

\$640,738,277



FannieMae

**Guaranteed REMIC Pass-Through Certificates
Fannie Mae REMIC Trust 1998-66**

The Certificates

We, the Federal National Mortgage Association ("Fannie Mae"), will issue the classes of certificates listed in the chart on this page.

Payments to Certificateholders

We will make monthly payments on the certificates. You, the investor will receive

- interest accrued on the balance of your certificate, and
- principal to the extent available for payment on your class.

We may pay principal at rates that vary from time to time. We may not pay principal to certain classes for long periods of time.

The Fannie Mae Guaranty

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

The Trust and its Assets

The trust will indirectly own

- Fannie Mae MBS and
- Ginnie Mae certificates.

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

In addition, the mortgage loans underlying the Ginnie Mae certificates are either insured or guaranteed by the Federal Housing Administration, the Department of Veterans Affairs or the Rural Housing Service.

Class	Group	Original Class Balance	Principal Type	Interest Rate	Interest Type	CUSIP Number	Final Distribution Date
FA	1	\$ 14,700,000	PT	(1)	FLT	31359U3F0	December 2028
FG	1	95,718,095	PT	(1)	FLT	31359U3G8	December 2028
SG	1	95,718,095 (2)	NTL	(1)	INV / IO	31359U3H6	December 2028
QC(3)	1	82,800,000 (2)	NTL	(1)	INV / IO	31359U3J2	May 2026
QD(3)	1	27,618,095 (2)	NTL	(1)	INV / IO	31359U3K9	December 2028
A	1	36,806,032	PT	6.5%	FIX	31359U3L7	December 2028
FB	2	75,318,933	PT	(1)	FLT	31359U3M5	December 2028
QE(3)	2	56,490,000 (2)	NTL	(1)	INV / IO	31359U3N3	April 2026
QG(3)	2	18,828,933 (2)	NTL	(1)	INV / IO	31359U3P8	December 2028
B	2	75,318,934	PT	6.5	FIX	31359U3Q6	December 2028
FC	3	60,833,333	PT	(1)	FLT	31359U3R4	November 2028
FD	3	60,833,333	PT	(1)	FLT	31359U3S2	November 2028
FE	3	60,833,334	PT	(1)	FLT	31359U3T0	November 2028
QA(3)	3	136,875,000 (2)	NTL	(1)	INV / IO	31359U3U7	October 2025
QB(3)	3	45,625,000 (2)	NTL	(1)	INV / IO	31359U3V5	November 2028
FK	4	128,301,026	PT	(1)	FLT	31359U3W3	December 2028
QH(3)	4	96,225,000 (2)	NTL	(1)	INV / IO	31359U3X1	May 2026
QK(3)	4	32,076,026 (2)	NTL	(1)	INV / IO	31359U3Y9	December 2028
C	4	32,075,257	PT	6.0	FIX	31359U3Z6	December 2028
R		0	NPR	0	NPR	31359U4A0	December 2028
RL		0	NPR	0	NPR	31359U4B8	December 2028

(1) Based on LIBOR.

(2) Notional balances. These classes are interest only classes.

(3) Exchangeable classes.

If you own certificates of certain classes, you can exchange them for other certificates to be issued at the time of the exchange.

The dealer will offer the certificates from time to time in negotiated transactions at varying prices. We expect the settlement date to be November 30, 1998.

Carefully consider the risk factors starting on page S-9 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 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.

Salomon Smith Barney

The date of this Prospectus Supplement is October 30, 1998.

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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”); and
- our Information Statement dated March 31, 1998 and its supplements (the “Information Statement”).

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 can also obtain the Disclosure Documents by writing or calling the dealer at:

Salomon Smith Barney Inc.
Prospectus Department
Brooklyn Army Terminal
140 58th Street, Suite 8-G
Brooklyn, New York 11220
(telephone 718-921-8466).

REFERENCE SHEET

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

Assets underlying each Group of Classes

<u>Group</u>	<u>Assets</u>
1	Group 1 MBS
2	Group 2 MBS
3	Ginnie Mae Certificates
4	Group 4 MBS

Assumed Characteristics of the Mortgage Loans underlying the MBS and the Ginnie Mae Certificates in the Trust (as of November 1, 1998)

	<u>Group</u>	<u>Approximate Principal Balance</u>	<u>Original Term to Maturity (in months)</u>	<u>Approximate Weighted Average Remaining Term to Maturity or WARM (in months)</u>	<u>Approximate Calculated Loan Age or WALA (in months)</u>	<u>Approximate Weighted Average Coupon</u>
Group 1 MBS	1	\$147,224,127	360	247	90	8.642%
Group 2 MBS	2	150,637,867	360	274	76	8.070%
Ginnie Mae						
Certificates	3	40,150,000	360	285	65	8.500%
		142,350,000	360	271	78	8.500%
Group 4 MBS	4	160,376,283	360	256	96	8.534%

The actual remaining terms to maturity, calculated loan ages and, in the case of the classes in Group 1, Group 2 and Group 4, interest rates of most of the mortgage loans will differ from the weighted averages shown above, perhaps significantly.

Class Factors

The class factors are numbers that, when multiplied by the initial principal balance of a certificate, can be used to calculate the current principal balance of that certificate (after taking into account distributions in the same month). We publish the class factors on or shortly after the 11th day of each month.

Settlement Date

We expect to issue the certificates on November 30, 1998.

Distribution Dates

We will make payments on the classes of certificates in Group 1, Group 2 and Group 4 on the 25th day of each calendar month, or on the next business day if the 25th day is not a business day. We will make payments on the classes of certificates in Group 3 on the 17th day of each calendar month, or on the next business day if the 17th day is not a business day.

Book-Entry and Physical Certificates

We will issue the book-entry certificates through the U.S. Federal Reserve Banks and DTC, as applicable, which will electronically track ownership of the certificates and payments on them. We will issue physical certificates in registered, certificated form.

We will issue the classes of certificates in the following forms:

<u>Fed Book-Entry</u>	<u>DTC Book-Entry</u>	<u>Physical</u>
All Group 1, 2 and 4 Classes and the SA, SB and SK Classes	All Group 3 Classes and the SC Class	R and RL Classes

Exchanging Certificates Through Combination and Recombination

If you own certain certificates, you will be able to exchange them for a proportionate interest in the related RCR certificates as shown on Schedule 1. We will issue the RCR certificates upon such exchange. You can exchange your certificates by notifying us and paying an exchange fee. We use the principal and interest of the certificates exchanged to pay principal and interest on the related RCR certificates. Schedule 1 lists all of the available combinations of the certificates eligible for exchange and the related RCR certificates.

Interest Rates

During each interest accrual period, the fixed rate classes will bear interest at the applicable annual interest rates listed on the cover.

During the initial interest accrual period, the floating rate and inverse floating rate classes will bear interest at the initial interest rates listed below. During subsequent interest accrual periods, these

classes will bear interest based on the formulas indicated below, but always subject to the specified maximum and minimum interest rates:

<u>Class</u>	<u>Initial Interest Rate</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate (1)</u>
FA	5.57%	8.50%	0.35%	LIBOR + 35 basis points
FG	5.52%	8.50%	0.30%	LIBOR + 30 basis points
SG	0.05%	0.05%	0.00%	8.2% – LIBOR
QC	2.93%	8.15%	0.00%	8.15% – LIBOR
QD	2.93%	8.15%	0.00%	8.15% – LIBOR
FB	5.57%	8.50%	0.35%	LIBOR + 35 basis points
QE	2.93%	8.15%	0.00%	8.15% – LIBOR
QG	2.93%	8.15%	0.00%	8.15% – LIBOR
FC	5.72%	8.00%	0.50%	LIBOR + 50 basis points
FD	5.72%	8.00%	0.50%	LIBOR + 50 basis points
FE	5.72%	8.00%	0.50%	LIBOR + 50 basis points
QA	2.28%	7.50%	0.00%	7.5% – LIBOR
QB	2.28%	7.50%	0.00%	7.5% – LIBOR
FK	5.52%	8.50%	0.30%	LIBOR + 30 basis points
QH	2.98%	8.20%	0.00%	8.2% – LIBOR
QK	2.98%	8.20%	0.00%	8.2% – LIBOR
SA	2.93%	8.15%	0.00%	8.15% – LIBOR
SB	2.93%	8.15%	0.00%	8.15% – LIBOR
SC	2.28%	7.50%	0.00%	7.5% – LIBOR
SK	2.98%	8.20%	0.00%	8.2% – LIBOR

(1) We will establish LIBOR on the basis of the “BBA Method.”

We will apply interest payments from exchanged certificates to the corresponding RCR certificates, on a pro rata basis, following any exchange.

Notional Classes

A notional class will not receive any principal. Its notional principal balance is the balance used to calculate accrued interest. The notional principal balances will equal the percentages of the outstanding balances specified below immediately before the related distribution date:

<u>Class</u>	
SG	100% of the FG Class
QC and QD(1)	100% of the FA Class
	100% of the FG Class
QE and QG(2)	100% of the FB Class
QA and QB(3)	100% of the FC Class
	100% of the FD Class
	100% of the FE Class
QH and QK(4)	100% of the FK Class
SA	100% of the QC Class
	100% of the QD Class
SB	100% of the QE Class
	100% of the QG Class
SC	100% of the QA Class
	100% of the QB Class
SK	100% of the QH Class
	100% of the QK Class

- (1) The sum of these notional principal balances will equal the applicable percentages of the specified balances. On each distribution date, principal payments on the FA and FG Classes will be allocated, sequentially, in reduction of the notional principal balances of the QC and QD Classes, in that order, until their notional principal balances are reduced to zero.
- (2) The sum of these notional principal balances will equal the applicable percentages of the specified balance. On each distribution date, principal payments on the FB Class will be allocated, sequentially, in reduction of the notional principal balances of the QE and QG Classes, in that order, until their notional principal balances are reduced to zero.
- (3) The sum of these notional principal balances will equal the applicable percentages of the specified balance. On each distribution date, principal payments on the FC, FD and FE Classes will be allocated, sequentially, in reduction of the notional principal balances of the QA and QB Classes, in that order, until their notional principal balances are reduced to zero.
- (4) The sum of these notional principal balances will equal the applicable percentages of the specified balance. On each distribution date, principal payments on the FK Class will be allocated, sequentially, in reduction of the notional principal balances of the QH and QK Classes, in that order, until their notional principal balances are reduced to zero.

Distributions of Principal

Group 1 Principal Distribution Amount

To the FA, FG and A Classes, pro rata, to zero.

Group 2 Principal Distribution Amount

To the FB and B Classes, pro rata, to zero.

Group 3 Principal Distribution Amount

To the FC, FD and FE Classes, pro rata, to zero.

Group 4 Principal Distribution Amount

To the FK and C Classes, pro rata, to zero.

We will apply principal payments from exchanged certificates to the corresponding RCR certificates, on a pro rata basis, following any exchange.

Weighted Average Lives (years) *

		PSA Prepayment Assumption				
<u>Group 1 Classes</u>		<u>0%</u>	<u>200%</u>	<u>415%</u>	<u>600%</u>	<u>800%</u>
FA, FG, SG, A and SA		21.8	5.9	3.2	2.2	1.5
QC		19.5	3.6	1.8	1.2	0.8
QD		28.8	13.1	7.5	5.1	3.6
		PSA Prepayment Assumption				
<u>Group 2 Classes</u>		<u>0%</u>	<u>200%</u>	<u>360%</u>	<u>600%</u>	<u>800%</u>
FB, B and SB		21.6	6.2	3.8	2.2	1.5
QE		19.2	3.7	2.1	1.2	0.8
QG		28.7	13.8	8.8	5.1	3.6
		PSA Prepayment Assumption				
<u>Group 3 Classes</u>		<u>0%</u>	<u>200%</u>	<u>320%</u>	<u>500%</u>	<u>700%</u>
FC, FD, FE and SC		20.8	6.2	4.2	2.7	1.8
QA		18.2	3.7	2.3	1.4	1.0
QB		28.5	13.8	9.8	6.3	4.2
		PSA Prepayment Assumption				
<u>Group 4 Classes</u>		<u>0%</u>	<u>200%</u>	<u>350%</u>	<u>600%</u>	<u>800%</u>
FK, C and SK		21.8	6.0	3.8	2.2	1.5
QH		19.5	3.6	2.1	1.2	0.8
QK		28.8	13.3	8.9	5.1	3.6

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

ADDITIONAL RISK FACTORS

Rate of principal payments on the certificates will be affected by the rate of principal payments on the underlying mortgage loans. The rate that you receive principal payments on the certificates will be sensitive to the rate of principal payments on the mortgage loans underlying the related MBS or Ginnie Mae certificates, 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 prepayment rates we assumed, or
- at a constant prepayment rate until maturity.

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

- if you bought your certificates at a premium and principal payments are faster than you expected, or
- if you bought your certificates at a discount and principal payments are slower than you expected.

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

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

Weighted average lives and yields on the certificates are affected by actual characteristics of the underlying mortgage loans. We have assumed that the mortgage loans underlying the MBS and the Ginnie Mae certificates have certain characteristics. However, the actual mortgage loans probably will have different characteristics from those we assumed. As a result, your yields could be lower than you expect, even if the mortgage loans prepay at the indicated constant prepayment rates. In addi-

tion, slight differences between the assumed mortgage loan characteristics and the actual mortgage loans could affect the weighted average lives of the classes of certificates.

Level of floating rate index affects yields on certain certificates. The yield on any floating rate or inverse floating rate certificate will be affected by the level of its interest rate index. If the level of the index differs from the level you expect, then your actual yield may be lower than you expect.

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

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

Unpredictable timing of last payment affects yields on certificates. The actual final payment of your class is likely to occur earlier, and could occur much earlier, than the final distribution date listed on the cover page. If you assumed the actual final payment will occur on the final distribution date specified, your yield could be lower than you expect.

Some investors may be unable to buy certain classes. Investors whose investment activities are subject to legal investment laws and regulations, or to review by regulatory authorities, may be unable to buy certain certificates. You should get legal advice to determine whether you may purchase the certificates.

Uncertain market for the certificates could make them difficult to sell and cause their values to fluctuate. We cannot be sure that a market for resale of the certificates will develop. Further, if a market develops, it may not continue or be sufficiently liquid to allow you to sell your certificates. Even if you are able to sell your 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 certificates at prices compa-

rable to those available to other investors. You should purchase certificates only if you understand and can tolerate the risk that the value of

your certificates will vary over time and that your certificates may not be easily sold.

DESCRIPTION OF THE CERTIFICATES

The material under this heading summarizes certain features of the Certificates. You will find additional information about the 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”) and a separate trust (the “Lower Tier REMIC”) 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 (the “REMIC Certificates”) and the Combinable and Recombinable REMIC Certificates (the “RCR Certificates” and, together with the REMIC Certificates, the “Certificates”) pursuant to the Trust Agreement. In general, the term “Classes” includes the Classes of REMIC Certificates and RCR Certificates.

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

- The REMIC Certificates (except the R and RL Classes) will be “regular interests” in the Trust.
- The R Class will be the “residual interest” in the Trust.
- The interests in the Lower Tier REMIC other than the RL Class (the “Lower Tier Regular Interests”) will be the “regular interests” in the Lower Tier REMIC.
- The RL Class will be the “residual interest” in the Lower Tier REMIC.

The assets of the Trust will consist of the Lower Tier Regular Interests. The assets of the Lower Tier REMIC will consist of

- three groups of Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the “Group 1 MBS,” “Group 2 MBS” and “Group 4 MBS” and, together, the “MBS”), and
- 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”) which are either insured or guaranteed by the Federal Housing Administration (“FHA”), the Department of Veterans Affairs (“VA”) or the Rural Housing Service (“FmHA”).

Fannie Mae Guaranty. We guarantee that we will distribute to Certificateholders:

- required installments of principal and interest on the Certificates on time, and
- the principal balance of each Class of Certificates no later than its Final Distribution Date, whether or not we have received sufficient payments on the MBS or the Ginnie Mae Certificates.

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 Certificates—The Fannie Mae Guaranty” in the REMIC Prospectus and “Description of Certificates—The Fannie Mae Guaranty” in the MBS Prospectus.

Characteristics of Certificates. We will issue the Certificates of the Group 1, Group 2 and Group 4 Classes and the SA, SB and SK Classes in book-entry form on the book-entry system of the U.S. Federal Reserve Banks. Entities whose names appear on the book-entry records of a Federal Reserve Bank as having had Certificates deposited in their accounts are “Holders” or “Certificateholders.”

The Group 3 Classes and the SC 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 (“DTC”), a New York-chartered limited purpose trust company, or any successor or depository selected or approved by us. We refer to the nominee of DTC as the “Holder” or “Certificateholder” of the Certificates. DTC will maintain the DTC Certificates through its book-entry facilities.

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

We will issue the R and RL Certificates in fully registered, certificated form. The “Holder” or “Certificateholder” of the R or RL Certificate is its registered owner. The R or RL Certificate can be transferred at the corporate trust office of the Transfer Agent, or at the office of the Transfer Agent in New York, New York. State Street Bank and Trust Company in Boston, Massachusetts (“State Street”) will be the initial Transfer Agent. We may impose a service charge for any registration of transfer of the R or RL Certificate and may require payment to cover any tax or other governmental charge. See also “Characteristics of the R and RL Classes”.

The Holder of the R Class will receive the proceeds of any remaining assets of the Trust, and the Holder of the RL Class will receive the proceeds of any remaining assets of the Lower Tier REMIC, in each case only by presenting and surrendering the related Certificate at the office of the Paying Agent. State Street will be the initial Paying Agent.

Authorized Denominations. We will issue the Certificates, other than the R and RL Certificates, in minimum denominations of \$1,000 and whole dollar increments. We will issue the R and RL Classes as single Certificates with no principal balances.

Distribution Dates. We will make monthly payments on the Group 1, Group 2 and Group 4 Classes on the 25th day of each month (or, if the 25th day is not a business day, on the first business day after the 25th). We will make monthly payments on the Group 3 Classes on the 17th day of each month (or, if the 17th day is not a business day, on the first business day after the 17th). We refer to

each such date as a “Distribution Date.” We will make the first payments to Certificateholders the month after we issue the Certificates.

Record Date. On each Distribution Date, we will make each monthly payment on the 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 each Class of Certificates. When the factor is multiplied by the original principal balance (or notional principal balance) of a Certificate of that Class, the product will equal the current principal balance (or notional principal balance) of that Certificate after taking into account payments on the Distribution Date in the same month.

Optional Termination. We will not terminate the Lower Tier REMIC or 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.

Combination and Recombination

General. You are permitted to exchange all or a portion of the QC, QD, QE, QG, QA, QB, QH and QK Classes of REMIC Certificates for a proportionate interest in the related Combinable and Recombinable REMIC Certificates (“RCR Certificates”) in the combinations shown on Schedule 1. You also may exchange all or a portion of the RCR Certificates for the related REMIC Certificates in the same manner. This process may occur repeatedly.

Holders of RCR Certificates will be the beneficial owners of a proportionate interest in the related REMIC Certificates and will receive a proportionate share of the payments on the related REMIC Certificates.

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

Procedures. If a Certificateholder wishes to exchange Certificates, the Certificateholder must notify our Structured Transactions Department through one of our “REMIC Dealer Group” dealers in writing or by telefax no later than two business days before the proposed exchange date. The exchange date can be any business day other than the first or last business day of the month subject to our approval. The notice must include the outstanding notional principal balance of both the Certificates to be exchanged and the Certificates to be received, and the proposed exchange date. After receiving the Holder’s notice, we will telephone the dealer with delivery and wire payment instructions. Notice becomes irrevocable on the second business day before the proposed exchange date.

In connection with each exchange, the Holder must pay us a fee of \$2,000.

We will make the first payment on a REMIC Certificate or an RCR Certificate received in an exchange transaction on the Distribution Date in the following month. We will make such payment to the Holder of record as of the close of business on the last day of the month of the exchange.

Additional Considerations. The characteristics of RCR Certificates will reflect the characteristics of the REMIC Certificates used to form such RCR Certificates. You should also consider a number

of factors that will limit a Certificateholder's ability to exchange REMIC Certificates for RCR Certificates or vice versa:

- At the time of the proposed exchange, a Certificateholder must own Certificates of the related Class or Classes in the proportions necessary to make the desired exchange.
- A Certificateholder that does not own the Certificates may be unable to obtain the necessary REMIC Certificates or RCR Certificates.
- The Certificateholder of needed Certificates may refuse to sell them at a reasonable price (or any price) or may be unable to sell them.
- Certain Certificates may have been purchased and placed into other financial structures and thus be unavailable.
- Reductions in notional principal balances will decrease the amounts available for exchange over time.
- Only the combinations listed on Schedule 1 are permitted.

Book-Entry Procedures

General. The Fed Book-Entry Certificates will be issued and maintained only on the book-entry system of the Federal Reserve Banks. 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 to establish and maintain accounts for their respective customers. A beneficial owner's rights with respect to us and the Federal Reserve Banks may be exercised only through the Holder of such Certificate. Neither we nor the Federal Reserve Banks will have any direct obligation to a beneficial owner of a Fed Book-Entry Certificate that is not 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 and Form" in the REMIC Prospectus.

The DTC Certificates will be registered at all times in the name of the nominee of DTC. Under its normal procedures, DTC will record the amount of DTC Certificates held by each firm which participates in the book-entry system of DTC (each, a "DTC 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 DTC Certificates. State Street will also perform certain administrative functions in connection with the DTC Certificates.

A "beneficial owner" or an "investor" is anyone who acquires a beneficial ownership interest in the DTC 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 DTC Certificates will be recorded by DTC. If the intermediary is not a DTC Participant, the record ownership of the intermediary will be recorded by a DTC Participant acting on its behalf. Therefore, you must rely on these various arrangements to record your ownership of the DTC Certificates and to relay the payments to your account. You may transfer your beneficial ownership interest in the DTC Certificates only under the procedures of your financial intermediary and of DTC Participants. In general, ownership of DTC Certificates will be subject to the prevailing rules, regulations and procedures governing the DTC and DTC Participants.

Method of Payment. Our fiscal agent for the Fed Book-Entry Certificates is the Federal Reserve Bank of New York. On each applicable Distribution Date, the Federal Reserve Banks will make

payments on such Certificates on our behalf by crediting Holders' accounts at the Federal Reserve Banks.

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

The MBS

The following table contains certain information about the MBS. The MBS included in each specified Group will have the aggregate unpaid principal balance and Pass-Through Rate shown 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. 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. These Mortgage Loans will have original maturities of up to 30 years. See "The Mortgage Pools" and "Yield Considerations" in the MBS Prospectus. We expect the characteristics of the Group 1, Group 2 and Group 4 MBS and the related Mortgage Loans as of November 1, 1998 (the "Issue Date") to be as follows:

Group 1 MBS

Aggregate Unpaid Principal Balance	\$147,224,127
MBS Pass-Through Rate	8.00%

Related Mortgage Loans

Range of WACs (per annum percentages)	8.25% to 10.50%
Range of WAMs	241 months to 360 months
Approximate Weighted Average WAM	247 months
Approximate Weighted Average CAGE	90 months

Group 2 MBS

Aggregate Unpaid Principal Balance	\$150,637,867
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	274 months
Approximate Weighted Average CAGE	76 months

Group 4 MBS

Aggregate Unpaid Principal Balance	\$160,376,283
MBS Pass-Through Rate	8.00%

Related Mortgage Loans

Range of WACs (per annum percentages)	8.25% to 10.50%
Range of WAMs	241 months to 360 months
Approximate Weighted Average WAM	256 months
Approximate Weighted Average CAGE	96 months

The Ginnie Mae Certificates

The Ginnie Mae Certificates will have the aggregate unpaid principal balance and Pass-Through Rate shown below and the general characteristics described in the REMIC Prospectus. All of the Ginnie Mae Certificates are Ginnie Mae I Certificates. See "Ginnie Mae and the Ginnie Mae

Programs” in the REMIC Prospectus. We expect the characteristics of the Ginnie Mae Certificates and the related Mortgage Loans as of the Issue Date to be as follows:

Ginnie Mae Certificates

Aggregate Unpaid Principal Balance	\$182,500,000
Ginnie Mae Pass-Through Rate	8.00%

Related Mortgage Loans

WAC	8.50%
Range of WARMS	241 months to 360 months
Approximate Weighted Average WARM	274 months
Approximate Weighted Average WALA	75 months

Final Data Statement

After issuing the Certificates, we will prepare a Final Data Statement containing certain information, including (a) with respect to each Ginnie Mae Certificate, the Pool number, the original unpaid principal balance, the unpaid principal balance as of the Issue Date, and the remaining term to maturity of the latest maturity Mortgage Loan underlying that Ginnie Mae Certificate as of the Issue Date and (b) 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 the MBS. The Final Data Statement will also include the weighted averages of all the current or original WACs and the weighted averages of all the current or Adjusted WAMs, based on the current unpaid principal balances of the Mortgage Loans underlying each of the Group 1, Group 2 and Group 4 MBS as of the Issue Date. You may obtain the Final Data Statement by telephoning us at 1-800-237-8627 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.

Distributions of Interest

Categories of Classes

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

<u>Interest Type*</u>	<u>Classes</u>
Group 1 Classes	
Fixed Rate	A
Floating Rate	FA and FG
Inverse Floating Rate	SG, QC and QD
Interest Only	SG, QC and QD
RCR**	SA
Group 2 Classes	
Fixed Rate	B
Floating Rate	FB
Inverse Floating Rate	QE and QG
Interest Only	QE and QG
RCR**	SB
Group 3 Classes	
Floating Rate	FC, FD and FE
Inverse Floating Rate	QA and QB
Interest Only	QA and QB
RCR**	SC
Group 4 Classes	
Fixed Rate	C
Floating Rate	FK
Inverse Floating Rate	QH and QK
Interest Only	QH and QK
RCR**	SK
No Payment Residual	R and RL

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

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

General. We will pay interest on the interest-bearing Certificates at the applicable annual interest rates shown on the cover or described in this prospectus supplement. 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 the month after the Settlement Date specified in the Reference Sheet.

Interest to be paid on each 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 payments on exchangeable REMIC Certificates will be applied to the corresponding RCR Certificates, on a pro rata basis, following any exchange.

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

<u>Classes</u>	<u>Interest Accrual Periods</u>
All Fixed Rate Classes (collectively, the “Delay Classes”)	Calendar month preceding the month in which the Distribution Date occurs
All Floating Rate and Inverse Floating Rate Classes	One month period ending on the day preceding the Distribution Date

See “Additional Risk Factors—*Delay classes have lower yields and market values.*”

Notional Classes. The Notional Classes will not have principal balances. During each Interest Accrual Period, the Notional Classes will bear interest on their notional principal balances at their applicable interest rates. The notional principal balances of the Notional Classes will be calculated as indicated under “Reference Sheet—Notional Classes.”

We use the notional principal balance of a Notional Class to determine interest payments on that Class. Although a Notional Class will not have a principal balance and will not be entitled to any principal payments, we will publish a class factor for that Class. References in this prospectus supplement to the principal balances of the Certificates generally shall refer also to the notional principal balances of the Notional Classes.

Floating Rate and Inverse Floating Rate Classes. During each Interest Accrual Period, the Floating Rate and Inverse Floating Rate Classes will bear interest at rates determined as described under “Reference Sheet—Interest Rates.”

Changes in the specified interest rate index (the “Index”) will affect the yields with respect to these Classes. These changes may not correspond to changes in mortgage interest rates. Lower mortgage interest rates could occur while an increase in the level of the Index occurs. Similarly, higher mortgage interest rates could occur while a decrease in the level of the Index occurs.

Our establishment of each Index value and our determination of the interest rate for each applicable Class for the related Interest Accrual Period will be final and binding in the absence of manifest error. You may obtain each such interest rate by telephoning us at 1-800-237-8627 or 202-752-6547.

Calculation of LIBOR

On each Index Determination Date, we will calculate LIBOR for the related Interest Accrual Period. We will calculate LIBOR on the basis of the “BBA Method,” as described in the REMIC Prospectus under “Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes—*LIBOR.*” If we are unable to so calculate LIBOR on the initial Index Determination Date, LIBOR for the following Interest Accrual Period will be equal to 5.22%.

Distributions of Principal

Categories of Classes

For the purpose of principal payments, the Classes fall into the following categories:

<u>Principal Type*</u>	<u>Classes</u>
Group 1 Classes	
Pass-Through	FA, FG and A
Notional	SG, QC and QD
RCR**	SA
Group 2 Classes	
Pass-Through	FB and B
Notional	QE and QG
RCR**	SB
Group 3 Classes	
Pass-Through	FC, FD and FE
Notional	QA and QB
RCR**	SC
Group 4 Classes	
Pass-Through	FK and C
Notional	QH and QK
RCR**	SK
No Payment Residual	R and RL

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

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

Principal Distribution Amount

On the Distribution Date in each month, we will pay principal on the Certificates in an aggregate amount (the “Principal Distribution Amount”) equal to the sum of

- the principal then paid on the Group 1 MBS (the “Group 1 Principal Distribution Amount”),
- the principal then paid on the Group 2 MBS (the “Group 2 Principal Distribution Amount”),
- the principal payable on the Ginnie Mae Certificates, calculated as described below (the “Group 3 Principal Distribution Amount”), and
- the principal then paid on the Group 4 MBS (the “Group 4 Principal Distribution Amount”).

On or about the fifth business day of each month, we will aggregate the amount of principal reported to be payable on the Ginnie Mae Certificates that month based on published Ginnie Mae factors.

For any Ginnie Mae Certificate for which a factor is not then available, we will calculate the amount of scheduled principal payments distributable in respect of that Certificate during that month based on the assumed amortization schedules of the related Mortgage Loans. The amortization schedules will be prepared on the assumptions that:

- each Mortgage Loan underlying a Ginnie Mae Certificate amortizes on a level installment basis, had an original term to maturity of 360 months, and a remaining term to maturity equal to the remaining term to maturity of the latest maturing Mortgage Loan underlying that Ginnie Mae Certificate at its origination, adjusted to the Issue Date; and

- each Mortgage Loan underlying a Ginnie Mae Certificate bears an interest rate of 8.50% per annum.

All such amounts (whether reported in Ginnie Mae factors or calculated by us), will be reflected in the Class Factors for the Distribution Date in that month. We will pay those amounts to Holders of Certificates of the Group 3 Classes on that Distribution Date, whether or not we receive them. The Class Factors will also reflect (and we will also pay) the excess of

- (a) the distributions of principal of the Ginnie Mae Certificates received during the month prior to the month of that Distribution Date,

over

- (b) the amount of principal that we calculated and paid previously in accordance with the Ginnie Mae factors and the assumed distribution schedules specified above.

Group 1 Principal Distribution Amount

On each Distribution Date, we will pay the Group 1 Principal Distribution Amount, concurrently, as principal of the FA, FG and A Classes, pro rata (or 9.9847764762%, 65.0152233540% and 25.0000001698%, respectively), until their principal balances are reduced to zero. } Pass-Through Classes

Group 2 Principal Distribution Amount

On each Distribution Date, we will pay the Group 2 Principal Distribution Amount, concurrently, as principal of the FB and B Classes, pro rata (or 49.9999996681% and 50.0000003319%, respectively), until their principal balances are reduced to zero. } Pass-Through Classes

Group 3 Principal Distribution Amount

On each Distribution Date, we will pay the Group 3 Principal Distribution Amount, concurrently, as principal of the FC, FD and FE Classes, pro rata (or 33.3333331507%, 33.3333331507% and 33.3333336986%, respectively), until their principal balances are reduced to zero. } Pass-Through Classes

Group 4 Principal Distribution Amount

On each Distribution Date, we will pay the Group 4 Principal Distribution Amount, concurrently, as principal of the FK and C Classes, pro rata (or 79.9999997506% and 20.0000002494%, respectively), until their principal balances are reduced to zero. } Pass-Through Classes

Principal payments on exchangeable REMIC Certificates will be applied to the corresponding RCR Certificates, on a pro rata basis, following any exchange.

Structuring Assumptions

Pricing Assumptions. Except where otherwise noted, the information in the tables in this prospectus supplement has been prepared based on the following assumptions (collectively, the “Pricing Assumptions”):

- the Mortgage Loans underlying the Group 1 MBS, Group 2 MBS, Ginnie Mae Certificates and Group 4 MBS have the original terms to maturity, remaining terms to maturity or WARMs, CAGEs or WALAs and interest rates specified under “Reference Sheet—Assumed Characteristics of the Mortgage Loans underlying the MBS and the Ginnie Mae Certificates in the Trust”;
- we pay all payments (including prepayments) on the Mortgage Loans underlying the Ginnie Mae Certificates in the month we receive them.

- the Mortgage Loans prepay at the constant percentages of PSA specified in the related tables; and
- the settlement date for the sale of the Certificates is November 30, 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.

Yield Tables

General. The tables below illustrate the sensitivity of the pre-tax corporate bond equivalent yields to maturity of the applicable Classes to various constant percentages of PSA and, where specified, to changes in the Index. We calculated the yields set forth in the tables 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 values 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.

These calculations do not take into account variations in the interest rates at which you could reinvest distributions on the Certificates. Accordingly, these calculations do not illustrate the return on any investment in the Certificates when such reinvestment rates are taken into account.

We cannot assure you that

- the pre-tax yields on the applicable Certificates will correspond to any of the pre-tax yields shown here or
- the aggregate purchase prices of the applicable Certificates will be as assumed.

In addition, it is unlikely that the Index will correspond to the levels shown here. Furthermore, because some of the Mortgage Loans are likely to have remaining terms to maturity shorter or longer than those assumed and interest rates higher or lower than those assumed, the principal payments on the Certificates are likely to differ from those assumed. This would be the case even if all Mortgage Loans prepay at the indicated constant percentages of PSA. Moreover, it is unlikely that:

- the Mortgage Loans will prepay at a constant PSA rate until maturity,
- all of such Mortgage Loans will prepay at the same rate or
- the level of the Index will remain constant.

***The Inverse Floating Rate Classes.* The yields to investors in the Inverse Floating Rate Classes will be sensitive in varying degrees to the rate of principal payments, including prepayments, of the Mortgage Loans and to the level of the Index. The Mortgage Loans generally can be prepaid at any time without penalty. As illustrated in the tables below, it is possible that investors in all of the Inverse Floating Rate Classes would lose money on their initial investments under certain Index and prepayment scenarios.**

Changes in the Index may not correspond to 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 while the level of the Index increased.

The information shown in the yield tables has been prepared on the basis of the Pricing Assumptions and the assumptions that:

- the interest rates for the Inverse Floating Rate Classes for the initial Interest Accrual Period are the rates listed in the table under “Reference Sheet—Interest Rates” and for each following Interest Accrual Period will be based on the specified level of the Index, and
- the aggregate purchase prices of such Classes (expressed in each case as a percentage of original principal balance) are as follows:

<u>Class</u>	<u>Price*</u>
SG	0.2500%
QC	3.1875%
QD	14.2500%
QE	3.4375%
QG	14.0000%
QA	2.6875%
QB	12.1250%
QH	3.1875%
QK	12.3750%
SA	5.9375%
SB	6.0625%
SC	5.0625%
SK	5.4375%

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>200%</u>	<u>415%</u>	<u>600%</u>	<u>800%</u>
8.150%	13.7%	3.7%	(11.6)%	(25.8)%	(42.8)%
8.175%	0.9%	(8.6)%	(23.0)%	(36.5)%	(52.6)%
8.200%	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>200%</u>	<u>415%</u>	<u>600%</u>	<u>800%</u>
3.22%	191.1%	167.5%	128.3%	87.7%	36.3%
5.22%	101.5%	81.8%	46.8%	9.6%	(35.7)%
7.22%	23.1%	3.3%	(35.1)%	(71.9)%	*
8.15%	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>200%</u>	<u>415%</u>	<u>600%</u>	<u>800%</u>
3.22%	36.7%	36.0%	31.3%	23.1%	10.1%
5.22%	20.8%	19.1%	11.7%	1.5%	(13.1)%
7.22%	2.1%	(2.1)%	(13.3)%	(25.7)%	(41.4)%
8.15%	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>200%</u>	<u>360%</u>	<u>600%</u>	<u>800%</u>
3.22%	173.8%	151.0%	123.4%	73.2%	22.9%
5.22%	92.7%	73.4%	48.4%	1.6%	(43.2)%
7.22%	21.1%	1.1%	(27.2)%	(74.8)%	*
8.15%	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>200%</u>	<u>360%</u>	<u>600%</u>	<u>800%</u>
3.22%	37.5%	36.9%	34.0%	24.3%	11.3%
5.22%	21.5%	19.8%	14.9%	2.4%	(12.2)%
7.22%	3.2%	(1.0)%	(9.1)%	(24.8)%	(40.7)%
8.15%	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>200%</u>	<u>320%</u>	<u>500%</u>	<u>700%</u>
3.22%	201.3%	176.4%	154.6%	117.0%	67.4%
5.22%	92.2%	72.5%	53.9%	20.4%	(23.2)%
7.22%	(1.0)%	(25.6)%	(50.1)%	(88.1)%	*
7.50%	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>200%</u>	<u>320%</u>	<u>500%</u>	<u>700%</u>
3.22%	37.6%	37.1%	35.2%	29.3%	18.5%
5.22%	19.0%	17.1%	13.5%	4.9%	(8.3)%
7.22%	(6.5)%	(12.2)%	(18.9)%	(30.6)%	(45.3)%
7.50%	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>200%</u>	<u>350%</u>	<u>600%</u>	<u>800%</u>
3.22%	194.1%	170.3%	143.7%	90.3%	38.7%
5.22%	103.9%	84.2%	60.7%	11.9%	(33.6)%
7.22%	25.3%	5.8%	(20.0)%	(69.1)%	*
8.20%	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>200%</u>	<u>350%</u>	<u>600%</u>	<u>800%</u>
3.22%	43.2%	42.8%	40.6%	31.5%	19.1%
5.22%	25.0%	23.6%	19.6%	7.4%	(6.8)%
7.22%	4.8%	0.9%	(6.1)%	(22.1)%	(37.8)%
8.20%	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>200%</u>	<u>415%</u>	<u>600%</u>	<u>800%</u>
3.22%	89.2%	76.2%	56.2%	37.5%	15.3%
5.22%	48.2%	36.8%	19.4%	3.1%	(16.3)%
7.22%	8.9%	(0.9)%	(15.9)%	(29.9)%	(46.4)%
8.15%	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>200%</u>	<u>360%</u>	<u>600%</u>	<u>800%</u>
3.22%	87.4%	74.4%	59.8%	36.0%	13.9%
5.22%	47.4%	36.1%	23.2%	2.4%	(16.9)%
7.22%	9.3%	(0.5)%	(11.6)%	(29.5)%	(46.1)%
8.15%	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>200%</u>	<u>320%</u>	<u>500%</u>	<u>700%</u>
3.22%	92.1%	78.8%	67.5%	49.7%	28.1%
5.22%	43.5%	32.2%	22.7%	7.6%	(10.6)%
7.22%	(4.9)%	(14.1)%	(21.9)%	(34.1)%	(48.9)%
7.50%	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>200%</u>	<u>350%</u>	<u>600%</u>	<u>800%</u>
3.22%	100.8%	87.3%	73.0%	47.3%	24.3%
5.22%	55.1%	43.4%	31.1%	8.8%	(11.0)%
7.22%	12.2%	2.2%	(8.2)%	(27.1)%	(43.9)%
8.20%	*	*	*	*	*

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

Weighted Average Lives of the Certificates

The weighted average life of a Certificate is determined by

- (a) multiplying the amount of the reduction, if any, of the principal balance of such Certificate from one Distribution Date to the next Distribution Date by the number of years from the Settlement Date to the second such Distribution Date,
- (b) summing the results and
- (c) dividing the sum by the aggregate amount of the reductions in principal balance of such Certificate referred to in clause (a).

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

In general, the weighted average lives of the Certificates will be shortened if the level of prepayments of principal of the 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 of distributions of principal of the Certificates.

See “Distributions of Principal” herein.

The effect of these factors may differ as to various Classes and the effects on any Class may vary at different times during the life of that Class. Accordingly, we can give no assurance as to the weighted average life of any Class. Further, to the extent the prices of the Certificates represent discounts or premiums to their 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 date 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. However, in the case of the information set forth for each Class under 0% PSA, we assumed that the underlying Mortgage Loans have the original and remaining terms to maturity and bear interest at the annual rates specified in the table below.

<u>Mortgage Loans Relating to Trust Assets Specified Below</u>	<u>Original Terms to Maturity</u>	<u>Remaining Terms to Maturity</u>	<u>Interest Rates</u>	<u>Related Groups</u>
Group 1 MBS	360 months	360 months	10.5%	Group 1
Group 2 MBS	360 months	360 months	10.0%	Group 2
Ginnie Mae Certificates	360 months	360 months	8.5%	Group 3
Group 4 MBS	360 months	360 months	10.5%	Group 4

It is unlikely that:

- all of the underlying Mortgage Loans will have the interest rates (except in the case of the mortgage loans underlying the Ginnie Mae Certificates), CAGEs or WALAs or remaining terms to maturity assumed or
- the underlying Mortgage Loans will prepay at any 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. This is the case even if the dispersion of weighted average remaining terms to maturity and the weighted average CAGEs or WALAs of the Mortgage Loans are identical to the dispersion specified in the Pricing Assumptions.

Percent of Original Principal Balances Outstanding

Date	FA, FG, SG†, A and SA† Classes					QC† Class					QD† Class					FB, B and SB† Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	200%	415%	600%	800%	0%	200%	415%	600%	800%	0%	200%	415%	600%	800%	0%	200%	360%	600%	800%
Initial Percent.....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
November 1999.....	99	86	74	63	51	99	82	65	50	35	100	100	100	100	100	99	87	77	63	51
November 2000.....	99	74	54	39	26	99	66	39	19	1	100	100	100	100	100	99	75	59	40	26
November 2001.....	98	64	40	25	13	98	52	20	0	0	100	100	100	98	53	98	65	46	25	13
November 2002.....	98	55	29	15	7	97	40	5	0	0	100	100	100	61	27	97	56	35	16	7
November 2003.....	97	47	21	10	3	96	29	0	0	0	100	100	85	38	14	97	48	27	10	3
November 2004.....	96	40	15	6	2	95	20	0	0	0	100	100	62	24	7	96	41	20	6	2
November 2005.....	95	34	11	4	1	93	12	0	0	0	100	100	45	15	3	95	35	16	4	1
November 2006.....	94	29	8	2	*	92	5	0	0	0	100	100	32	9	2	94	30	12	2	*
November 2007.....	93	24	6	1	*	91	0	0	0	0	100	96	23	5	1	92	25	9	1	*
November 2008.....	92	20	4	1	*	89	0	0	0	0	100	80	16	3	*	91	21	7	1	*
November 2009.....	90	17	3	*	*	87	0	0	0	0	100	66	12	2	*	89	18	5	1	*
November 2010.....	89	14	2	*	*	85	0	0	0	0	100	54	8	1	*	88	15	4	*	*
November 2011.....	87	11	1	*	*	82	0	0	0	0	100	44	6	1	*	86	12	3	*	*
November 2012.....	85	9	1	*	*	80	0	0	0	0	100	35	4	*	*	84	10	2	*	*
November 2013.....	83	7	1	*	*	77	0	0	0	0	100	27	3	*	*	82	8	1	*	*
November 2014.....	80	5	*	*	*	74	0	0	0	0	100	20	2	*	*	79	7	1	*	*
November 2015.....	78	4	*	*	*	70	0	0	0	0	100	15	1	*	*	76	5	1	*	*
November 2016.....	75	2	*	*	*	66	0	0	0	0	100	10	1	*	*	73	4	*	*	*
November 2017.....	71	1	*	*	*	62	0	0	0	0	100	5	*	*	*	70	3	*	*	*
November 2018.....	68	*	*	*	*	57	0	0	0	0	100	2	*	*	*	66	2	*	*	*
November 2019.....	64	0	0	0	0	52	0	0	0	0	100	0	0	0	0	62	1	*	*	*
November 2020.....	59	0	0	0	0	46	0	0	0	0	100	0	0	0	0	58	*	*	*	*
November 2021.....	54	0	0	0	0	39	0	0	0	0	100	0	0	0	0	53	0	0	0	0
November 2022.....	49	0	0	0	0	32	0	0	0	0	100	0	0	0	0	47	0	0	0	0
November 2023.....	43	0	0	0	0	23	0	0	0	0	100	0	0	0	0	41	0	0	0	0
November 2024.....	36	0	0	0	0	14	0	0	0	0	100	0	0	0	0	35	0	0	0	0
November 2025.....	28	0	0	0	0	4	0	0	0	0	100	0	0	0	0	27	0	0	0	0
November 2026.....	20	0	0	0	0	0	0	0	0	0	79	0	0	0	0	19	0	0	0	0
November 2027.....	10	0	0	0	0	0	0	0	0	0	41	0	0	0	0	10	0	0	0	0
November 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)**.....	21.8	5.9	3.2	2.2	1.5	19.5	3.6	1.8	1.2	0.8	28.8	13.1	7.5	5.1	3.6	21.6	6.2	3.8	2.2	1.5

Date	QE† Class					QG† Class					FC, FD, FE and SC† Classes					QA† Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	200%	360%	600%	800%	0%	200%	360%	600%	800%	0%	200%	320%	500%	700%	0%	200%	320%	500%	700%
Initial Percent.....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
November 1999.....	99	82	70	51	35	100	100	100	100	100	99	87	80	69	57	99	82	73	59	43
November 2000.....	98	67	46	19	2	100	100	100	100	100	98	75	63	47	33	98	67	51	30	10
November 2001.....	98	53	28	0	0	100	100	100	99	53	98	65	50	33	19	97	53	34	10	0
November 2002.....	97	41	13	0	0	100	100	100	62	27	97	56	40	22	11	95	41	20	0	0
November 2003.....	95	30	2	0	0	100	100	100	39	14	95	48	31	15	6	94	31	8	0	0
November 2004.....	94	21	0	0	0	100	100	82	24	7	94	41	25	10	3	92	22	0	0	0
November 2005.....	93	13	0	0	0	100	100	62	15	4	93	35	19	7	2	91	14	0	0	0
November 2006.....	91	6	0	0	0	100	100	47	9	2	92	30	15	5	1	89	7	0	0	0
November 2007.....	90	*	0	0	0	100	100	36	6	1	90	26	12	3	1	87	1	0	0	0
November 2008.....	88	0	0	0	0	100	85	27	4	*	89	22	9	2	*	85	0	0	0	0
November 2009.....	86	0	0	0	0	100	72	20	2	*	87	18	7	1	*	82	0	0	0	0
November 2010.....	84	0	0	0	0	100	60	15	1	*	85	15	5	1	*	80	0	0	0	0
November 2011.....	81	0	0	0	0	100	49	11	1	*	83	13	4	1	*	77	0	0	0	0
November 2012.....	79	0	0	0	0	100	40	8	*	*	81	10	3	*	*	74	0	0	0	0
November 2013.....	76	0	0	0	0	100	33	6	*	*	78	8	2	*	*	71	0	0	0	0
November 2014.....	72	0	0	0	0	100	26	4	*	*	75	7	2	*	*	67	0	0	0	0
November 2015.....	69	0	0	0	0	100	20	3	*	*	72	5	1	*	*	63	0	0	0	0
November 2016.....	65	0	0	0	0	100	15	2	*	*	69	4	1	*	*	59	0	0	0	0
November 2017.....	60	0	0	0	0	100	11	1	*	*	66	3	1	*	*	54	0	0	0	0
November 2018.....	55	0	0	0	0	100	8	1	*	*	62	2	*	*	*	49	0	0	0	0
November 2019.....	50	0	0	0	0	100	4	*	*	*	58	1	*	*	*	44	0	0	0	0
November 2020.....	44	0	0	0	0	100	2	*	*	*	53	*	*	*	*	38	0	0	0	0
November 2021.....	37	0	0	0	0	100	0	0	0	0	49	*	*	*	*	31	0	0	0	0
November 2022.....	30	0	0	0	0	100	0	0	0	0	43	0	0	0	0	24	0	0	0	0
November 2023.....	22	0	0	0	0	100	0	0	0	0	37	0	0	0	0	17	0	0	0	0
November 2024.....	13	0	0	0	0	100	0	0	0	0	31	0	0	0	0	8	0	0	0	0
November 2025.....	3	0	0	0	0	100	0	0	0	0	24	0	0	0	0	0	0	0	0	0
November 2026.....	0	0	0	0	0	76	0	0	0	0	17	0	0	0	0	0	0	0	0	0
November 2027.....	0	0	0	0	0	40	0	0	0	0	9	0	0	0	0	0	0	0	0	0
November 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)**.....	19.2	3.7	2.1	1.2	0.8	28.7	13.8	8.8	5.1	3.6	20.8	6.2	4.2	2.7	1.8	18.2	3.7	2.3	1.4	1.0

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

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

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

Date	QB† Class					FK, C and SK† Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	200%	320%	500%	700%	0%	200%	350%	600%	800%
Initial Percent	100	100	100	100	100	100	100	100	100	100
November 1999	100	100	100	100	100	99	86	78	63	51
November 2000	100	100	100	100	100	99	75	60	39	26
November 2001	100	100	100	100	74	98	64	47	25	13
November 2002	100	100	100	89	42	98	55	36	15	7
November 2003	100	100	100	61	24	97	47	28	10	3
November 2004	100	100	99	42	14	96	40	21	6	2
November 2005	100	100	78	28	8	95	34	16	4	1
November 2006	100	100	61	19	4	94	29	12	2	*
November 2007	100	100	47	13	2	93	25	9	1	*
November 2008	100	86	37	9	1	92	21	7	1	*
November 2009	100	73	28	6	1	90	17	5	1	*
November 2010	100	61	22	4	*	89	14	4	*	*
November 2011	100	50	17	3	*	87	12	3	*	*
November 2012	100	41	12	2	*	85	9	2	*	*
November 2013	100	33	9	1	*	83	7	1	*	*
November 2014	100	27	7	1	*	80	6	1	*	*
November 2015	100	21	5	*	*	78	4	1	*	*
November 2016	100	16	3	*	*	75	3	*	*	*
November 2017	100	11	2	*	*	71	2	*	*	*
November 2018	100	8	1	*	*	68	1	*	*	*
November 2019	100	5	1	*	*	64	*	*	*	*
November 2020	100	2	*	*	*	59	0	0	0	0
November 2021	100	*	*	*	*	54	0	0	0	0
November 2022	100	0	0	0	0	49	0	0	0	0
November 2023	100	0	0	0	0	43	0	0	0	0
November 2024	100	0	0	0	0	36	0	0	0	0
November 2025	97	0	0	0	0	28	0	0	0	0
November 2026	68	0	0	0	0	20	0	0	0	0
November 2027	35	0	0	0	0	10	0	0	0	0
November 2028	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	28.5	13.8	9.8	6.3	4.2	21.8	6.0	3.8	2.2	1.5

Date	QH† Class					QK† Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	200%	350%	600%	800%	0%	200%	350%	600%	800%
Initial Percent	100	100	100	100	100	100	100	100	100	100
November 1999	99	82	70	51	35	100	100	100	100	100
November 2000	99	66	47	19	1	100	100	100	100	100
November 2001	98	52	29	0	0	100	100	100	99	53
November 2002	97	40	15	0	0	100	100	100	62	27
November 2003	96	30	3	0	0	100	100	100	39	14
November 2004	95	21	0	0	0	100	100	85	24	7
November 2005	93	13	0	0	0	100	100	65	15	3
November 2006	92	6	0	0	0	100	100	49	9	2
November 2007	91	0	0	0	0	100	98	37	6	1
November 2008	89	0	0	0	0	100	82	28	3	*
November 2009	87	0	0	0	0	100	68	21	2	*
November 2010	85	0	0	0	0	100	56	15	1	*
November 2011	82	0	0	0	0	100	46	11	1	*
November 2012	80	0	0	0	0	100	37	8	*	*
November 2013	77	0	0	0	0	100	29	6	*	*
November 2014	74	0	0	0	0	100	23	4	*	*
November 2015	70	0	0	0	0	100	17	3	*	*
November 2016	66	0	0	0	0	100	12	2	*	*
November 2017	62	0	0	0	0	100	8	1	*	*
November 2018	57	0	0	0	0	100	4	*	*	*
November 2019	52	0	0	0	0	100	1	*	*	*
November 2020	46	0	0	0	0	100	0	0	0	0
November 2021	39	0	0	0	0	100	0	0	0	0
November 2022	32	0	0	0	0	100	0	0	0	0
November 2023	23	0	0	0	0	100	0	0	0	0
November 2024	14	0	0	0	0	100	0	0	0	0
November 2025	4	0	0	0	0	100	0	0	0	0
November 2026	0	0	0	0	0	79	0	0	0	0
November 2027	0	0	0	0	0	42	0	0	0	0
November 2028	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	19.5	3.6	2.1	1.2	0.8	28.8	13.3	8.9	5.1	3.6

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

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

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

Characteristics of the R and RL Classes

The R and RL Classes will not have principal balances and will not bear interest. If any assets of the Trust remain after the principal balances of all Classes are reduced to zero, we will pay the Holder of the R Class the proceeds from those assets. If any assets of the Lower Tier REMIC remain after the principal balances of the Lower Tier Regular Interests are reduced to zero, we will pay the proceeds of those assets to the Holder of the RL Class. Fannie Mae does not expect that any material assets will remain in either case.

The R and RL Classes will be subject to certain transfer restrictions. We will not permit transfer of record or beneficial ownership of an R or RL Certificate to a “disqualified organization.” In addition, we will not permit transfer of record or beneficial ownership of an R or RL Certificate to any person that is not a “U.S. Person” without our written consent. Treasury Department regulations (the “Regulations”) provide that 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 and RL Classes will constitute noneconomic residual interests under the Regulations. Any transferee of an R or RL Certificate must execute and deliver an affidavit and an Internal Revenue Service Form W-9 on which the transferee provides its taxpayer identification number. See “Description of the Certificates—Additional Characteristics of Residual Certificates” and “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates” in the REMIC Prospectus. Transferors of an R or RL Certificate should consult with their own tax advisors for further information regarding such transfers.

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

CERTAIN ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES

The Certificates and payments on the Certificates are not generally exempt from taxation. Therefore, you should consider the tax consequences of holding a 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 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 Certificates as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

REMIC Elections and Special Tax Attributes

We will elect to treat the Lower Tier REMIC and the Trust as REMICs for federal income tax purposes. The REMIC Certificates, other than the R and RL Classes, 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 Lower Tier Regular Interests will be designated as the “regular interests” and the RL Class will be designated as the “residual interest” in the Lower Tier REMIC.

Because the Lower Tier REMIC and the Trust will qualify as REMICs, the REMIC Certificates and any related RCR Certificates generally will be treated as “regular or residual interests in a

REMIC” for domestic building and loan associations, “real estate assets” for real estate investment trusts, and, except for the R and RL Classes, as “qualified mortgages” for other REMICs. See “Certain Federal Income Tax Consequences—*REMIC Election and Special Tax Attributes*” in the REMIC Prospectus.

Taxation of Beneficial Owners of Regular Certificates

The Notional Classes will be issued with original issue discount (“OID”), and certain other Classes of REMIC Certificates may be issued with OID. If a Class is issued with OID, a beneficial owner of a Certificate of that Class 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, certain Classes of REMIC Certificates may be treated as having been issued at a premium. 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 Assumptions that will be used in determining the rate of accrual of OID will be as follows:

<u>Certificate Group</u>	<u>PSA Prepayment Assumptions</u>
1	415%
2	360
3	320
4	350

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 or the Ginnie Mae certificates will prepay at any of those rates or any other rate. See “Description of the Certificates—Weighted Average Lives of the Certificates” in this prospectus supplement and “Description of the Certificates—Weighted Average Life and Final Distribution Date” in the REMIC Prospectus.

Taxation of Beneficial Owners of Residual Certificates

For purposes of determining the portion of the taxable income of the Trust (or the Lower Tier REMIC) that generally will not be treated as excess inclusions, the rate to be used is 6.00% (which is 120% of the “federal long-term rate”). See “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Residual Certificates—Treatment of Excess Inclusions*” and “—*Foreign Investors—Residual Certificates*” in the REMIC Prospectus.

Taxation of Beneficial Owners of RCR Certificates

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

The RCR Classes (each a “Combination RCR Class”) will represent the beneficial ownership of the underlying REMIC Certificates set forth in Schedule 1. Each Certificate of a Combination RCR Class (a “Combination RCR Certificate”) will represent beneficial ownership of undivided interests in two or more underlying REMIC Certificates.

Combination RCR Classes. A beneficial owner of a Combination RCR Certificate will be treated as the beneficial owner of a proportionate interest in the REMIC Certificates underlying that Combination RCR Certificate. A beneficial owner of a Combination RCR Certificate must allocate its cost to acquire that Certificate among the underlying REMIC Certificates in proportion to their relative fair market values at the time of acquisition. Such owner should account for its ownership interest in each underlying REMIC Certificate as described under “—Taxation of Beneficial Owners of Regular Certificates” in this prospectus supplement and “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Regular Certificates*” in the REMIC Prospectus. When a beneficial owner sells a Combination RCR Certificate, such owner must allocate the sale proceeds among the underlying REMIC Certificates in proportion to their relative fair market values at the time of sale.

Exchanges. If a beneficial owner exchanges one or more REMIC Certificates for the related RCR Certificate or Certificates in the manner described under “Description of the Certificates—Combination and Recombination” in this prospectus supplement, the exchange will not be taxable. Likewise, if a beneficial owner exchanges one or more RCR Certificates for the related REMIC Certificate or Certificates in the manner described in that discussion, the exchange will not be a taxable exchange. In each of these cases, the beneficial owner will be treated as continuing to own after the exchange the same combination of interests in the related REMIC Certificates (or the same interest in the same REMIC Certificate) that it owned immediately prior to the exchange.

PLAN OF DISTRIBUTION

General. We are obligated to deliver the Certificates to Salomon Smith Barney Inc. (the “Dealer”) in exchange for the MBS and Ginnie Mae Certificates. The Dealer proposes to offer the Certificates directly to the public from time to time in negotiated transactions at varying prices to be determined at the time of sale. The Dealer may effect these transactions to or through other dealers.

Increase in Certificates. Before the Settlement Date, we and the Dealer may agree to offer Group 1, Group 2, Group 3 or Group 4 Classes in addition to those contemplated as of the date of this prospectus supplement. In this event, we will increase the related MBS or Ginnie Mae Certificates in principal balance, but we expect that all these additional MBS or Ginnie Mae Certificates will have the same characteristics as described under “Description of the Certificates—The MBS” and “—The Ginnie Mae Certificates.” The proportion that the original principal balance of each Group 1, Group 2, Group 3 or Group 4 Class bears to the aggregate original principal balance of all Group 1, Group 2, Group 3 or Group 4 Classes, respectively, will remain the same.

LEGAL MATTERS

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

Schedule 1

Available Recombinations (1)

REMIC Certificates		RCR Certificates						
<u>Classes</u>	<u>Original Notional Principal Balance</u>	<u>RCR Classes</u>	<u>Original Notional Principal Balance</u>	<u>Interest Rate</u>	<u>Interest Type (2)</u>	<u>Principal Type (2)</u>	<u>CUSIP Number</u>	<u>Final Distribution Date</u>
Recombination 1								
QC	\$ 82,800,000	SA	\$110,418,095	(3)	INV/IO	NTL	31359U4C6	December 2028
QD	27,618,095							
Recombination 2								
QE	56,490,000	SB	75,318,933	(3)	INV/IO	NTL	31359U4D4	December 2028
QG	18,828,933							
Recombination 3								
QA	136,875,000	SC	182,500,000	(3)	INV/IO	NTL	31359U4E2	November 2028
QB	45,625,000							
Recombination 4								
QH	96,225,000	SK	128,301,026	(3)	INV/IO	NTL	31359U4F9	December 2028
QK	32,076,026							

(1) The balances of the REMIC Certificates and RCR Certificates involved in any exchange will bear the same proportionate relationship as that borne by the original balances of the related Classes.

(2) See “Description of the Certificates—Class Definitions and Abbreviations” in the REMIC Prospectus and “Description of the Certificates—Distributions of Interest” and “—Distributions of Principal” herein.

(3) For a description of these interest rates, see “Description of the Certificates—Distributions of Interest” herein.

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 herein 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.

\$640,738,277



FannieMae

Guaranteed REMIC Pass-Through Certificates

Fannie Mae REMIC Trust 1998-66

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Salomon Smith Barney

**Prospectus Supplement
Dated October 30, 1998**