our website located at <http://www.fanniemae.com>.

You also can obtain the Disclosure Documents by writing or calling:

Edward D. Jones & Co., L.P.  
20 American Industrial Drive  
Maryland Heights, Missouri 63043  
(telephone 314-515-3479).

## **REFERENCE SHEET**

### **Individual Investor Class**

This reference sheet is not a summary of the transaction and does not contain complete information about the retail certificates. You should purchase the retail certificates only after reading this prospectus supplement and each of the additional disclosure documents listed on page S-3.

#### **Description**

The retail certificates represent an indirect interest in the mortgage loans. The retail certificates are guaranteed by us but not guaranteed by, and are not a debt or obligation of, the United States.

#### **Investment Objective**

We have structured the retail certificates to provide monthly distributions to individual investors for the long-term portions of their investment portfolios. You should determine, after consulting with your investment advisor, whether or not the retail certificates satisfy your specified investment objectives.

#### **Liquidity**

If you sell a retail certificate prior to its maturity, you may receive sales proceeds that, after taking into account transaction costs, are less than the amount originally invested. Edward D. Jones & Co., L.P. intends to make a market for the purchase and sale of the retail certificates after their initial issuance, but is not obligated to do so. We cannot be sure that a market for resale of the retail certificates will develop or, if it develops, that it will continue.

#### **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. We will mail relevant federal income tax information for the preceding calendar year to investors who own the retail certificates, as required by the Internal Revenue Service. You 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.

#### **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 rate conditions. If prevailing interest rates decrease, principal distributions on the retail certificates may accelerate due to increased mortgage loan prepayments, 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 due to decreased mortgage loan prepayments, and you might not be able to reinvest your principal at such higher prevailing interest rates. In such case, the market value of your retail certificates is likely to have declined.

#### **Characteristics of the Underlying REMIC Certificate**

Exhibit A describes the underlying REMIC certificate, including certain information about the related mortgage loans. To learn more about the underlying REMIC certificate, you should obtain the current class factors for the underlying REMIC trust and the disclosure document for the underlying REMIC certificate from us as described on page S-3.

## Settlement Date

We expect to issue the retail certificates on November 27, 1998.

## Retail Class Units

We will issue the retail certificates in units having \$1,000 denominations. Since these units cannot be divided into smaller denominations, you can purchase one or more retail class units in whole but not in part. On each distribution date, principal on the retail certificates may be paid to owners of retail class units, but only in increments of \$1,000. Accordingly, certain retail class units will be paid in full on a particular distribution date, while the remaining retail class units will receive no principal payments on such date. The investors in retail class units who will receive principal payments on a particular distribution date will first be selected from those investors who request them. If on any distribution date the amount of principal payable on the retail certificates exceeds the total amount of principal requested by retail investors, then remaining retail investors will be selected randomly to receive principal distributions on that date in the amount of that excess.

## Interest Payments

We will make the first interest payment on December 18, 1998 in an amount equal to approximately \$5.20 with respect to each retail class unit. We will continue to pay interest in that approximate amount on each monthly distribution date on each retail class unit until such unit is retired.

## Principal Payment

On each distribution date, 80% of the principal distribution amount will be distributed to the LL Class, to zero.

Investors in retail certificates will receive distributions of principal in increments of \$1,000, subject to the distribution priorities and allocations described in this prospectus supplement.

## Weighted Average Lives (in years) \*

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>215%</u>	<u>350%</u>	<u>500%</u>
LL** .....	28.5	22.8	15.7	10.4	7.3

\* Determined as described under “Description of the Retail Certificates—Weighted Average Lives of the Retail Certificates” in this prospectus supplement, and subject to the assumptions and qualifications in that section. Prepayments will not occur at any assumed rate shown or any other constant rate, and the actual weighted average lives of the retail certificates are likely to differ from those shown, perhaps significantly.

\*\* The weighted average lives shown in the table apply to the entire retail class and are not likely to reflect the experience of any particular investor in the retail certificates. Because investors will receive principal distributions subject to the distribution priorities and allocations as described under “Description of the Retail Certificates—Characteristics of the Retail Certificates—*Retail Principal Distributions*” in this prospectus supplement, the weighted average lives of retail class units will vary among different individual investors. See “Description of the Retail Certificates—Characteristics of the Retail Certificates—*Certain Principal Distribution Considerations*” in this prospectus supplement.

## ADDITIONAL RISK FACTORS

*Unpredictable timing of principal distribution affects yields on retail certificates.* Although the aggregate principal balance of the retail certificates will gradually decline over time, the individual retail class units may be paid in full on a single distribution date or may remain outstanding for a limited or an extended period. Although owners of retail class units may request the payment of principal, we cannot provide any assurance about whether or when any request will be honored. In the event that all principal requests from investors have been honored and additional principal is available for payment on the retail certificates, retail class units will be randomly selected for payment in full from that additional principal. It is impossible to predict when any particular retail class unit will receive distributions of principal. The payment of a particular retail class unit is likely to occur earlier, and could occur much earlier, than the final distribution date listed on the cover page. If you assumed the payment of your retail class unit will occur on any particular distribution date, including the final distribution date, your yield could be lower than you expect.

*The rate of principal payments on the retail certificates will depend on the rate of principal payments on the underlying REMIC certificate, which will be affected by the rate of principal payments on the underlying mortgage loans.* The rate of principal payments on the retail certificates will depend on the rate of principal payments on the underlying REMIC certificate, which will be sensitive to the rate of principal payments on the underlying mortgage loans, including prepayments. Because borrowers generally may prepay their mortgage loans at any time without penalty, the rate of principal payments on the mortgage loans is likely to vary over time. It is highly unlikely that the mortgage loans will prepay

- at any of the constant prepayment rates we assumed in this prospectus supplement, or
- at any constant prepayment rate until maturity.

*Principal payments will also be affected by the payment priority of the underlying REMIC certificate.* The rate of principal payments on

the class of retail certificates will also be affected by the priority sequence governing principal payments on the underlying REMIC certificate.

As described in the related disclosure document, the underlying REMIC certificate receives payment only after certain other classes issued from the underlying REMIC trust have been paid in full. Such other classes will receive principal before any principal is received on the underlying REMIC certificate. As a result, it is possible that no principal will be available for payment on the underlying REMIC certificate for an extended period.

You may obtain additional information about the underlying REMIC certificate by reviewing our current class factors in light of other information available in the related disclosure document. You may obtain this document from us as described on page S-3.

*Unpredictable timing of honoring requests for principal payments.* Owners of retail certificates may request payments of principal, but several factors affect the timing within which requests will be honored.

- Payments on the class of retail certificates will be affected by the timing of principal payments on the underlying REMIC certificate.
- If a particular owner of retail certificates submits a request for payment of principal, other owners may be entitled to earlier principal payments because they submitted earlier requests.
- Requests submitted on behalf of deceased owners are honored in substantially greater amounts than requests submitted by living owners.

We cannot provide any assurance about whether or when any request for principal payment will be honored.

*Yields may be lower than expected due to unexpected rate of principal payments.* The actual yield on your retail certificates could be lower than you expect:

- if you bought your retail certificates at a premium and payments are faster than you expected, or



- if you bought your retail certificates at a discount and principal payments are slower than you expected.

Furthermore, in the case of retail certificates purchased at a premium, you could lose money on your investment if prepayments occur at a sufficiently rapid rate.

**You must make your own decisions about the various applicable assumptions, including prepayment assumptions, when deciding whether to purchase the retail certificates.**

*Delay classes have lower yields and market values.* Since the retail certificates do not receive interest immediately following each interest accrual period, they have lower yields and lower market values than they would if there were no such delay.

*Reinvestment of retail certificate distributions may not achieve same yields as retail certificates.* The rate of principal distributions of the retail certificates is uncertain. You may be unable to reinvest the distributions on the retail certificates at the same yields provided by the retail certificates.

*Some investors may be unable to buy retail certificates.* Investors whose investment activi-

ties are subject to legal investment laws and regulations, or to review by regulatory authorities, may be unable to buy retail certificates. You should get legal advice to determine whether you may purchase the retail certificates.

*Retail certificates may not be appropriate for all investors.* If you require a principal payment on a specific date or a predictable stream of principal payments, the retail certificates would not be an appropriate investment for you.

*Uncertain market for the retail certificates could make them difficult to sell and cause their values to fluctuate.* We cannot be sure that a market for resale of the retail certificates will develop. Further, if a market develops, it may not continue or be sufficiently liquid to allow you to sell your retail certificates. Even if you are able to sell your retail certificates, the sale price may not be comparable to similar investments that have a developed market. Moreover, you may not be able to sell small or large amounts of retail certificates at prices comparable to those available to other investors. You should purchase retail certificates only if you understand and can tolerate the risk that the value of your retail certificates will vary over time and that your retail certificates may not be easily sold.

## DESCRIPTION OF THE RETAIL CERTIFICATES

The material under this heading summarizes certain features of the Retail Certificates. You will find additional information about the Retail Certificates in the other sections of this Prospectus Supplement, as well as in the additional Disclosure Documents and the Trust Agreement. If we use a capitalized term in this Prospectus Supplement without defining it, you will find the definition of such term in the applicable Disclosure Documents or in the Trust Agreement.

### General

*Structure.* We will create the Fannie Mae REMIC Trust specified on the cover (the “Trust”) pursuant to a trust agreement dated as of November 1, 1998 (the “Trust Agreement”). We will execute the Trust Agreement in our corporate capacity and as trustee (the “Trustee”). We will issue the Guaranteed REMIC Pass-Through Certificates, including the LL Class (the “LL Class,” “Retail Class” or “Retail Certificates”), pursuant to the Trust Agreement. Certain other Classes of Certificates (the “Non-Retail Classes”) are being offered by means of one or more Prospectus Supplements dated November 10, 1998. The Retail Class and certain of the Non-Retail Classes, together having an aggregate original principal balance of \$24,000,000, are referred to in this Prospectus Supplement as the “Classes” or the “Certificates.”

The Trust will constitute a “real estate mortgage investment conduit” (“REMIC”) under the Internal Revenue Code of 1986, as amended (the “Code”).

- Certain of the Non-Retail Classes and the Retail Certificates will be “regular interests” in the Trust.
- A single Non-Retail Class will be the “residual interest” in the Trust.

The assets of the Trust directly or indirectly will include:

- 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; and
- a non-interest bearing cash deposit of \$999.99 relating to the Retail Class (the “Retail Cash Deposit”).

The assets of the Underlying REMIC Trust evidence direct or indirect beneficial ownership interests in certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the “MBS”). Each MBS represents a beneficial ownership interest in a pool (each, a “Pool”) of first lien, single-family, fixed rate residential mortgage loans (the “Mortgage Loans”) having the characteristics described in this prospectus supplement. The Classes evidence the entire beneficial ownership interest in the distributions of principal and interest on the Underlying REMIC Certificate and in the Retail Cash Deposit. We will use the Retail Cash Deposit, if necessary, to round the amount applied as principal of the Retail Class to an amount equal to an integral multiple of \$1,000.

*Fannie Mae Guaranty.* We guarantee that we will distribute to holders of the Retail Certificates:

- required installments of principal and interest on the Retail Certificates on time, and
- the principal balance of the Class of Retail Certificates no later than its Final Distribution Date, whether or not we have received sufficient payments on the Underlying REMIC Certificate.

Our guaranty obligations with respect to the Underlying REMIC Certificate, which is backed by MBS, are described in the Underlying REMIC Disclosure Document. In addition, we guarantee that we will distribute to each holder of an MBS:

- scheduled installments of principal and interest on the underlying Mortgage Loans on time, whether or not the related borrowers pay us, and
- the full principal balance of any foreclosed Mortgage Loan, whether or not we recover it.

Our guarantees are not backed by the full faith and credit of the United States. See “Description of the Certificates—Fannie Mae’s Guaranty” in the REMIC Prospectus and “Description of the Certificates—General—Fannie Mae Guaranty” in the Underlying REMIC Disclosure Document.

*Authorized Denominations.* We will issue the Class of Retail Certificates in an integral number of units (the “Retail Class Units”), each of which will be issued in a denomination of \$1,000.

*Distribution Dates.* We will make monthly payments on the 18th day of each month (or, if the 18th day is not a business day, on the first business day after the 18th). We refer to such date as the “Distribution Date.” We will make the first payments to Certificateholders the month after we issue the Retail Certificates.

*Record Date.* On each Distribution Date, we will make each monthly payment on the Retail Certificates to Holders of record on the last day of the preceding month.

*Class Factors.* On or shortly after the eleventh calendar day of each month, we will publish a factor (carried to eight decimal places) for the Class of Retail Certificates. When the factor is multiplied by the aggregate original principal balance of a Retail Certificate of such Class, the product will equal the current aggregate principal balance of that Retail Certificate after taking into account payments on the Distribution Date in the same month. As a result, the factor for the Class of 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 Class of Retail Certificates, we will disregard any rounding of the principal payment on such Class.

*Optional Termination.* We will not terminate the Trust by exercising our right to repurchase the Mortgage Loans underlying any MBS unless:

- only one Mortgage Loan remains in the related Pool, or
- the principal balance of the Pool is less than one percent of its original level.

See “Description of Certificates—Termination” in the MBS Prospectus.

*Voting the Underlying REMIC Certificate.* Holders of certificates of the Underlying REMIC Trust may be asked to vote on issues arising under the applicable trust agreement. If so, the Trustee will vote the Underlying REMIC Certificate as instructed by Holders of Certificates of the Retail Class and the Non-Retail Class backed by the Underlying REMIC Certificate. The Trustee must receive instructions from Holders of Certificates having principal balances totaling at least 51% of the aggregate principal balance of the Retail Class and the related Non-Retail Class. In the absence of such instructions, the Trustee will vote in a manner consistent, in its sole judgment, with the best interests of Certificateholders.

## Characteristics of the Retail Certificates

### *General*

The LL Class will consist of Retail Certificates. The Class of Retail Certificates will be represented by one certificate 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 or depository selected or approved by us (the “Depository”). We refer to the nominee of the Depository as the “Holder” or “Certificateholder” of the Retail Certificates. The Depository will maintain the Class of Retail Certificates in even \$1,000 increments through its book-entry facilities. For purposes of calculating principal distributions, each Retail Class Unit will have the initial principal balance shown below:

<u>Class</u>	<u>Initial Principal Balance Per Unit</u>	<u>Number of Retail Class Units</u>
LL .....	\$1,000	19,200

Under its normal procedures, the Depository will record the amount of Retail Certificates held by each firm which participates in the book-entry system of the Depository (each, a “Depository Participant”), whether held for its own account or on behalf of another person. Initially, State Street Bank and Trust Company (“State Street”) will act as paying agent for the Retail Certificates. State Street will also perform certain administrative functions in connection with the Retail Certificates.

A “beneficial owner” or an “investor” is anyone who acquires a beneficial ownership interest in the Retail Certificates. As an investor, you will not receive a physical certificate. Instead, your interest will be recorded on the records of the brokerage firm, bank, thrift institution or other financial intermediary (a “financial intermediary”) that maintains an account for you. In turn, the record ownership of the financial intermediary that holds your Retail Class Units will be recorded by the Depository. If the intermediary is not a Depository Participant, the record ownership of the intermediary will be recorded by a Depository Participant acting on its behalf. Therefore, you must rely on these various arrangements to record your ownership of the Retail Certificates and to relay the distributions to your account. You may transfer your beneficial ownership interest in the Retail Certificates only under the procedures of your financial intermediary and of Depository Participants. In general, ownership of Retail Certificates will be subject to the prevailing rules, regulations and procedures governing the Depository and Depository Participants.

### *Method of Distribution*

State Street will direct payments on the Retail Certificates to the Depository in immediately available funds. In turn, the Depository will credit the distributions to the accounts of the appropriate Depository Participants, in accordance with the Depository's procedures. These procedures currently provide for distributions made in same-day funds to be settled through the New York Clearing House. Depository Participants and financial intermediaries will direct the distributions to the investors in Retail Certificates that they represent.

### *Retail Interest Distributions*

We will pay interest on the Retail Certificates on each Distribution Date equal to one month's interest at the annual interest rate of 6.25% accrued on their outstanding principal balances immediately before that Distribution Date. See "—Distributions of Interest."

### *Retail Principal Distributions*

*General.* We will pay principal on the Class of Retail Certificates on any Distribution Date (each, a "Retail Principal Distribution") in increments of \$1,000, based on the priorities and limitations described in this prospectus supplement. Either State Street or the Depository will determine the portion of the Retail Principal Distribution to be paid to particular Retail Class Units held for the account of Depository Participants. Financial intermediaries and Depository Participants will in turn determine the portion of the Retail Principal Distribution to be paid to particular Retail Class Units held for the account of each investor that it represents.

*Rounding of Retail Principal Distributions.* On each Distribution Date when principal is to be paid on the Retail Certificates (as described under "Distributions of Principal"), the payment amount will be rounded to the nearest \$1,000 increment. When we first make a Retail Principal Distribution, we will round that distribution upward to the nearest \$1,000 by withdrawing from the Retail Cash Deposit the necessary amount. After the initial Retail Principal Distribution, we will apply the amount available as principal of the Class of Retail Certificates, first, to replenish the Retail Cash Deposit and, second, as a Retail Principal Distribution (rounded to the nearest \$1,000).

We will repeat this procedure on each Distribution Date until the principal balance of the Class of Retail Certificates is reduced to zero. On any Distribution Date, the Retail Principal Distribution may be slightly more or less than it would be in the absence of rounding, but any such difference will never exceed \$999.99. The total amount of all Retail Principal Distributions made through any Distribution Date will never be *less* than it would have been in the absence of rounding.

*Retail Principal Distribution Requests.* As an investor, you may request that principal of your Retail Class Unit or Units be distributed to you in increments of \$1,000 on the earliest possible Distribution Date (each, a "Retail Principal Distribution Request"). You must submit a Retail Principal Distribution Request to the financial intermediary that maintains the account reflecting your interest in the Retail Class. If the financial intermediary is not a Depository Participant, it must notify the related Depository Participant of the request. The Depository Participant must then make the request to the Depository in writing, on a form that the Depository requires.

The Depository will establish procedures for determining the order in which it receives requests. When the Depository receives a request, it will date and time stamp the request and forward it to State Street. State Street will not be liable for any delay in delivery to it of Retail Principal Distribution Requests or for the withdrawal of such requests.

State Street will maintain a list of Depository Participants representing investors that have submitted Retail Principal Distribution Requests. The list will include the order of receipt and the amounts of such requests. State Street will notify the Depository and the applicable Depository Participants as to which requests to honor on each Distribution Date. The Depository will honor Retail Principal Distribution Requests according to the procedures, and subject to the priorities and

limitations, described below. Either State Street or the Depository will establish the procedures for determining such priorities and limitations. The decisions of State Street and the Depository concerning such matters will be final and binding on all affected persons.

*You may withdraw a Retail Principal Distribution Request by notifying the financial intermediary that maintains the account reflecting your interest in the Retail Class.* If the financial intermediary is not a Depository Participant, it must notify the related Depository Participant, which will forward the withdrawal to State Street, on a form that the Depository requires. A Retail Principal Distribution Request will be considered withdrawn upon the transfer of beneficial ownership of the related Retail Certificate, but only if State Street receives notification of such withdrawal on the proper form.

The Depository can honor a Retail Principal Distribution Request on any Distribution Date only if it receives the request and forwards it to State Street by the last day of the month before the month in which that Distribution Date occurs (the “Record Date”). The Depository can honor the withdrawal of a request on any Distribution Date only if the Depository Participant receives the withdrawal and forwards it to State Street by the Record Date. Priority will be given to investors on whose behalf Retail Principal Distribution Requests have been duly received and not withdrawn. The Depository will honor requests in the following order of priority:

- (i) the Depository will honor requests on behalf of Deceased Owners (as defined below) in the order it receives them, until it has honored each such request in an initial amount up to \$100,000 of original principal balance per Deceased Owner; and
- (ii) the Depository will honor requests on behalf of Living Owners (as defined below) in the order it receives them, until it has honored each such request in an initial amount up to \$10,000 of original principal balance per Living Owner.

After that, the Depository will honor requests on behalf of

- Deceased Owners, as provided in clause (i), up to an additional \$100,000 of original principal balance; and
- Living Owners as provided in clause (ii), up to an additional \$10,000 of original principal balance.

The Depository will repeat this sequence of priorities until it has honored all Retail Principal Distribution Requests.

If a Retail Principal Distribution Request is submitted on behalf of a Living Owner who becomes a Deceased Owner, that request takes on the priority of a newly-submitted request on behalf of a Deceased Owner. The Depository must receive appropriate evidence of death and any required tax waivers and forward these items to State Street on or before the related Record Date.

On any Distribution Date, if the Retail Principal Distribution Requests exceed the aggregate amount of principal available for payment on the Class of Retail Certificates, those requests will automatically be honored on later Distribution Dates, without the investor making any additional Retail Principal Distribution Requests, all in accordance with State Street’s procedures.

*Excess Retail Principal Distribution by Random Lot.* On any Distribution Date, if a Retail Principal Distribution exceeds the amount evidenced by the related Retail Principal Distribution Requests received by State Street, the Retail Certificates in respect of which principal payments are to be made (in increments of \$1,000) will be determined under the 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 choose to allot the excess portion of the Retail Principal Distribution to the accounts of some investors (which could include that 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 when that interest was acquired and whose authorized representative provides the Depository with evidence of death satisfactory to State Street and any tax waivers requested by State Street. A “Living Owner” is any beneficial owner of Retail Certificates other than a Deceased Owner.

- Retail Certificates beneficially owned by tenants by the entirety, joint tenants or tenants in common (“Tenants”) are considered beneficially owned by a single owner. The death of an individual Tenant will be considered the death of the beneficial owner. In the event of such a death, the Retail Certificates beneficially owned by the Tenants will be eligible for the priority in principal distribution described above.
- Retail Certificates beneficially owned by a trust will be considered beneficially owned by each beneficiary of the trust. However, a trust’s beneficiaries as a group will not be considered to own more than the principal amount of Retail Certificates owned by the related trust.
- The death of a beneficiary of a trust will be considered the death of a beneficial owner of a share of the related Retail Certificates which corresponds to that beneficiary’s interest in the trust.
- The death of a Tenant in a tenancy which is the beneficiary of a trust will be considered the death of the beneficiary of the trust.
- The death of a person who had been entitled to substantially all of the beneficial ownership interests in any Retail Certificates will be considered the death of the beneficial owner of such Retail Certificates, regardless of the owner identified in the relevant records, if that beneficial interest can be established to State Street’s satisfaction. Such beneficial interests are considered to exist in the case 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 related proceeds, as well as interest and principal distributions on the Retail Certificates.

*Tax Information.* As required by federal law, we will provide to Depository Participants and financial intermediaries information that will allow beneficial owners of the Retail Certificates to calculate properly the taxable income attributable to the Retail Certificates. 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 Retail Certificates may be issued with “original issue discount” or at a premium for federal income tax purposes. *You 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.* You also should be aware that beneficial owners of 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 Retail Certificates” in this Prospectus Supplement and “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates” in the REMIC Prospectus.

### *Certain Principal Distribution Considerations*

The Class of Retail Certificates may receive little or no principal on any particular Distribution Date. Accordingly, *we cannot assure you that a Retail Principal Distribution Request will be honored, either in whole or in part, within any particular time after it is submitted.* In addition, the timing with which a Retail Principal Distribution Request is honored will also be affected by the aggregate principal balance of the Class of Retail Certificates beneficially owned by persons having priority to right of distribution, either:

- due to their status as Deceased Owners, or
- because they submitted their Retail Principal Distribution Requests earlier.

By contrast, the amount of principal available for distribution to the Class of Retail Certificates on any Distribution Date may exceed the amount necessary to satisfy the Retail Principal Distribution Requests. In that event, you may receive distributions of principal under the random lot procedures referred to in this prospectus supplement even if you did not request a distribution.

If prevailing interest rates are higher than the interest rate on the Retail Certificates, more investors are likely to submit Retail Principal Distribution Requests. Under those circumstances, however, there may be a slower rate of prepayments on the Mortgage Loans. That slower rate would reduce the funds available for the Retail Principal Distributions. By contrast, Retail Principal Distributions may be greater when prevailing interest rates decline relative to the interest rates on the Mortgage Loans. In that event, investors are less likely to submit Retail Principal Distribution Requests, but mortgagors are more likely to prepay the Mortgage Loans. If your Retail Certificates are selected for distribution under those conditions, you may be unable to reinvest the amounts you receive at effective interest rates equal to the interest rate on the Retail Certificates.

The rate of Retail Principal Distributions depends on the rate of principal distributions (including prepayments) on the Mortgage Loans. Accordingly, we cannot predict:

- the rate at which the distributions will continue after they begin, or
- the date on which the principal balance of the Class of Retail Certificates will be distributed in full.

In addition, it is possible that you may not receive Retail Principal Distributions until the Final Distribution Date for the Retail Class.

The actual yield on your Retail Certificates probably will be lower than you expect:

- if you bought your Retail Certificates at a premium and principal payments are faster than you expect, or
- if you bought your Retail Certificates at a discount and principal payments are slower than you expect.

See “Risk Factors—Yield Considerations” in the REMIC Prospectus and “Additional Risk Factors” in this prospectus supplement. Also see “Distributions of Principal” and “Weighted Average Lives of the Retail Certificates.”

To illustrate the effect of prepayments on distributions of principal to the Class of Retail Certificates, the following table indicates the approximate aggregate distributions of principal of the Class of Retail Certificates during the periods shown. The following table shows the amounts that would be available for principal distributions at various constant percentages of PSA (as defined under “Structuring Assumptions—*Prepayment Assumptions*” ) based on the principal allocations described under “Distributions of Principal.” The amounts shown have been calculated on the basis of the Pricing Assumptions (as defined in this prospectus supplement) 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 Distribution Date of each month in which those 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 Class of Retail Certificates in order to assist investors in analyzing that relationship.

**Because of the distribution allocations described above and because investors in the Retail Certificates will receive principal distributions in increments of \$1,000, we cannot assure that you will receive a distribution of principal on any particular Distribution Date. You are urged to consult your own financial advisors as to the significance of prepayments in terms of your financial and investment objectives.**

**Aggregate Retail Principal Distributions of the Retail Certificates  
(for illustrative purposes only)**

Twelve Consecutive Months Through	LL Class				
	PSA Prepayment Assumption				
	0%	100%	215%	350%	500%
November 1999 .....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
November 2000 .....	0	0	0	0	0
November 2001 .....	0	0	0	0	0
November 2002 .....	0	0	0	0	0
November 2003 .....	0	0	0	0	2,386
November 2004 .....	0	0	0	0	5,237
November 2005 .....	0	0	0	1,619	3,618
November 2006 .....	0	0	0	3,965	2,497
November 2007 .....	0	0	0	3,092	1,721
November 2008 .....	0	0	0	2,407	1,184
November 2009 .....	0	0	1,659	1,872	814
November 2010 .....	0	0	2,704	1,454	558
November 2011 .....	0	0	2,328	1,127	382
November 2012 .....	0	0	2,001	872	261
November 2013 .....	0	0	1,719	674	178
November 2014 .....	0	0	1,474	519	121
November 2015 .....	0	0	1,262	399	82
November 2016 .....	0	168	1,079	306	55
November 2017 .....	0	2,298	921	233	37
November 2018 .....	0	2,173	785	178	25
November 2019 .....	0	2,055	667	134	16
November 2020 .....	0	1,945	566	101	11
November 2021 .....	0	1,842	478	76	7
November 2022 .....	0	1,745	403	56	5
November 2023 .....	0	1,654	338	41	3
November 2024 .....	0	1,568	283	30	2
November 2025 .....	0	1,488	235	22	1
November 2026 .....	5,476	1,405	193	15	1
November 2027 .....	7,987	859	105	7	0
November 2028 .....	5,737	0	0	0	0
Total Principal Payments* .....	<u>\$19,200</u>	<u>\$19,200</u>	<u>\$19,200</u>	<u>\$19,200</u>	<u>\$19,200</u>

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

The table above was prepared on the basis of assumptions, which are likely to differ from actual experience. We cannot assure you that:

- the Mortgage Loans will have the assumed characteristics,
- the Mortgage Loans will prepay at any of the constant rates shown in the table or at any other particular rate, or



- the amounts available for distribution of principal of the Retail Certificates will correspond to any of the amounts shown in this prospectus supplement.

The rates of the Retail Principal Distributions will be directly related to 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 such Mortgage Loans and the priority sequence affecting the Underlying REMIC Certificate. As a result, the amounts available for distribution of principal of the Class of 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, it is extremely unlikely that the Mortgage Loans will prepay at a constant level of PSA until maturity or that all of such Mortgage Loans will prepay at the same rate. The timing of changes in the prepayment rates may significantly affect the amount of principal distributions and yield to maturity, even if the average prepayment rate 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 your yield of principal prepayments at a rate slower (or faster) than the rate you expect during the period immediately following the issuance of the Retail Certificates will not be completely offset by a subsequent like increase (or decrease) in the prepayment rate. You are urged to consult your own financial advisors as to the appropriate prepayment assumption to be used in deciding whether to purchase any Retail Certificates.

The weighted average life of the Class of Retail Certificates shown in the table referenced under "Decrement Table" relate to the 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 we guarantee distributions of principal and interest on the Retail Certificates as described in this prospectus supplement, we can give no assurance as to:

- any particular principal distribution scenario,
- any particular weighted average life for the Retail Certificates, or
- the date or dates on which any particular investor will receive distributions of principal.

In addition, the procedures of the financial intermediaries or the Depository may change. You should understand that you are assuming all risks and benefits associated with the rate of principal distributions on your Retail Certificates, whether such rate is rapid or slow, and variations in that rate from time to time. You 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 on or about the 18th day following the end of the related Interest Accrual Period and will not bear interest during that delay.

#### *Investment Determination*

The Retail Certificates may not be an appropriate investment for you if you require a particular distribution of principal on a specified date or an otherwise predictable stream of principal distributions. We cannot assure you that any investor in the Retail Certificates will receive a principal distribution (in integral multiples of \$1,000) on any particular Distribution Date. In addition, although Edward D. Jones & Co., L.P. intends to make a secondary market in the Retail Certificates, it is not obligated to do so. Any market making by the Dealers may be discontinued at any time. We cannot assure you that such a secondary market will develop, that any secondary market will continue, or that information on any secondary market will be as readily available as information regarding certain other types of investments. The price of the Retail Certificates in any secondary market will be affected by various factors. Furthermore, the volatility of the price may differ from the volatility associated with other types of investments. Finally, we cannot assure you that the price at which you

may be able to sell a Retail Certificate will be the same as or higher than the purchase price at which you purchased that Retail Certificate.

### **The Underlying REMIC Certificate**

The Underlying REMIC Certificate represents a beneficial ownership interest in the Underlying REMIC Trust. The assets of this trust evidence direct or indirect beneficial ownership interests in certain MBS having the general characteristics set forth in the MBS Prospectus. Each MBS evidences beneficial ownership interests in a Pool of conventional Level Payment Mortgage Loans secured by first mortgages or deeds of trust on single-family residential properties, as described under “The Mortgage Pools” and “Yield Considerations” in the MBS Prospectus. Distributions on the Underlying REMIC Certificate will be passed through monthly. The general characteristics of the Underlying REMIC Certificate are described in the Underlying REMIC Disclosure Document.

See Exhibit A for additional information about the Underlying REMIC Certificate.

For further information about the Underlying REMIC Certificate, telephone us at 1-800-237-8627 or 202-752-6547. You also may obtain certain information in electronic form by calling us at 1-800-752-6440 or 202-752-6000. There may have been material changes in facts and circumstances since the date we prepared the Underlying REMIC Disclosure Document. These may include changes in prepayment speeds, prevailing interest rates and other economic factors. As a result, the usefulness of the information set forth in such document may be limited.

### **Final Data Statement**

After issuing the Certificates, we will prepare a Final Data Statement containing certain information, including the principal balance of the Underlying REMIC Certificate as of the Issue Date. You may obtain the Final Data Statement by telephoning us at 1-800-237-8267 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 us at 1-800-752-6440 or 202-752-6000.

### **Interest Payments**

We will pay interest on the Retail Certificates at the annual interest rate shown on the cover. We calculate interest based on a 360-day year consisting of twelve 30-day months. We pay interest monthly on each Distribution Date, beginning in December 1998. Interest to be paid on each Retail Certificate on a Distribution Date will consist of one month’s interest on the outstanding balance of that Certificate immediately prior to such Distribution Date. Interest to be paid on each Distribution Date will accrue on the Retail Certificates during the calendar month preceding the month in which the Distribution Date occurs (an “Interest Accrual Period”). Since the Retail Certificates do not receive interest immediately following each Interest Accrual Period, the Retail Certificates have lower yields than they would if there were no such delay.

### **Principal Payments**

The principal then paid on the Underlying REMIC Certificate on any Distribution Date (plus or minus any amounts withdrawn from or deposited to the Retail Cash Deposit on such Distribution Date) is referred to as the “Principal Distribution Amount.” See “Description of the Retail Certificates—Characteristics of the Retail Certificates—*Retail Principal Distributions*” in this prospectus supplement.

The portion of the Underlying REMIC Certificate held by the Trust will be set forth in Exhibit A.

On the Distribution Date in each month, we will pay 80% of the Principal Distribution Amount as principal to the LL Class, until its principal balance is reduced to zero.

## Structuring Assumptions

*Pricing Assumptions.* Except where otherwise noted, the information in the tables in this prospectus supplement has been prepared based on the actual characteristics of the Pool of Mortgage Loans underlying the Underlying REMIC Certificate, the priority sequence affecting the principal payments on the Underlying REMIC Certificate and the following assumptions (such characteristics and assumptions, collectively, the “Pricing Assumptions”):

- the Mortgage Loans prepay at the constant percentages of PSA specified in the related table; and
- the settlement date for the sale of the Retail Certificates is November 27, 1998.

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

## Weighted Average Lives of the Retail Certificates

The weighted average life of a Retail Certificate is determined by

- (a) multiplying the amount of the reduction, if any, of the principal balance of the Retail 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 the Retail Certificate referred to in clause (a).

For a description of the factors which may influence the weighted average life of a Retail Certificate, see “Description of the Certificates—Weighted Average Life and Final Distribution Dates” in the REMIC Prospectus.

The weighted average lives of the Retail Certificates will be influenced by, among other factors, the rate at which principal is paid on the Mortgage Loans. In general, the weighted average lives of the Retail Certificates will be shortened if the level of prepayments of principal of the Mortgage Loans increases. However, the weighted average lives will depend upon a variety of other factors, including

- the timing of changes in such rate of principal payments, and
- the priority sequence affecting distributions on the Underlying REMIC Certificate.

See “Distributions of Principal” in this Prospectus Supplement and “Description of the Certificates—Distributions of Principal” in the Underlying REMIC Disclosure Document.

The effect of these factors on the Class of Retail Certificates may vary at different times during the life of such Class. Accordingly, we can give no assurance as to the weighted average life of any particular Retail Certificate. Further, to the extent the price of any Retail Certificate represents a discount or premium to its original principal balance, variability in the weighted average life of such Retail Certificate could result in variability in the related yield to maturity. For an example of how the weighted average life of the Class of Retail Certificates as a whole is affected by the foregoing factors at various *constant* prepayment rates, see the Decrement Table below.

## Decrement Table

The following table indicates the percentages of the original principal balance of the Class of Retail Certificates that would be outstanding after each date shown at various *constant* percentages of PSA and the corresponding weighted average life of such Class. The table has been prepared on the basis of the Pricing Assumptions. However, in the case of the information set forth under 0% PSA, we assumed that each underlying Mortgage Loan has an original term to maturity of 360 months, a remaining term to maturity of 356 months and bears interest at an annual interest rate of 9.00%. It is not likely that

- all of the underlying Mortgage Loans will have the interest rates, CAGEs or remaining terms to maturity assumed or
- the underlying Mortgage Loans will prepay at any *constant* PSA level.

Moreover, the diverse remaining terms to maturity of the Mortgage Loans (which may include recently originated Mortgage Loans) could produce slower or faster principal distributions than indicated in the tables at the specified *constant* PSA rates. This is the case even if the weighted average WAM and CAGE of the Mortgage Loans are identical to those specified in the Pricing Assumptions.

## Percent of Original Principal Balances Outstanding

Date	LL Class***				
	PSA Prepayment Assumption				
	0%	100%	215%	350%	500%
Initial Percent .....	100	100	100	100	100
November 1999 .....	100	100	100	100	100
November 2000 .....	100	100	100	100	100
November 2001 .....	100	100	100	100	100
November 2002 .....	100	100	100	100	100
November 2003 .....	100	100	100	100	88
November 2004 .....	100	100	100	100	60
November 2005 .....	100	100	100	92	41
November 2006 .....	100	100	100	71	28
November 2007 .....	100	100	100	55	19
November 2008 .....	100	100	100	42	13
November 2009 .....	100	100	91	33	9
November 2010 .....	100	100	77	25	6
November 2011 .....	100	100	65	19	4
November 2012 .....	100	100	55	15	3
November 2013 .....	100	100	46	11	2
November 2014 .....	100	100	38	8	1
November 2015 .....	100	100	32	6	1
November 2016 .....	100	99	26	5	1
November 2017 .....	100	87	21	3	*
November 2018 .....	100	76	17	3	*
November 2019 .....	100	65	14	2	*
November 2020 .....	100	55	11	1	*
November 2021 .....	100	45	8	1	*
November 2022 .....	100	36	6	1	*
November 2023 .....	100	28	4	*	*
November 2024 .....	100	20	3	*	*
November 2025 .....	100	12	2	*	*
November 2026 .....	71	4	1	*	*
November 2027 .....	30	0	0	0	0
November 2028 .....	0	0	0	0	0
Weighted Average Life (years)** .....	28.5	22.8	15.7	10.4	7.3

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

\*\* Determined as specified under “Weighted Average Lives of the Retail Certificates” in this prospectus supplement.

\*\*\* The weighted average lives shown in the table for the Class of Retail Certificates apply to such Class as a whole and are unlikely to reflect the experience of any particular investor in the Retail Certificates. Because investors will receive principal distributions subject to the distribution priorities and allocations described under “Description of the Retail Certificates—Characteristics of the Retail Certificates—*Retail Principal Distributions*” in this prospectus supplement, the weighted average lives of Retail Class Units will vary among different individual investors. See “Description of the Retail Certificates—Characteristics of the Retail Certificates—*Certain Principal Distribution Considerations*” in this prospectus supplement.

## CERTAIN ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES

The Retail Certificates and payments on the Retail Certificates are not generally exempt from taxation. Therefore, you should consider the tax consequences of holding a Retail Certificate before you acquire one. The following tax discussion supplements the discussion under the caption “Certain Federal Income Tax Consequences” in the REMIC Prospectus. When read together, the two discussions describe the current federal income tax treatment of beneficial owners of Retail Certificates. These two tax discussions do not purport to deal with all federal tax consequences applicable to all categories of beneficial owners, some of which may be subject to special rules. In addition, these discussions may not apply to your particular circumstances for one of the reasons explained in the REMIC Prospectus. You should consult your own tax advisors regarding the federal income tax consequences of holding and disposing of Retail Certificates as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

### REMIC Election and Special Tax Attributes

We will elect to treat the Trust as a REMIC for federal income tax purposes. The Retail Certificates, and certain of the Non-Retail Classes, will be designated as the “regular interests,” and a single Non-Retail Class will be designated as the “residual interest,” in the REMIC constituted by the Trust.

Because the Trust will qualify as a REMIC, the Retail Certificates generally will be treated as “regular interests in a REMIC” for domestic building and loan associations, “real estate assets” for real estate investment trusts, and as “qualified mortgages” for other REMICs. See “Certain Federal Income Tax Consequences—*REMIC Election and Special Tax Attributes*” in the REMIC Prospectus.

### Taxation of Beneficial Owners of the Retail Certificates

The Retail Certificates may be issued with original issue discount (“OID”) for federal income tax purposes. If the Retail Certificates are issued with OID, a beneficial owner of a Retail Certificate generally must recognize some taxable income in advance of the receipt of the cash attributable to that income. See “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Regular Certificates—Treatment of Original Issue Discount*” in the REMIC Prospectus. In addition, the Retail 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—Regular Certificates Purchased at a Premium*” in the REMIC Prospectus.

The Prepayment Assumption that will be used in determining the rate of accrual of OID will be 215% PSA. See “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Regular Certificates—Treatment of Original Issue Discount—Daily Portions of Original Issue Discount*” in the REMIC Prospectus. No representation is made as to whether the Mortgage Loans underlying the MBS will prepay at that or any other rate. See “Description of the Retail Certificates—Weighted Average Lives of the Retail Certificates” in this prospectus supplement.

Additional tax consequences affecting beneficial owners of Retail Certificates are discussed under “Description of the Retail Certificates—Characteristics of the Retail Certificates—*Retail Principal Distributions—Tax Information*” in this prospectus supplement.

## LEGAL INVESTMENT CONSIDERATIONS

Institutions whose investment activities are subject to legal investment laws and regulations, or to review by certain regulatory authorities, may be unable to buy the Retail Certificates. Any financial

institution should review any applicable rules, guidelines and regulations prior to purchasing the Retail Certificates if it is subject to the jurisdiction of:

- the Comptroller of the Currency,
- the Board of Governors of the Federal Reserve System,
- the Federal Deposit Insurance Corporation,
- the Office of Thrift Supervision,
- the National Credit Union Administration, or
- other federal or state agencies with similar authority.

Financial institutions should review and consider the applicability of the Federal Financial Institutions Examination Council Supervisory Policy Statement on Securities Activities (to the extent adopted by their respective federal regulators), which, among other things, set forth guidelines for investing in certain types of mortgage-related securities, including securities such as the Retail Certificates. In addition, financial institutions should consult their regulators concerning the risk-based capital treatment of any Retail Certificate. You should get legal advice to determine whether you may purchase the Retail Certificates.

## **PLAN OF DISTRIBUTION**

Paine Webber Incorporated and Edward D. Jones & Co., L.P. (the “Dealers”) propose to offer the Retail Certificates directly to the public from time to time in negotiated transactions or otherwise at varying prices to be determined at the time of sale. Such Dealers may effect such transactions to or through other dealers, and such other dealers may receive compensation in the form of discounts, concessions or commissions from the Dealers.

## **LEGAL MATTERS**

Brown & Wood LLP will provide legal representation for Fannie Mae. Cleary, Gottlieb, Steen & Hamilton will provide legal representation for the Dealers.



Exhibit A

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 or Class</u>	<u>November 1998 Class Factor</u>	<u>Principal Balance as of Issue Date</u>	<u>Approximate Weighted Average WAC</u>	<u>Approximate Weighted Average WAM (in months)</u>	<u>Approximate Weighted Average CAGE (in months)</u>	<u>Underlying Security Type</u>	<u>Class Group</u>
1998-47	DB	July 1998	31359UEM3	6.5%	FIX	August 2028	SEQ	\$24,000,000	1.000	\$24,000,000	7.318%	344	13	MBS	1

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

No one is authorized to give information or to make representations in connection with the Certificates other than the information and representations contained in this Prospectus Supplement and the additional Disclosure Documents. You must not rely on any unauthorized information or representation. This Prospectus Supplement and the additional Disclosure Documents do not constitute an offer or solicitation with regard to the Certificates if it is illegal to make such an offer or solicitation to you under state law. By delivering this Prospectus Supplement and the additional Disclosure Documents at any time, no one implies that the information contained in this Prospectus Supplement or therein is correct after the date hereof or thereof.

The Securities and Exchange Commission has not approved or disapproved the Certificates or determined if this Prospectus Supplement is truthful and complete. Any representation to the contrary is a criminal offense.

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**\$19,200,000**



## Guaranteed REMIC Pass-Through Certificates

### Fannie Mae REMIC Trust 1998-64 Individual Investor Class

## PROSPECTUS SUPPLEMENT

PaineWebber Incorporated  
Edward D. Jones & Co., L.P.

November 10, 1998