

\$366,222,000 (Approximate)



FannieMae

**Guaranteed REMIC Pass-Through Certificates
Fannie Mae Multifamily REMIC Trust 1998-M4**

The Guaranteed REMIC Pass-Through Certificates offered hereby (the “Certificates”) will represent beneficial ownership interests in one of two trust funds. The Certificates, other than the RL Class, together with one class of subordinate certificates (the “Subordinate Class”), which is not offered hereby, will represent beneficial ownership interests in Fannie Mae Multifamily REMIC Trust 1998-M4 (the “Trust”). The assets of the Trust will consist of the “regular interests” in a separate trust fund (the “Lower-Tier REMIC”). The assets of the Lower-Tier REMIC will consist of (i) approximately \$307,656,978 of mortgage participation certificates (each a “Participation Certificate”), each representing a participation interest in a whole mortgage loan insured by the Federal Housing Administration (the “FHA”) of the United States Department of Housing and Urban Development (“HUD”) under certain sections of the National Housing Act of 1934, as amended (the “Housing Act”), and secured by liens on multifamily rental housing developments (“Multifamily Rental Properties”) or nursing homes, intermediate care facilities, assisted living facilities, board and care homes or other nursing facilities (collectively, “Nursing Facilities”) and (ii) approximately \$63,953,033 of “fully-modified pass-through” mortgage backed securities (the “GNMA Certificates”) guaranteed as to timely payment of principal and interest by the Government National Mortgage Association (“GNMA”), each GNMA Certificate representing an ownership interest in a whole mortgage loan insured by the FHA and secured by a lien on a Multifamily Rental Property or Nursing Facility. The mortgage loans underlying the Participation Certificates (the “PC Loans”) and the mortgage loans underlying the GNMA Certificates (the “GNMA Loans”) are known collectively herein as the “Mortgage Loans”. The Participation Certificates and the GNMA Certificates are also known collectively herein as the “Mortgage Assets”. The Mortgage Loans are fixed-rate and generally are level-pay and fully amortizing. See “Description of the Mortgage Loans” herein. Certain information with respect to the Mortgage Loans and the Mortgaged Properties is set forth on Exhibit A hereto.

The Certificates will be issued and guaranteed as to timely distribution of principal and interest, subject to certain conditions described herein, by Fannie Mae and offered by Fannie Mae pursuant to its Prospectus for Guaranteed Multifamily REMIC Pass-Through Certificates (the “Multifamily REMIC Prospectus”), accompanying this Prospectus Supplement. **Fannie Mae will not guarantee (i) the Subordinate Class or (ii) the payment to Certificateholders of any prepayment penalties.** See “Description of the Certificates—General—Fannie Mae Guaranty” herein.

Investors should not purchase the Certificates before reading this Prospectus Supplement and the additional Disclosure Documents listed at the bottom of page S-2.

See “Risk Factors” beginning on page S-6 for a discussion of certain risks that should be considered in connection with an investment in the Certificates.

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THE CERTIFICATES MAY NOT BE SUITABLE INVESTMENTS FOR ALL INVESTORS. NO INVESTOR SHOULD PURCHASE CERTIFICATES UNLESS SUCH INVESTOR UNDERSTANDS AND IS ABLE TO BEAR THE PREPAYMENT, YIELD, LIQUIDITY AND OTHER RISKS ASSOCIATED WITH SUCH CERTIFICATES. PROSPECTIVE INVESTORS IN ANY CLASS OF CERTIFICATES SHOULD CAREFULLY CONSIDER WHETHER SUCH AN INVESTMENT IS APPROPRIATE FOR THEIR INVESTMENT OBJECTIVES. SEE “DESCRIPTION OF THE CERTIFICATES” HEREIN.

THE CERTIFICATES, TOGETHER WITH ANY INTEREST THEREON, ARE NOT GUARANTEED BY THE UNITED STATES. THE OBLIGATIONS OF FANNIE MAE UNDER ITS GUARANTY OF THE CERTIFICATES ARE OBLIGATIONS SOLELY OF FANNIE MAE AND DO NOT CONSTITUTE AN OBLIGATION OF THE UNITED STATES OR ANY AGENCY OR INSTRUMENTALITY THEREOF OTHER THAN FANNIE MAE. THE CERTIFICATES ARE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933 AND ARE “EXEMPTED SECURITIES” WITHIN THE MEANING OF THE SECURITIES EXCHANGE ACT OF 1934.

Class	Original Principal Balance(1)	Principal Type(2)	Interest Rate	Interest Type(2)	CUSIP Number	Final Distribution Date
A	\$ 73,790,000	SEQ	6.060%	FIX	31359TTH1	September 2011
B	143,750,000	SEQ	6.424	FIX	31359 T T J 7	December 2023
BA	25,000,000	SEQ	6.207	FIX	31359TTK4	December 2023
C	92,404,000	SEQ	6.527	FIX	31359TTL2	May 2030
D	31,278,000	SEQ	6.271	FIX	31359TTM0	February 2035
N	366,222,000 (4)	NTL	(3)	WAC/IO	31359TTN8	February 2035
R	0	NPR	0	NPR	31359TTQ1	December 2037
RL	0	NPR	0	NPR	31359TTR9	December 2037

(1) Subject to a permitted variance of plus or minus 5%.

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

(3) Initially, 1.64161% per annum. The N Class will bear interest during each Interest Accrual Period at a variable rate per annum equal to a weighted average rate calculated as specified herein. See “Description of the Certificates—Distributions of Interest—Weighted Average Coupon Classes” herein.

(4) The N Class will be a Notional Class, will have no principal balance and will bear interest on its notional principal balance. The notional principal balance of the N Class will be as set forth above, and thereafter, will be calculated as specified herein. See “Description of the Certificates—Distributions of Interest—Notional Class” herein.

The Certificates are offered by Donaldson, Lufkin & Jenrette Securities Corporation (the “Dealer”) from time to time in negotiated transactions, at varying prices to be determined at the time of sale.

The Certificates are offered by the Dealer, subject to issuance by Fannie Mae and to prior sale or to withdrawal or modification of the offer without notice, when, as and if delivered to and accepted by the Dealer, and subject to approval of certain legal matters by counsel. It is expected that the Certificates, except for the R and RL Classes, will be available through the book-entry system of The Depository Trust Company on or about April 30, 1998 (the “Settlement Date”). It is expected that the R and RL Classes in registered, certificated form will be available for delivery at the offices of the Dealer, 277 Park Avenue, New York, New York 10172, on or about the Settlement Date.

Donaldson, Lufkin & Jenrette
Securities Corporation

The date of this Prospectus Supplement is March 26, 1998

(Cover continued from previous page)

The yield to investors in each Class of Certificates will be sensitive in varying degrees to, among other things, the rate of principal payments of the related Mortgage Loans, the actual characteristics of such Mortgage Loans and the purchase price paid for such Classes. The yields to investors in the N Class will also be sensitive to fluctuations in the Weighted Average Pass-Through Rate of the Mortgage Loans. Accordingly, investors should consider the following risks:

- Subject to the effect of applicable lockouts and mortgage prepayment penalties, the Mortgage Loans may be prepaid by the related borrowers at any time and, accordingly, the rate of principal payments thereon is likely to vary considerably from time to time. Depending on other factors present at the time, Mortgage Loans having prepayment penalties may be less likely to prepay than Mortgage Loans that do not have such penalties. In addition, the full principal balance of a Mortgage Loan may be distributed upon a default thereof, which could take place during an otherwise applicable lockout or prepayment penalty period.
- Slight variations in Mortgage Loan characteristics could substantially affect the weighted average lives and yields of some of or all the Classes.
- In the case of any Certificates purchased at a discount to their principal amounts, a slower than anticipated rate of principal payments is likely to result in a lower than anticipated yield.
- In the case of any Certificates purchased at a premium to their principal amounts, a faster than anticipated rate of principal payments is likely to result in a lower than anticipated yield.
- In the case of the Notional Class, a faster than anticipated rate of principal payments is likely to result in a lower than anticipated yield and, in certain cases, an actual loss on the investment.
- The allocation to a Class of any prepayment penalties may be insufficient to offset fully the adverse effects on the anticipated yield that may arise out of the corresponding principal prepayment. Fannie Mae, however, does not guarantee that any prepayment penalties due under any Mortgage Loan will in fact be collected or paid to the Holders of such Classes.
- There will be no reimbursement to investors for any premium paid by such investors, or for any loss in an investor's yield, if such investors receive early payments of principal.

See "Description of the Certificates—Yield Considerations" herein.

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

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

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of this Prospectus Supplement or the Multifamily REMIC Prospectus. Any representation to the contrary is a criminal offense.

Elections will be made to treat the Lower Tier REMIC and the Trust as "real estate mortgage investment conduits" ("REMICs") pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). The R and RL Classes will be subject to transfer restrictions. See "Description of the Certificates—Additional Characteristics of Residual Certificates" and "Certain Federal Income Tax Consequences" in the Multifamily REMIC Prospectus, and "Description of the Certificates—Characteristics of the R and RL Classes" and "Certain Additional Federal Income Tax Consequences" herein.

Investors should purchase the Certificates only if they have read and understood this Prospectus Supplement and the following documents (collectively, the "Disclosure Documents"):

- Fannie Mae's Prospectus for Guaranteed Multifamily REMIC Pass-Through Certificates dated November 1, 1995 (the "Multifamily REMIC Prospectus"); and
- Fannie Mae's Information Statement dated March 31, 1997, and any supplements thereto (the "Information Statement").

The Information Statement is incorporated herein by reference and may be obtained from Fannie Mae by writing or calling its MBS Helpline at 3900 Wisconsin Avenue, N.W., Area 2H-3S, Washington, D.C. 20016 (telephone 1-800-BEST-MBS or 202-752-7547). The Information Statement may also be obtained from the Dealer by writing or calling the Prospectus Department of Donaldson, Lufkin & Jenrette Securities Corporation at 277 Park Avenue, 7th Floor, New York New York 10172 (telephone 212-892-4525). Other data specific to the Certificates is available in electronic form by calling Fannie Mae at 1-800-752-6440 or 202-752-6000.

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REFERENCE SHEET

This reference sheet is not a summary of the REMIC transaction and it does not contain complete information about the Certificates. Investors should purchase the Certificates only after reading this Prospectus Supplement and each of the additional Disclosure Documents described herein in their entirety.

Certain Characteristics of the Mortgage Loans (as of April 1, 1998)

The Mortgage Loans are expected to have the following characteristics (aggregated on the basis of the applicable FHA insurance programs):

FHA Insurance Program	Approximate Issue Date Balance	Number of Loans	Percent of Total Balance	Weighted Average Mortgage Loan Interest Rate	Weighted Average Pass-through Rate	Weighted Average Original Term to Maturity (1) (in months)	Weighted Average Remaining Term to Maturity (in months)	Weighted Average Period from Issuance (1) (in months)	Weighted Average Remaining Lockout Period (in months)	Weighted Average Term to End of Mortgage Loan Prepayment Penalty Period (in months)
223(f)	\$174,378,267	35	46.9%	7.902%	7.608%	397	366	31	51	85
232	75,790,119	16	20.4	8.528	8.219	400	370	30	38	73
223(a)7	37,838,171	7	10.2	9.033	8.760	350	313	37	63	73
232/223(f)	32,335,458	9	8.7	7.838	7.445	416	402	14	65	105
221(d)4	28,171,946	8	7.6	8.982	8.638	449	378	71	14	50
241(f)	20,886,609	6	5.6	9.105	8.873	446	412	35	27	45
241	2,209,441	2	0.6	8.836	8.528	332	307	26	42	102
	<u>\$371,610,011</u>	<u>83</u>	<u>100.0%</u>							

(1) Based on the later of (a) one month prior to the first principal and interest payment after the most recent FHA endorsement or (b) origination (where origination with respect to a GNMA Certificate is the issue date and origination with respect to a Participation Certificate is one month prior to the first principal and interest payment date).

In addition, the table contained on Exhibit A hereto sets forth certain information regarding the characteristics of the individual Mortgage Loans as of April 1, 1998 (the “Issue Date”), including information regarding the applicable FHA program, property location, approximate principal balance, scheduled monthly principal and interest, mortgage interest rate, pass-through rate, FHA debenture rate, maturity date, original and remaining terms to maturity, age and issue date, and additional information regarding prepayment lockout and prepayment penalty periods applicable to the Mortgage Loans. Certain additional information regarding the Mortgage Loans may be obtained from Fannie Mae as described under “Description of the Mortgage Loans” herein.

For a description of the characteristics and assumptions on the basis of which certain tabular information herein has been prepared, see “Description of the Certificates—Structuring Assumptions” herein.

Prepayment Penalties

If any prepayment penalties received on the Mortgage Loans are included in the distributions with respect to any Distribution Date, (i) the distribution to be made on the N Class on such Distribution Date will include an amount representing 75% of the prepayment penalties so received and (ii) the distribution to be made on the Class currently receiving distributions of principal from the Principal Distribution Amount on such Distribution Date will include an amount representing 25% of the prepayment penalties so received (or, if more than one of the A, B, BA, C and D Classes are receiving principal distributions from the Principal Distribution Amount on such Distribution Date, the amount representing 25% of the prepayment penalties so received will be allocated among such Classes, *pro rata*, based on the principal amounts so distributable thereon); *provided, however*, any prepayment penalty in excess of 3% of the related principal prepayment during the period during which prepayment penalties are allocated between the N Class and the A Class shall be allocated 100% to the N Class. Notwithstanding the foregoing, after the date on which the outstanding notional

amount of the N Class has been reduced to zero, the N Class will receive no distributions of prepayment penalties.

Interest Rates

The Certificates will bear interest at the rates set forth on the cover or described herein. See “Description of the Certificates—Distributions of Interest—*Notional Class*” and “—*Weighted Average Coupon Classes*” herein.

Notional Class

The notional principal balance of the N Class will be equal to 100% of the aggregate outstanding principal balance of the A, B, BA, C and D Classes immediately prior to the related Distribution Date. See “Description of the Certificates—Distributions of Interest—*Notional Class*” herein.

Distribution of Principal

To the A, B and BA (*pro rata*), C and D Classes, in that order, to zero.

Weighted Average Lives (years) *

Class	Lockout**					
	CPR Prepayment Assumption					
	0%	10%	20%	40%	50%	75%
A	7.9	3.0	2.2	1.5	1.3	0.9
B and BA	20.3	8.6	6.1	4.5	4.1	3.5
C	28.7	16.2	11.3	8.4	7.8	6.9
D	33.9	24.4	17.0	11.9	11.1	10.2
N	21.1	10.7	7.6	5.5	5.1	4.4

Class	Extended Protection**					
	CPR Prepayment Assumption					
	0%	10%	20%	40%	50%	75%
A	7.9	4.8	4.2	3.5	3.3	2.9
B and BA	20.3	10.8	8.8	7.5	7.2	6.6
C	28.7	17.9	13.2	10.5	10.0	9.4
D	33.9	25.5	18.6	13.2	12.1	10.6
N	21.1	12.6	9.8	7.9	7.5	6.9

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

** “Lockout” assumes no prepayment through the applicable lockout end dates and “Extended Protection” assumes no prepayment through any applicable prepayment penalty end dates. See “Description of the Certificates—Structuring Assumptions—Pricing Assumptions” herein.

RISK FACTORS

Yield Considerations

The effective yield to Certificateholders will depend upon the purchase price of the related Certificates, the rate of principal payments, including prepayments, on the Mortgage Loans, and the actual characteristics of the Mortgage Loans. In addition, the yields to investors in the N Class will be sensitive to fluctuations in the Weighted Average Pass-Through Rate of the Mortgage Assets. Generally, if the actual rate of payments on the Mortgage Assets is slower than the rate anticipated by an investor who purchased a Certificate of the A, B, BA, C or D Class at a discount, the actual yield to such investor will be lower than such investor's anticipated yield. If the actual rate of payment on the Mortgage Assets is faster than the rate anticipated by an investor who purchased a Certificate of the N Class or who purchased a Certificate of the A, B, BA, C or D Class at a premium, the actual yield to such investor will also be lower than such investor's anticipated yield.

The timing of changes in the rate of principal payments (including prepayments) or, in the case of the N Class in the Weighted Average Pass-Through Rate, may significantly affect the yield to an investor, even if the average rate of principal prepayments or the average Weighted Average Pass-Through Rate is consistent with such investor's expectations. In general, the earlier the payment of principal or change in the level of the Weighted Average Pass-Through Rate, the greater the effect on an investor's yield to maturity. As a result, the effect on an investor's yield of principal payments (including prepayments) or the level of the Weighted Average Pass-Through Rate occurring at a rate or level higher (or lower) than the rate or level anticipated by the investor during the period immediately following the Settlement Date will not be offset by any subsequent equivalent reduction (or increase) in the rate of principal payments (including prepayments) or level of the Weighted Average Pass-Through Rate.

The effective yields on the Certificates will be reduced below the yields otherwise produced because principal and interest payable on a Distribution Date will not be distributed earlier than the 25th day following the end of the related Interest Accrual Period and will not bear interest during such delay. No interest at all will be paid on any Certificate after its principal balance has been reduced to zero. As a result of the foregoing, the market values of the Certificates will be lower than would have been the case if there were no such delay. Investors must make their own decisions as to the appropriate assumptions, including prepayment assumptions, to be used in deciding whether to purchase the Certificates.

There will be no reimbursement to investors for any premium paid by investors or for any loss in yield if such investors receive early payments of principal.

Reinvestment Risk

Subject to the effect of the applicable prepayment lockout periods and the payment of any applicable prepayment penalties, the Mortgage Loans may be prepaid at any time. In addition, the principal balance of a Mortgage Loan may be distributed upon a default thereof, which could take place during an otherwise applicable lockout or prepayment penalty period. Accordingly, it is not possible to predict the rate at which distributions of principal of the Certificates will be received. Since prevailing interest rates are subject to fluctuation, there can be no assurance that investors in the Certificates will be able to reinvest the distributions thereon at yields equaling or exceeding the yields on the Certificates. It is possible that yields on such reinvestments will be lower, and may be significantly lower, than the yields on the Certificates. Prospective investors in the Certificates should carefully consider the related reinvestment risks in light of other investments that may be available to such investors.

Certain Prepayment Considerations and Risks

The rate of distributions of principal of the A, B, BA, C and D Classes is related directly to the rate of payments of principal of the Mortgage Loans, which may be in the form of scheduled amortization or prepayments (for this purpose, the term “prepayment” includes prepayments and liquidations resulting from default, casualty or condemnation), as well as to the sequential order in which each such Class will receive distributions in respect of principal. Most of the Mortgage Loans prohibit voluntary prepayments during specified lockout periods. The Mortgage Loans have remaining lockout terms that range from approximately 0 to 119 months and with a weighted average remaining lockout term of approximately 47 months (assuming that Mortgage Loans which benefit from Section 8 rent subsidies are locked out during the term of the related HAP Contract). Certain of the Mortgage Loans also provide for payment of a mortgage prepayment penalty in connection with prepayments for a period extending beyond the lockout period. Depending on other factors present at the time, Mortgage Loans having prepayment penalties may be less likely to prepay than Mortgage Loans that do not have such penalties. A prepayment penalty, however, may not be paid if a borrower defaults on payment of its Mortgage Loan and the proceeds of liquidation of such Mortgage Loan are insufficient to allow for allocation of an amount thereof to such prepayment penalty. The liquidation proceeds would be applied to the recovery of all principal, interest and liquidation expenses before any application to a prepayment penalty in respect of the related Mortgage Loan. In addition, certain state laws limit the amount of prepayment penalty payable in connection with the prepayment of a Mortgage Loan, and under the laws of a number of states it is unclear whether the imposition of a prepayment penalty in connection with an involuntary prepayment is enforceable. See “Maturity and Prepayment Considerations and Risks—Early Repayment of Mortgage Loans” in the Multifamily REMIC Prospectus.

Pursuant to the Sale and Servicing Agreement (as defined herein), the Subordinate Directing Holder (as defined herein) or the Master Servicer may at its option purchase from the Lower-Tier REMIC any Participation Certificate relating to a PC Loan with respect to which any default has occurred, and thereby cause a prepayment with respect thereto, as soon as the sixty-first day after such default has first occurred. Payment of proceeds, however, under the related FHA insurance contract (the “FHA Insurance Contract”) with respect to the related Mortgage Loan generally would occur several months after such purchase by the Subordinate Directing Holder or the Master Servicer may have occurred, during which time the related mortgagor might have cured the default and reinstated such Mortgage Loan. Thus, such Participation Certificate may have been purchased by the Subordinate Directing Holder or the Master Servicer several months before the full FHA insurance proceeds with respect thereto may have been received or before the related mortgagor may have cured the related default and caused the reinstatement of the defaulted Mortgage Loan.

If any prepayment penalties are included in the distributions received by the Trustee on the Mortgage Loans with respect to any Distribution Date, such amounts will be included in the distributions to be made on certain Classes, including the N Class, as described under “Description of the Certificates—Distribution of Interest—*General*” herein. Fannie Mae, however, does not guarantee that any prepayment penalties due under any Mortgage Loan will in fact be collected or paid to applicable Certificateholders. Accordingly, Holders of the applicable Classes will receive them only to the extent actually received by Fannie Mae and, even if collected, allocation thereof to such Holders may be insufficient to offset fully the adverse effects on the anticipated yield of such Certificates arising out of the corresponding prepayment. Notwithstanding the foregoing, after the date on which the outstanding notional amount of the N Class has been reduced to zero, the N Class will receive no distributions of prepayment penalties.

In an environment of declining interest rates, lenders servicing mortgage loans often are asked by borrowers to refinance the mortgage loans through issuance of new loans secured by mortgages on the same properties. The resulting prepayments, if they involve the Mortgage Loans, will result in the distribution to Certificateholders of the principal balances of the prepaid Mortgage Loans.

In general, when the level of prevailing interest rates declines sufficiently relative to the interest rate on fixed-rate mortgage loans, the rate of prepayment is likely to increase, although the prepayment rate is influenced by a number of other factors as well, including general economic conditions. In addition, it is increasingly difficult to generalize as to the degree to which interest rates must decline before significant prepayments are likely to be experienced. Increased borrower sophistication regarding the benefits of refinancing and extensive solicitation by lenders may result in an increase in the rate at which the Mortgage Loans are prepaid due to refinancing.

Acceleration of mortgage payments as a result of the sale of the related Mortgaged Property is another factor affecting the prepayment rates; however, generally, FHA-insured mortgage loans, such as the Mortgage Loans, may with the approval of the FHA be assumed by the transferee of title to the related mortgaged properties.

In addition, pursuant to the Sale and Servicing Agreement, the Seller (as defined herein) or the Master Servicer (as defined herein) may be required to purchase Mortgage Assets out of the Lower-Tier REMIC if certain representations and warranties of the Seller or Master Servicer made under the Sale and Servicing Agreement with respect to such Mortgage Assets are breached. The purchase of any Mortgage Assets will result in a prepayment thereon, which could significantly affect the yields to investors.

Risks of Multifamily Lending

34 of the PC Loans, representing approximately 54.5% of the aggregate Issue Date Balance of all the Participation Certificates, are secured by liens on Multifamily Rental Properties, which are apartment buildings with five or more rental units. Lending on Multifamily Rental Properties is generally viewed as exposing the lender to a greater risk of loss than one- to four-family residential lending. The repayment of Mortgage Loans secured by income producing properties such as Multifamily Rental Properties is typically dependent upon the successful operation of the related real estate project. If the cash flow from the project is reduced (for example, if leases are not obtained or renewed or maintenance fees are not paid), the mortgagor's ability to repay the Mortgage Loan may be impaired. Multifamily real estate can be affected significantly by supply and demand in the local housing market and, therefore, may be subject to adverse economic conditions. Market values may vary as a result of economic events or governmental regulations outside of the control of the mortgagor or lender, such as imposition of rent control laws or the renewal of rent subsidies, which could impact the future cash flow of the property. All these factors may lead to defaults on the Mortgage Loans and principal prepayments thereon, which may significantly affect yield to investors. In addition, principal prepayments resulting from liquidations of Mortgage Loans due to defaults, casualties or condemnations affecting the Mortgaged Properties securing the Mortgage Loans may significantly affect the yield to investors.

No attempt was made to identify the property type of the Mortgage Loans for the GNMA Certificates.

Risks Related to Nursing Facilities

28 of the PC Loans, representing approximately 45.5% of the aggregate Issue Date Balance of all the Participation Certificates, are secured by liens on Nursing Facilities. Once established, a Nursing Facility is subject to federal, state and/or local operating requirements, including, but not limited to, those mandated by Medicare and Medicaid and set forth in Titles XVIII (Medicare) and XIX (Medicaid) of the Social Security Act and accompanying regulations, and those mandated by applicable state and local laws and regulations. The failure of any Nursing Facility to comply with such requirements could lead to civil or criminal sanctions, the appointment of a receiver to operate the Nursing Facility or the suspension or termination of the Nursing Facility operator from the Medicare and Medicaid programs or other insurance programs, and thus may severely impair the borrowers'

ability to make payments on the related Mortgage Loan and may lead to defaults and prepayments with respect thereto.

Nursing Facility operators may rely on government reimbursements for a significant portion of their operating revenues, which are often subject to delays by fiscal intermediaries or due to government funding restrictions. Changes in federal or state reimbursement policies may also adversely affect an operator's revenues, and change in federal reimbursement policies may lead to a simultaneous decline in the revenue and subsequent default of several of the Nursing Facilities securing the Mortgage Loans. In addition, the successful operation of a Nursing Facility will generally depend on a number of factors, including, among other things, local competing facilities, the quality of care and the cost of that care, reputation, management and affiliations with other health care providers. The operators of the subject Nursing Facilities are likely to compete on a local and regional basis with other providers who operate similar facilities. Some of these competitors may be better equipped financially, and may provide more services, than the subject Nursing Facilities. All of these factors could lead to a significant decline in the revenues of a Nursing Facility and the subsequent default and prepayment of the related Mortgage Loan.

No attempt was made to identify the property type of the Mortgage Loans for the GNMA Certificates.

Geographic Concentration

11 of the Mortgaged Properties securing approximately 21.0% of the Issue Date Pool Balance (as defined herein) are located in the state of New York, 5 of the Mortgaged Properties securing approximately 9.0% of the Issue Date Pool Balance are located in the state of Massachusetts, and 3 of the Mortgaged Properties securing approximately 8.5% of the Issue Date Pool Balance are located in the state of New Jersey. Repayments by mortgagors and the market value of the Mortgaged Properties could be affected by economic conditions generally or in regions where the mortgagors and the Mortgaged Properties are located, changes in governmental rules and fiscal policies, acts of nature and other facts that are beyond the control of the Mortgagors. Because of this relative lack of geographic diversity in the Mortgaged Properties, prepayments on the Mortgage Loans, which could have a significant effect on the yield to investors, may be higher than would be the case if the locations of the Mortgaged Properties were more diverse.

Limited Information with Respect to the Mortgage Loans

The Sellers, Fannie Mae and the Master Servicer have only limited information with respect to the Mortgage Loans, the Mortgaged Properties (their operating revenues and expenses and values) and the related mortgagors. Generally, neither audited financial statements nor recent appraisals were available with respect to the mortgagors or the Mortgaged Properties that would permit the calculation of debt service coverage ratios or loan-to-value ratios.

With respect to the Mortgaged Properties securing the PC Loans, an approximation of debt service coverage ratio was obtained by estimating net operating income with respect to each such Mortgaged Property, in most cases, from reported information available on the most recent statement of profit and loss or equivalent document filed pursuant to HUD requirements (or, when such profit and loss statements or equivalent documents were not available in connection with newly originated Mortgage Loans, the related HUD underwriting form), and dividing such estimated net operating income by an estimate of annual debt service, obtained by multiplying the monthly payment of principal and interest on the related Mortgage Loan by 12. With respect to the 4 PC Loans that are known to be second mortgage loans, the amount of the monthly payment for the first mortgage loan secured by each related Mortgaged Property was included in such calculations of debt service coverage ratios for such 4 PC Loans. No mortgage loans subordinate to the PC Loans were taken into account in any calculation of debt service coverage ratios. On the basis of such approximations, it was determined that 3 of the PC Loans, representing approximately 3.6% of the aggregate Issue Date

Balance of all the PC Loans, had debt service coverage ratios below 1.0x and 59 PC Loans, representing approximately 96.4% of the aggregate Issue Date Balance of the PC Loans, had Issue Date debt service coverage ratios between 1.0x and 3.8x, inclusive. In the circumstances where the debt service coverage ratio of a Mortgage Loan is below, at or slightly above 1.0x, the revenue derived from the use and operation of the related Mortgaged Property in the future may be insufficient to cover the operating expenses of such Mortgaged Property and to pay debt service due on such Mortgage Loan. Accordingly, in such cases, the related mortgagor or its principals may be required to pay a portion of such items from sources other than the cash flow of the related Mortgaged Property. If the related mortgagor or its principals cease to use such alternative cash sources at a time when operating revenue from the related Mortgaged Property is still insufficient to cover such payments, deferred maintenance at the related Mortgaged Property and/or default under the subject Mortgage Loan is likely to result. Neither the Sellers nor Fannie Mae makes any representation as to whether any such mortgagor will make such payments out of alternative cash sources or what the incentives of any borrower might be for doing so. Neither the Sellers nor Fannie Mae have complete information regarding the degree to which property revenues are attributable to Section 8 (as defined below) rent subsidies. No attempt was made to calculate debt service coverage ratios or determine the lien positions with respect to the Mortgage Loans underlying the GNMA Certificates.

In addition, the Sellers and Fannie Mae do not have information with respect to current loan-to-value ratios of the Mortgage Loans, and are therefore unable to make any predictions regarding the default experience of the pool of Mortgage Loans based on such information. Generally, mortgage loans with high loan-to-value ratios will be more likely to experience default than mortgage loans with lower loan-to-value ratios.

Limitations of FHA Insurance

The recovery of FHA Insurance Benefits (as defined below) following a default on a PC Loan insured by the FHA (such insurance, the “FHA Insurance”) is subject to a number of conditions, including strict compliance by the PC Servicer with the applicable regulations promulgated by the FHA (the “FHA Regulations”) in servicing the Mortgage Loans. Although the mortgagees servicing the Mortgage Loans will have been approved as such by the FHA, and are required to comply with FHA Regulations, such regulations are susceptible to interpretive uncertainties and administrative revisions. Failure to comply with all FHA Regulations may result in a reduction or delay in receipt of FHA Insurance Benefits, and there can be no assurance that FHA’s enforcement of its regulations will not become more strict in the future. In addition, any claim paid by the FHA in connection with the assignment of a defaulted PC Loan to the FHA will recover, at most, only 99% of the unpaid principal on that Mortgage Loan and a portion of the unpaid interest. See “Description of the Mortgage Loans—FHA Mortgage Insurance” herein.

The Master Servicer, PC Servicer, mortgagors and Fannie Mae are subject at all times to the FHA Regulations. There can be no assurance that FHA Regulations will not be changed in the future, nor that any such change would not adversely affect the timing of payments to the Certificateholders. Although, pursuant to the Sale and Servicing Agreement, the Master Servicer has agreed to reimburse Fannie Mae and the Trust for any loss resulting from any FHA Insurance on a PC Loan being voided, reduced, released or adversely affected, there can be no assurance that at the time the Master Servicer must make such reimbursement, it will have the financial capacity to do so.

Recent appropriations legislation, the MultiFamily Assisted Housing Reform and Affordability Act of 1997 (the “1997 Act”), could significantly alter the claim and prepayment experience of FHA insurance programs. Neither Fannie Mae nor the Dealer is able to predict the effect that the 1997 Act will have on the Certificates or the Mortgage Loans.

Loans Assisted Under Section 8

Section 8 of the United States Housing Act of 1937, as amended (“Section 8”), authorizes the payment by the federal government of rental subsidies to owners of qualified housing. Through Section 8 Project-Based Assistance, HUD subsidizes the difference between the tenants’ contribution (based on a percentage of their income) and the contract rents for the units. HUD pays the subsidies either directly to the owner or through public housing agencies. The Sellers believe that several of the Mortgage Loans receive some form of Section 8 assistance. Nevertheless, the Sellers have not been able to verify the accuracy of such information, the assistance of any Project Based Assistance (as defined herein) with respect to any of the Mortgage Loans, the particular form of such Section 8 assistance, the length of any related Section 8 contract or the number of units covered by or maximum dollar amount of such contract for any of the Mortgage Loans.

Historically, there have been differing default rates and prepayment experience between loans receiving Section 8 rent subsidies and insured under certain sections of the Housing Act and those insured under the same sections but not receiving Section 8 rent subsidies. These default and prepayment rates may or may not be affected by subsequent Congressional legislation which may or may not affect projects whose Project-Based Assistance expires during the term of the FHA-insured mortgage. In addition, the 1997 Act may curtail the Section 8 program, which may result in a higher default rate for such Mortgage Loans that are secured by Mortgaged Properties subject to Section 8. In addition, one of the key purposes of the 1997 Act is to enable owners to meet their obligations under Mortgage Loans “restructured” through refinancings, full or partial claims or other work-out tools. It is uncertain whether the 1997 Act will achieve its legislative purpose. In addition, if HUD elects to take enforcement action against owners of such assisted properties in default of their obligations under the applicable HAP Contracts (as defined herein), HUD may suspend, reduce or terminate the Section 8 rental subsidies during the term of the related HAP Contract as one of its available enforcement remedies. See “Description of the Mortgage Loans—FHA Mortgage Insurance—The Section 8 Program” and Exhibit A herein.

Modified Mortgage Loans

Many of the PC Loans were modified during the 12-month period prior to the Settlement Date. In connection with most of these modifications the interest rate of the PC Loan was reduced in exchange for the related mortgagor agreeing to a prepayment lockout and/or penalty provision. 3 of the PC Loans, representing approximately 3.8% of the Issue Date Pool Balance, were originated during the 12-month period prior to the Settlement Date in connection with the modification of other mortgage loans (each such other mortgage loan, an “Original Mortgage Loan”) as a result of defaults by the related mortgagors. Two such modifications resulted in (i) the creation of the related PC loan (included in the Lower Tier REMIC), (ii) the creation of a subordinated loan (not included in the Lower Tier REMIC), payable only out of the available cash-flow representing the excess of the principal balance of the related Original Mortgage Loan over the principal balance of such PC Loan and (iii) the waiver by the FHA of its 1% assignment fee if such PC Loan is assigned to the FHA as a result of a subsequent default by the related mortgagor. The third defaulted Original Mortgage Loan was brought current by the borrower, and the borrower negotiated a reduction in the interest rate thereon. No such PC Loan has been thirty (30) or more days delinquent in any respect since it was originated, modified or amended in connection with the restructuring of the related Original Mortgage Loan. Nevertheless, these PC Loans have very limited payment histories.

Deferred Principal Payment / Reamortization

3 of the Mortgage Loans, representing approximately 5.5% of the Issue Date Pool Balance, permit the related mortgagors to prepay principal in part up to a certain percentage (typically, approximately 15%) of the unpaid balance of any such Mortgage Loan in any year without any payment of any Prepayment Premium and, to the extent of such prepayment, to skip the principal portion of any subsequent Monthly Payments (as defined herein) to the extent of such partial prepayments. In

addition, if a PC Servicer makes an excessive or erroneous payment to the Master Servicer of any principal prepayment or prepayment penalty on (or thought to relate to) the related PC Loan, such PC Servicer may reduce future distributions of principal on such related PC Loan in order to recover such excessive or erroneous payment. Any reduction in distributions of principal with respect to any Distribution Date described in the two preceding sentences is known as a “Deferred Principal Payment”. No Delinquency Advance (as defined herein) will be made by the Master Servicer, and no payment will be made by Fannie Mae under its guaranty of the Certificates to cover any such Deferred Principal Payment.

Many of the Mortgage Loans also permit reamortization thereof if prepayments are received as a result of condemnation or insurance payments with respect to the related Mortgaged Property.

Participation Certificates

Participation Certificates, representing approximately 82.8% of the Issue Date Pool Balance, evidence controlling interests in 62 Mortgage Loans. Each Participation Certificate has been issued pursuant to a Participation Agreement (as defined herein). Pursuant to a Participation Agreement, the PC Servicer is responsible for the servicing of the related PC Loan, including collecting all amounts due thereunder, monitoring the performance by the mortgagor with the terms of the related PC Loan and maintaining the FHA Insurance Contract with respect thereto. Although the Master Servicer will be the registered holder of the Participation Certificate, its ability to direct the PC Servicer with respect to the servicing of the PC Loan will be limited to the rights granted to the holder of the Participation Certificate under the Participation Agreement, and neither Fannie Mae nor the Master Servicer may compel the PC Servicer to perform any task with respect to a PC Loan unless the registered holder of the related Participation Certificate is given the power to do so under the related Participation Agreement.

DESCRIPTION OF THE CERTIFICATES

The following summaries describing certain provisions of the Certificates do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the remaining provisions of this Prospectus Supplement, the Multifamily REMIC Prospectus and the provisions of the Trust Agreement (as defined below). Capitalized terms used and not otherwise defined in this Prospectus Supplement have the respective meanings assigned to such terms in the Multifamily REMIC Prospectus (including the Glossary contained therein) or the Trust Agreement (as the context may require).

General

Structure. The Trust will be created pursuant to a trust agreement dated as of April 1, 1998 (the “Trust Agreement”), executed by the Federal National Mortgage Association (“Fannie Mae”) in its corporate capacity and in its capacity as trustee (the “Trustee”), and the Certificates in the Classes and aggregate original principal balances set forth on the cover hereof will be issued by Fannie Mae pursuant thereto. A description of Fannie Mae and its business, together with certain financial statements and other financial information, is contained in the Information Statement.

The Certificates (other than the R and RL Classes) and the Subordinate Class will be designated as the “regular interests,” and the R Class will be designated as 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 designated as the “regular interests,” and the RL Class will be designated as the “residual interest,” in the Lower Tier REMIC.

The assets of the Trust will consist of the Lower Tier Regular Interests, and the Certificates, other than the RL Class, and the Subordinate Class will evidence the entire beneficial ownership interest in the distributions of principal and interest on the Lower Tier Regular Interests.

The assets of the Lower Tier REMIC will consist of the Mortgage Assets. The Lower Tier Regular Interests and the RL Class (collectively, the “Lower Tier Interests”) will in the aggregate evidence the entire beneficial ownership interest in the distribution of principal and interest on the Mortgage Assets. See “The Mortgage Loans” herein.

Fannie Mae Guaranty. Pursuant to its guaranty of the Certificates, Fannie Mae will be obligated to distribute to the Holders of Certificates (i) all interest accrued and distributable on the Certificates as provided herein under “Description of the Certificates—Distributions of Interest” and (ii) the Principal Distribution Amount (as defined herein) (which does not always include certain scheduled principal payments if any Deferred Principal Payment occurs), whether or not sufficient funds are received with respect to the Mortgage Assets. If Fannie Mae were unable to perform these guaranty obligations, distributions to Certificateholders would consist solely of payments and other recoveries on the Mortgage Assets. *Fannie Mae will not guarantee the Subordinate Class or collection or the payment to the Certificateholders of any prepayment penalties.* Accordingly, Certificateholders entitled to receive prepayment penalties will receive them only to the extent actually received in respect of the Mortgage Assets. The guaranty of Fannie Mae is not backed by the full faith and credit of the United States.

Characteristics of Certificates. The Certificates, other than the R and RL Certificates, will be represented by one or more certificates (the “DTC Certificates”) to be registered at all times in the name of the nominee of the Depository (as defined herein), which Depository will maintain such Certificates through its book-entry facilities. When used herein with respect to any DTC Certificate, the terms “Holders” and “Certificateholders” refer to the nominee of the Depository.

See “Description of the Certificates—Book-Entry Procedures” herein.

The R and RL Certificates will not be issued in book-entry form but will be issued in fully registered, certificated form. As to the R or RL Certificate, “Holder” or “Certificateholder” refers to the registered owner thereof. The R and RL Certificates will be transferable at the corporate trust office of the Transfer Agent or at the agency of the Transfer Agent in New York, New York. The Transfer Agent initially will be State Street Bank and Trust Company in Boston, Massachusetts (“State Street”). A service charge may be imposed for any registration of transfer of any R or RL Certificate, and Fannie Mae may require payment of a sum sufficient to cover any tax or other governmental charge. See also “Characteristics of the R and RL Classes” herein.

The distribution to the Holder of the R or RL Certificate of the proceeds of any remaining assets of the Trust or Lower Tier REMIC will be made only upon presentation and surrender of the related Certificate at the office of the Paying Agent. The Paying Agent initially will be State Street.

Authorized Denominations. The Certificates, other than the R and RL Certificates, will be issued in minimum denominations of \$1,000 and integral multiples of \$1 in excess thereof. Each of the R and RL Certificates will be issued as a single certificate and will not have a principal balance.

Distribution Dates. Distributions on the Certificates will be made on the 25th day of each month or, if such 25th day is not a business day, on the first business day next succeeding such 25th day (each, a “Distribution Date”), commencing in the month following the Settlement Date. See “Distributions of Interest—General” and “—Interest Accrual Period” and “Distributions of Principal—Principal Distribution Amount” herein.

Record Date. Each monthly distribution on the Certificates will be made to Holders of record on the last day of the preceding month.

REMIC Trust Factors. As soon as practicable following the twentieth calendar day of each month, Fannie Mae will publish or otherwise make available for each Class of Certificates the factor (carried to eight decimal places) which, in the case of each such Class, when multiplied by the original principal balance of a Certificate of such Class, will be equal to the amount of principal remaining to be distributed with respect to such Certificate after giving effect to the distribution of principal to be made on the following Distribution Date. If an adjustment to the Trust Factor is necessary with respect to any Distribution Date, Fannie Mae will publish or otherwise make available an adjusted Trust Factor as soon as practicable following any such adjustment.

Optional Termination

There may be an early termination of the Trust if the Master Servicer, Fannie Mae or the Subordinate Directing Holder purchases the Mortgage Assets. See “The Trust Agreement—Termination” and “The Sale and Servicing Agreement—Termination” herein.

Book-Entry Procedures

General

The DTC Certificates will be registered at all times in the name of the nominee of The Depository Trust Company, a New York-chartered limited purpose trust company, or any successor depository selected or approved by Fannie Mae (the “Depository”). In accordance with its normal procedures, the Depository will record the positions held by each Depository participating firm (each, a “Depository Participant”) in the DTC Certificates, whether held for its own account or as a nominee for another person. State Street will act as Paying Agent for, and perform certain administrative functions with respect to, the DTC Certificates.

No person acquiring a beneficial ownership interest in the DTC Certificates (a “beneficial owner” or an “investor”) will be entitled to receive a physical certificate representing such ownership interest. An investor’s interest in the DTC Certificates will be recorded on the records of the brokerage firm, bank, thrift institution or other financial intermediary (a “financial intermediary”) that maintains such investor’s account for such purpose. In turn, the financial intermediary’s record ownership of such interest will be recorded on the records of the Depository (or of a Depository Participant that acts as an agent for the financial intermediary if such intermediary is not a Depository Participant). Accordingly, an investor will not be recognized by the Trustee or the Depository as a Certificateholder and must rely on the foregoing arrangements to evidence its interest in the DTC Certificates. Beneficial ownership of an investor’s interest in the DTC Certificates may be transferred only by compliance with the procedures of an investor’s financial intermediary and of Depository Participants. In general, beneficial ownership of an investor’s interest in the DTC Certificates will be subject to the rules, regulations and procedures governing the Depository and Depository Participants as in effect from time to time.

Method of Distribution

Each distribution on the DTC Certificates will be distributed by the Trustee to the Depository in immediately available funds. The Depository will be responsible for crediting the amount of such distributions to the accounts of the Depository Participants entitled thereto, in accordance with the Depository’s normal procedures. Each Depository Participant and each financial intermediary will be responsible for disbursing such distributions to the beneficial owners of the DTC Certificates that it represents. Accordingly, the beneficial owners may experience some delay in their receipt of distributions.

Distributions of Interest

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

<u>Interest Type*</u>	<u>Classes</u>
Fixed Rate	A, B, BA, C and D
Weighted Average Coupon	N
Interest Only	N
No Payment Residual	R and RL

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

General. The interest-bearing Certificates will bear interest at the respective per annum interest rates set forth on the cover or described herein. Interest on the interest-bearing Certificates is calculated on the basis of a 360-day year consisting of twelve 30-day months and is distributable monthly on each Distribution Date, commencing in the month after the Settlement Date. Interest to be distributed on each interest-bearing Certificate on a Distribution Date will consist of one month’s interest on the outstanding principal balance of such Certificate immediately prior to such Distribution Date.

In addition, in the event that any prepayment penalties received on the Mortgage Loans are included in the distributions with respect to any Distribution Date, (i) the distribution to be made on the N Class on such Distribution Date will include an amount representing 75% of the prepayment penalties so received and (ii) the distribution to be made on the Class currently receiving distributions of principal from the Principal Distribution Amount on such Distribution Date will include an amount representing 25% of the prepayment penalties so received (or, if more than one of the A, B, BA, C and D Classes are receiving principal distributions from the Principal Distribution Amount on such Distribution Date, the amount representing 25% of the prepayment penalties so received will be allocated among such Classes, *pro rata*, based on the principal amounts so distributable thereon); *provided, however*, any prepayment penalty in excess of 3% of the related principal prepayment during the period during which prepayment penalties are allocated between the N Class and the A Class shall be allocated 100% to the N Class. Notwithstanding the foregoing, after the date on which the outstanding notional amount of the N Class has been reduced to zero, the N Class will receive no distributions of prepayment penalties.

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

<u>Classes</u>	<u>Interest Accrual Period</u>
All interest-bearing Classes	Calendar month preceding the month in which the Distribution Date occurs

See “Description of the Certificates—Yield Considerations” herein.

Notional Class. The N Class will be a Notional Class and will have no principal balance. The notional principal balance of the Notional Class will be equal to the applicable percentage of the outstanding principal balances of the following Classes immediately prior to the related Distribution Date:

<u>Class</u>	<u>Percentage of Principal Balance of Specified Classes</u>
N.....	100% of the A, B, BA, C and D Classes

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

Weighted Average Coupon Class. The N Class will be a Weighted Average Coupon Class. The N Class will bear interest during each Interest Accrual Period at a rate per annum equal to the Weighted Average Pass-Through Rate of the Mortgage Loans less the weighted average of the rates at which interest accrues on the A, B, BA, C and D Classes. Fannie Mae's determination of the rate of interest for such Class for the related Interest Accrual Period shall (in the absence of manifest error) be final and binding.

The N Class will bear interest during the initial Interest Accrual Period at 1.64161%. The interest rate applicable to the N Class for subsequent Interest Accrual Periods may be obtained by telephoning Fannie Mae at 1-800-BEST-MBS or 202-752-6547.

Distributions of Principal

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

<u>Principal Type*</u>	<u>Classes</u>
Sequential Pay	A, B, BA, C and D
Notional No Payment Residual	N R and RL

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

Principal Distribution Amount

On each Distribution Date, principal will be distributed on the Certificates in an amount (the "Principal Distribution Amount") equal to the sum of (i) with respect to the GNMA Certificates, the principal distributions received by the Master Servicer by the seventeenth calendar day of the month of such Distribution Date, (ii) with respect to the Participation Certificates, the principal component of all Monthly Payments which became due during the period from the second day of the month preceding the month in which such Distribution Date occurs and ending on and including the first day of the month in which such Distribution Date occurs (such period, the "Due Period"), (iii) the aggregate of all payments, revenues and proceeds received by the related PC Servicers during the calendar month preceding the month in which such Distribution Date occurs, which payments, revenues and proceeds were applied by the related PC Servicers as recoveries of principal of such related Mortgage Loans in accordance with the Participation Agreements (including, without limitation, voluntary prepayments, mandatory prepayments and involuntary prepayments), in each case net of any portion of such amounts that represents a recovery of the principal portion of any such Monthly Payment due on or before the first day of the month in which such Distribution Date occurs and (iv) the purchase price for any Mortgage Asset repurchased by a Seller or the Master Servicer. See "—General—REMIC Trust Factors" herein.

Payments of amounts described in clause (ii) of the definition of "Principal Distribution Amount" above shall be reduced by any Deferred Principal Payments. See "Risk Factors—Deferred Principal Payments/Reamortization."

On each Distribution Date, the Principal Distribution Amount will be distributed as principal of the Classes in the following order of priority:

- | | | |
|---|---|------------------------------|
| <ul style="list-style-type: none"> (i) to the A Class, until the principal balance thereof is reduced to zero; (ii) concurrently, to the B and BA Classes, <i>pro rata</i> (or, 85.1851851852% and 14.8148148148%, respectively), until the principal balances thereof are reduced to zero; and (iii) sequentially, to the C and D Classes, in that order, until the principal balances thereof are reduced to zero. | } | Sequential
Pay
Classes |
|---|---|------------------------------|

Subordination

The rights of the holders of the Subordinate Class to receive distributions with respect to the Mortgage Loans will be subordinate to the rights of the Certificateholders. The subordination is effected by the allocation on each Distribution Date of all principal payments on the Mortgage Loans to the A, B, BA, C and D Classes until retired.

Structuring Assumptions

Pricing Assumptions. Unless otherwise specified, the information in the tables under “Yield Considerations” and “Decrement Tables” has been prepared on the basis of the actual characteristics of the Mortgage Loans (as described in Exhibit A hereto) and the following assumptions (the “Pricing Assumptions”):

- (i) the Settlement Date for the Certificates is April 30, 1998;
- (ii) scheduled interest and principal payments on the Mortgage Loans are calculated using the Issue Date Balance, the mortgage interest rate, and the remaining term to maturity set forth in Exhibit A;
- (iii) all principal payments (including prepayments) on the Mortgage Loans are distributed on the Certificates on the Distribution Date relating to the month in which such payments are received;
- (iv) the Mortgage Loans prepay at the percentages of CPR specified in the related tables, provided that no prepayments occur through the later of the applicable prepayment penalty end dates or the applicable Section 8 contract end dates, as specified on Exhibit A;
- (v) distributions on the Certificates are always received on the 25th of the month, whether or not a business day;
- (vi) no prepayment penalties are received on the Mortgage Loans;
- (vii) there are no repurchases of Mortgage Loans and none of Fannie Mae, the Master Servicer or the Subordinate Directing Holder exercises the right of optional termination of the Trust described herein; and
- (viii) no principal prepayment is made under any Deferred Principal Payment option.

CPR Assumptions. Prepayments on mortgage loans may be measured by a prepayment standard or model. The model used herein is the “Constant Prepayment Rate” or “CPR” model. The CPR model represents an assumed constant rate of prepayment each month, expressed as a per annum percentage of the then outstanding principal balance of the pool of mortgage loans. *CPR does not purport to be either an historical description of the prepayment experience of any pool of mortgage loans or a prediction of the anticipated rate of prepayment of any pool of mortgage loans, including the Mortgage Loans backing the Certificates.* See “—Yield Considerations” and “—Decrement Tables”

herein and “Yield Considerations” and “Maturity and Prepayment Considerations and Risks” in the Multifamily REMIC Prospectus.

Yield Considerations

General. The yield to maturity for each Certificate will depend upon the purchase price thereof, the rate of principal payments (including prepayments resulting from liquidations of Mortgage Loans due to defaults, casualties or condemnations affecting the Mortgaged Properties) and the actual characteristics of the Mortgage Loans. There can be no assurance that the Mortgage Loans will prepay at any of the rates assumed herein or at any other particular rate, that the pre-tax yields on the Certificates will correspond to any of the pre-tax yields shown herein or that the aggregate purchase prices of the Certificates will be as expected. An investor should purchase Certificates only after performing an analysis of such Certificates based upon the investor’s own assumptions as to future rates of prepayment. It is not likely that the Mortgage Loans will prepay at the indicated CPR levels until maturity or that all such Mortgage Loans will prepay at the same rate.

The timing of changes in the rate of principal prepayments or, in the case of the N Class, in the Weighted Average Pass-Through Rate of the Mortgage Loans, may significantly affect the actual yield to maturity to an investor, even if the average rate of principal prepayments or the average Weighted Average Pass-Through Rate is consistent with the expectations of such investor. In general, the earlier the payment of principal of the Mortgage Loans or change in the level of the Weighted Average Pass-Through Rate, the greater the effect on an investor’s yield to maturity. As a result, the effect on an investor’s yield of principal prepayments or the level of the Weighted Average Pass-Through Rate occurring at a rate or level higher (or lower) than the rate or level anticipated by the investor during the period immediately following the issuance of the related Certificates will not be offset by a subsequent like reduction (or increase) in the rate of principal prepayments or the level of the Weighted Average Pass-Through Rate. For a description of the prepayment provisions of the Mortgage Loans, see Exhibit A hereto.

The effective yields on the interest bearing Classes will be reduced below the yields otherwise produced because principal and interest payable on a Distribution Date will not be distributed until the 25th day following the end of the related Interest Accrual Period and will not bear interest during such delay. No interest will be paid on any Class after its principal balance has been reduced to zero. As a result of the foregoing, the market values of the interest bearing Classes will be lower than would have been the case if there were no such delay. Investors must make their own decisions as to the appropriate assumptions, including prepayment assumptions, to be used in deciding whether to purchase the Certificates.

Prepayment Provisions. The rate of prepayment on the Mortgage Loans will depend on a variety of factors, including the characteristics of such Mortgage Loans, the level of prevailing interest rates or the assessment of prepayment premiums and other economic, geographic and social factors. See “Risk Factors—Certain Prepayment Considerations and Risks” herein.

The Interest Only Class. The tables below indicate the sensitivity of the pre-tax corporate bond equivalent yields to maturity of the Interest Only Class to various constant percentages of CPR. The yields set forth in such tables were calculated by determining the monthly discount rates that, when applied to the assumed streams of cash flows to be paid on the applicable Class, would cause the discounted present value of such assumed streams of cash flows to equal the assumed aggregate purchase price of such Class and converting such monthly rates to corporate bond equivalent rates. Such calculations do not take into account variations that may occur in the interest rates at which investors may be able to reinvest funds received by them as distributions on the Certificates and consequently do not purport to reflect the return on any investment in the Certificates when such reinvestment rates are considered.

As indicated in the tables below, the yield to investors in the Interest Only Class will be highly sensitive to the rate of principal payments (including principal prepayments) of the

Mortgage Loans. Subject to certain restrictions, the Mortgage Loans may be prepaid prior to their stated maturities. See “Description of the Mortgage Loans” herein.

On the basis of the assumptions described below including the assumption that no prepayment penalties are received, the yield to maturity on the Interest Only Class would be 0% if prepayments were to occur at a constant rate of approximately 37% CPR, assuming no prepayment through the applicable lockout end dates and applicable Section 8 contract end dates, as specified on Exhibit A. If the actual prepayment rate of the Mortgage Loans was to exceed the foregoing level for as little as one month while equaling such level for the remaining months, investors in such Class would not fully recoup their initial investment. There can be no assurance that the Mortgage Loans will prepay at any of the rates assumed herein or at any other particular rate, that the pre-tax yields on the Certificates will correspond to any of the pre-tax yields shown herein or that the aggregate purchase price of the N Class will be as assumed below.

The information set forth in the following table was prepared on (i) the basis of the Pricing Assumptions and (ii) the assumption that the aggregate purchase price of the Interest Only Class (expressed as a percentage of original principal balance) will be as follows:

<u>Class</u>	<u>Price*</u>
N	8.875%

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

Sensitivity of the N Class to Prepayments

	<u>Lockout*</u>					
	<u>CPR Prepayment Assumption</u>					
	<u>0%</u>	<u>10%</u>	<u>20%</u>	<u>40%</u>	<u>50%</u>	<u>75%</u>
Pre-Tax Yields to Maturity	17.1%	11.2%	6.3%	(1.0)%	(3.5)%	(7.8)%

	<u>Extended Protection*</u>					
	<u>CPR Prepayment Assumption</u>					
	<u>0%</u>	<u>10%</u>	<u>20%</u>	<u>40%</u>	<u>50%</u>	<u>75%</u>
Pre-Tax Yields to Maturity	17.1%	13.5%	10.8%	7.1%	5.8%	3.6%

* “Lockout” assumes no prepayment through the applicable lockout end dates and “Extended Protection” assumes no prepayment through any applicable prepayment penalty end dates. See “Structuring Assumptions—Pricing Assumptions” herein.

A portion of any prepayment penalties actually received will be allocated to the N Class and will increase the yield on such Class; however, any such allocation may be insufficient to offset fully the adverse effects on the anticipated yield arising out of the corresponding principal prepayment.

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 “Maturity and Prepayment Considerations and Risks—Weighted Average Life and Final Distribution Dates” in the Multifamily REMIC Prospectus.

The weighted average lives of the Certificates will depend, in varying degrees, on the rate of payment of principal of the Mortgage Loans (including the timing of changes in such rate) which, in turn, will depend on the characteristics of such Mortgage Loans, the level of prevailing interest rates or the assessment of prepayment penalties and other economic, geographic and social factors.

The interaction of the foregoing factors may have an effect on the Certificates at different times during the lives of the Certificates. Accordingly, no assurance can be given as to the weighted average life of any Class. Further, to the extent the price of a Certificate represents a discount or premium to its respective original principal balance, any variability in the weighted average life of a Certificate in combination with such discount or premium could result in variability in its yield to maturity. For an example of how the weighted average life of a Certificate may be affected at various constant prepayment rates, see the Decrement Tables below.

Decrement Tables

The following tables indicate the percentages of the original principal balances or notional principal balances of the specified Classes that would be outstanding after each of the dates shown at the *constant* percentages of CPR and the corresponding weighted average lives of such Classes. The tables have been prepared on the basis of the Pricing Assumptions. It is unlikely, however, that prepayments of the Mortgage Loans will conform to any level of CPR, and no representation is made that the Mortgage Loans will prepay at the CPRs shown or at any other constant prepayment rate.

Percent of Original Principal Balances Outstanding

Date	A Class											
	CPR Prepayment Assumption											
	Lockout††						Extended Protection††					
	0%	10%	20%	40%	50%	75%	0%	10%	20%	40%	50%	75%
Initial Percent.....	100	100	100	100	100	100	100	100	100	100	100	100
April 1999	96	90	83	70	63	42	96	96	96	96	96	96
April 2000	91	74	58	28	15	0	91	90	88	85	83	78
April 2001	86	53	24	0	0	0	86	80	73	61	56	42
April 2002	80	26	0	0	0	0	80	68	57	40	33	20
April 2003	74	0	0	0	0	0	74	56	40	18	10	0
April 2004	68	0	0	0	0	0	68	35	8	0	0	0
April 2005	61	0	0	0	0	0	61	9	0	0	0	0
April 2006	53	0	0	0	0	0	53	0	0	0	0	0
April 2007	45	0	0	0	0	0	45	0	0	0	0	0
April 2008	36	0	0	0	0	0	36	0	0	0	0	0
April 2009	26	0	0	0	0	0	26	0	0	0	0	0
April 2010	16	0	0	0	0	0	16	0	0	0	0	0
April 2011	4	0	0	0	0	0	4	0	0	0	0	0
April 2012	0	0	0	0	0	0	0	0	0	0	0	0
April 2013	0	0	0	0	0	0	0	0	0	0	0	0
April 2014	0	0	0	0	0	0	0	0	0	0	0	0
April 2015	0	0	0	0	0	0	0	0	0	0	0	0
April 2016	0	0	0	0	0	0	0	0	0	0	0	0
April 2017	0	0	0	0	0	0	0	0	0	0	0	0
April 2018	0	0	0	0	0	0	0	0	0	0	0	0
April 2019	0	0	0	0	0	0	0	0	0	0	0	0
April 2020	0	0	0	0	0	0	0	0	0	0	0	0
April 2021	0	0	0	0	0	0	0	0	0	0	0	0
April 2022	0	0	0	0	0	0	0	0	0	0	0	0
April 2023	0	0	0	0	0	0	0	0	0	0	0	0
April 2024	0	0	0	0	0	0	0	0	0	0	0	0
April 2025	0	0	0	0	0	0	0	0	0	0	0	0
April 2026	0	0	0	0	0	0	0	0	0	0	0	0
April 2027	0	0	0	0	0	0	0	0	0	0	0	0
April 2028	0	0	0	0	0	0	0	0	0	0	0	0
April 2029	0	0	0	0	0	0	0	0	0	0	0	0
April 2030	0	0	0	0	0	0	0	0	0	0	0	0
April 2031	0	0	0	0	0	0	0	0	0	0	0	0
April 2032	0	0	0	0	0	0	0	0	0	0	0	0
April 2033	0	0	0	0	0	0	0	0	0	0	0	0
April 2034	0	0	0	0	0	0	0	0	0	0	0	0
April 2035	0	0	0	0	0	0	0	0	0	0	0	0
April 2036	0	0	0	0	0	0	0	0	0	0	0	0
April 2037	0	0	0	0	0	0	0	0	0	0	0	0
April 2038	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average												
Life (years)**	7.9	3.0	2.2	1.5	1.3	0.9	7.9	4.8	4.2	3.5	3.3	2.9

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

†† “Lockout” assumes no prepayment through the applicable lockout end dates and “Extended Protection” assumes no prepayment through any applicable prepayment penalty end dates. See “Structuring Assumptions—Pricing Assumptions” herein.

B and BA Classes												
Date	CPR Prepayment Assumption											
	Lockout††						Extended Protection††					
	0%	10%	20%	40%	50%	75%	0%	10%	20%	40%	50%	75%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100
April 1999	100	100	100	100	100	100	100	100	100	100	100	100
April 2000	100	100	100	100	100	94	100	100	100	100	100	100
April 2001	100	100	100	89	81	64	100	100	100	100	100	100
April 2002	100	100	92	62	52	33	100	100	100	100	100	100
April 2003	100	98	72	36	24	4	100	100	100	100	100	99
April 2004	100	83	49	8	0	0	100	100	100	86	79	63
April 2005	100	69	30	0	0	0	100	100	86	60	51	34
April 2006	100	56	15	0	0	0	100	92	68	38	28	13
April 2007	100	44	2	0	0	0	100	78	48	13	2	0
April 2008	100	31	0	0	0	0	100	61	25	0	0	0
April 2009	100	18	0	0	0	0	100	45	3	0	0	0
April 2010	100	6	0	0	0	0	100	30	0	0	0	0
April 2011	100	0	0	0	0	0	100	17	0	0	0	0
April 2012	97	0	0	0	0	0	97	5	0	0	0	0
April 2013	91	0	0	0	0	0	91	0	0	0	0	0
April 2014	84	0	0	0	0	0	84	0	0	0	0	0
April 2015	77	0	0	0	0	0	77	0	0	0	0	0
April 2016	71	0	0	0	0	0	71	0	0	0	0	0
April 2017	63	0	0	0	0	0	63	0	0	0	0	0
April 2018	56	0	0	0	0	0	56	0	0	0	0	0
April 2019	47	0	0	0	0	0	47	0	0	0	0	0
April 2020	38	0	0	0	0	0	38	0	0	0	0	0
April 2021	28	0	0	0	0	0	28	0	0	0	0	0
April 2022	17	0	0	0	0	0	17	0	0	0	0	0
April 2023	6	0	0	0	0	0	6	0	0	0	0	0
April 2024	0	0	0	0	0	0	0	0	0	0	0	0
April 2025	0	0	0	0	0	0	0	0	0	0	0	0
April 2026	0	0	0	0	0	0	0	0	0	0	0	0
April 2027	0	0	0	0	0	0	0	0	0	0	0	0
April 2028	0	0	0	0	0	0	0	0	0	0	0	0
April 2029	0	0	0	0	0	0	0	0	0	0	0	0
April 2030	0	0	0	0	0	0	0	0	0	0	0	0
April 2031	0	0	0	0	0	0	0	0	0	0	0	0
April 2032	0	0	0	0	0	0	0	0	0	0	0	0
April 2033	0	0	0	0	0	0	0	0	0	0	0	0
April 2034	0	0	0	0	0	0	0	0	0	0	0	0
April 2035	0	0	0	0	0	0	0	0	0	0	0	0
April 2036	0	0	0	0	0	0	0	0	0	0	0	0
April 2037	0	0	0	0	0	0	0	0	0	0	0	0
April 2038	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	20.3	8.6	6.1	4.5	4.1	3.5	20.3	10.8	8.8	7.5	7.2	6.6

C Class												
Date	CPR Prepayment Assumption											
	Lockout††						Extended Protection††					
	0%	10%	20%	40%	50%	75%	0%	10%	20%	40%	50%	75%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100
April 1999	100	100	100	100	100	100	100	100	100	100	100	100
April 2000	100	100	100	100	100	100	100	100	100	100	100	100
April 2001	100	100	100	100	100	100	100	100	100	100	100	100
April 2002	100	100	100	100	100	100	100	100	100	100	100	100
April 2003	100	100	100	100	100	100	100	100	100	100	100	100
April 2004	100	100	100	100	91	56	100	100	100	100	100	100
April 2005	100	100	100	79	59	35	100	100	100	100	100	100
April 2006	100	100	100	57	42	28	100	100	100	100	100	100
April 2007	100	100	100	40	29	18	100	100	100	100	100	71
April 2008	100	100	76	14	2	0	100	100	100	70	46	8
April 2009	100	100	51	0	0	0	100	100	100	25	3	0
April 2010	100	100	31	0	0	0	100	100	74	0	0	0
April 2011	100	93	16	0	0	0	100	100	49	0	0	0
April 2012	100	77	4	0	0	0	100	100	29	0	0	0
April 2013	100	62	0	0	0	0	100	90	14	0	0	0
April 2014	100	48	0	0	0	0	100	73	2	0	0	0
April 2015	100	36	0	0	0	0	100	57	0	0	0	0
April 2016	100	26	0	0	0	0	100	44	0	0	0	0
April 2017	100	16	0	0	0	0	100	32	0	0	0	0
April 2018	100	8	0	0	0	0	100	21	0	0	0	0
April 2019	100	1	0	0	0	0	100	12	0	0	0	0
April 2020	100	0	0	0	0	0	100	3	0	0	0	0
April 2021	100	0	0	0	0	0	100	0	0	0	0	0
April 2022	100	0	0	0	0	0	100	0	0	0	0	0
April 2023	100	0	0	0	0	0	100	0	0	0	0	0
April 2024	94	0	0	0	0	0	94	0	0	0	0	0
April 2025	77	0	0	0	0	0	77	0	0	0	0	0
April 2026	61	0	0	0	0	0	61	0	0	0	0	0
April 2027	44	0	0	0	0	0	44	0	0	0	0	0
April 2028	27	0	0	0	0	0	27	0	0	0	0	0
April 2029	12	0	0	0	0	0	12	0	0	0	0	0
April 2030	1	0	0	0	0	0	1	0	0	0	0	0
April 2031	0	0	0	0	0	0	0	0	0	0	0	0
April 2032	0	0	0	0	0	0	0	0	0	0	0	0
April 2033	0	0	0	0	0	0	0	0	0	0	0	0
April 2034	0	0	0	0	0	0	0	0	0	0	0	0
April 2035	0	0	0	0	0	0	0	0	0	0	0	0
April 2036	0	0	0	0	0	0	0	0	0	0	0	0
April 2037	0	0	0	0	0	0	0	0	0	0	0	0
April 2038	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	28.7	16.2	11.3	8.4	7.8	6.9	28.7	17.9	13.2	10.5	10.0	9.4

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

†† “Lockout” assumes no prepayment through the applicable lockout end dates and “Extended Protection” assumes no prepayment through any applicable prepayment penalty end dates. See “Structuring Assumptions—Pricing Assumptions” herein.

D Class												
Date	CPR Prepayment Assumption											
	Lockout††						Extended Protection††					
	0%	10%	20%	40%	50%	75%	0%	10%	20%	40%	50%	75%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100
April 1999	100	100	100	100	100	100	100	100	100	100	100	100
April 2000	100	100	100	100	100	100	100	100	100	100	100	100
April 2001	100	100	100	100	100	100	100	100	100	100	100	100
April 2002	100	100	100	100	100	100	100	100	100	100	100	100
April 2003	100	100	100	100	100	100	100	100	100	100	100	100
April 2004	100	100	100	100	100	100	100	100	100	100	100	100
April 2005	100	100	100	100	100	100	100	100	100	100	100	100
April 2006	100	100	100	100	100	100	100	100	100	100	100	100
April 2007	100	100	100	100	100	100	100	100	100	100	100	100
April 2008	100	100	100	100	100	57	100	100	100	100	100	100
April 2009	100	100	100	77	44	1	100	100	100	100	100	17
April 2010	100	100	100	38	13	0	100	100	100	94	44	0
April 2011	100	100	100	15	0	0	100	100	100	48	13	0
April 2012	100	100	100	2	0	0	100	100	100	21	0	0
April 2013	100	100	82	0	0	0	100	100	100	5	0	0
April 2014	100	100	60	0	0	0	100	100	100	0	0	0
April 2015	100	100	42	0	0	0	100	100	76	0	0	0
April 2016	100	100	28	0	0	0	100	100	55	0	0	0
April 2017	100	100	18	0	0	0	100	100	37	0	0	0
April 2018	100	100	9	0	0	0	100	100	24	0	0	0
April 2019	100	100	3	0	0	0	100	100	14	0	0	0
April 2020	100	83	0	0	0	0	100	100	6	0	0	0
April 2021	100	65	0	0	0	0	100	87	0	0	0	0
April 2022	100	50	0	0	0	0	100	68	0	0	0	0
April 2023	100	37	0	0	0	0	100	51	0	0	0	0
April 2024	100	26	0	0	0	0	100	37	0	0	0	0
April 2025	100	17	0	0	0	0	100	26	0	0	0	0
April 2026	100	10	0	0	0	0	100	16	0	0	0	0
April 2027	100	3	0	0	0	0	100	8	0	0	0	0
April 2028	100	0	0	0	0	0	100	1	0	0	0	0
April 2029	100	0	0	0	0	0	100	0	0	0	0	0
April 2030	100	0	0	0	0	0	100	0	0	0	0	0
April 2031	70	0	0	0	0	0	70	0	0	0	0	0
April 2032	41	0	0	0	0	0	41	0	0	0	0	0
April 2033	21	0	0	0	0	0	21	0	0	0	0	0
April 2034	9	0	0	0	0	0	9	0	0	0	0	0
April 2035	0	0	0	0	0	0	0	0	0	0	0	0
April 2036	0	0	0	0	0	0	0	0	0	0	0	0
April 2037	0	0	0	0	0	0	0	0	0	0	0	0
April 2038	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	33.9	24.4	17.0	11.9	11.1	10.2	33.9	25.5	18.6	13.2	12.1	10.6

N Class												
Date	CPR Prepayment Assumption											
	Lockout††						Extended Protection††					
	0%	10%	20%	40%	50%	75%	0%	10%	20%	40%	50%	75%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100
April 1999	99	98	97	94	93	88	99	99	99	99	99	99
April 2000	98	95	91	86	83	77	98	98	98	97	97	95
April 2001	97	90	85	75	71	63	97	96	95	92	91	88
April 2002	96	85	76	62	58	49	96	94	91	88	86	84
April 2003	95	79	67	50	45	36	95	91	88	83	82	79
April 2004	94	72	56	37	31	23	94	87	82	73	70	63
April 2005	92	65	48	28	23	17	92	82	73	61	57	49
April 2006	91	59	41	23	19	16	91	76	65	51	47	40
April 2007	89	54	35	19	16	13	89	70	56	40	35	27
April 2008	87	48	28	12	9	5	87	62	45	26	20	11
April 2009	85	42	21	7	4	*	85	55	35	15	9	1
April 2010	83	37	16	3	1	0	83	48	27	8	4	0
April 2011	81	32	13	1	0	0	81	42	21	4	1	0
April 2012	78	28	9	*	0	0	78	36	16	2	0	0
April 2013	76	24	7	0	0	0	76	31	12	*	0	0
April 2014	73	21	5	0	0	0	73	27	9	0	0	0
April 2015	69	18	4	0	0	0	69	23	7	0	0	0
April 2016	66	15	2	0	0	0	66	20	5	0	0	0
April 2017	63	13	2	0	0	0	63	17	3	0	0	0
April 2018	59	11	1	0	0	0	59	14	2	0	0	0
April 2019	55	9	*	0	0	0	55	11	1	0	0	0
April 2020	51	7	0	0	0	0	51	9	1	0	0	0
April 2021	47	6	0	0	0	0	47	7	0	0	0	0
April 2022	42	4	0	0	0	0	42	6	0	0	0	0
April 2023	37	3	0	0	0	0	37	4	0	0	0	0
April 2024	32	2	0	0	0	0	32	3	0	0	0	0
April 2025	28	1	0	0	0	0	28	2	0	0	0	0
April 2026	24	1	0	0	0	0	24	1	0	0	0	0
April 2027	20	*	0	0	0	0	20	1	0	0	0	0
April 2028	15	0	0	0	0	0	15	*	0	0	0	0
April 2029	12	0	0	0	0	0	12	0	0	0	0	0
April 2030	9	0	0	0	0	0	9	0	0	0	0	0
April 2031	6	0	0	0	0	0	6	0	0	0	0	0
April 2032	3	0	0	0	0	0	3	0	0	0	0	0
April 2033	2	0	0	0	0	0	2	0	0	0	0	0
April 2034	1	0	0	0	0	0	1	0	0	0	0	0
April 2035	0	0	0	0	0	0	0	0	0	0	0	0
April 2036	0	0	0	0	0	0	0	0	0	0	0	0
April 2037	0	0	0	0	0	0	0	0	0	0	0	0
April 2038	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	21.1	10.7	7.6	5.5	5.1	4.4	21.1	12.6	9.8	7.9	7.5	6.9

* 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.

†† “Lockout” assumes no prepayment through the applicable lockout end dates and “Extended Protection” assumes no prepayment through any applicable prepayment penalty end dates. See “Structuring Assumptions—Pricing Assumptions” herein.

Characteristics of the R and RL Classes

The R and RL Classes will not have principal balances and will not bear interest. The Holder of the R Class will be entitled to receive the proceeds of the remaining assets of the Trust, if any, after the principal balances of all other Classes of Certificates and the Subordinate Class have been reduced to zero and the Holder of the RL Class will be entitled to receive the proceeds of the remaining assets of the Lower-Tier REMIC, if any, after the principal balances of the Lower-Tier Regular Interests have been reduced to zero. It is not anticipated that there will be any material assets remaining in either such circumstance.

The R and RL Classes will be subject to certain transfer restrictions. No transfer of record or beneficial ownership of an R or RL Certificate will be allowed to a “disqualified organization.” In addition, no transfer of record or beneficial ownership of an R or RL Certificate will be allowed to any person that is not a “U.S. Person” without the written consent of Fannie Mae. Under regulations issued by the Treasury Department on December 23, 1992 (the “Regulations”), a transfer of a “noneconomic residual interest” to a U.S. Person will be disregarded for all federal tax purposes unless no significant purpose of the transfer is to impede the assessment or collection of tax. The R Class and the RL Class 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 Multifamily 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 REMICs 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 Multifamily REMIC Prospectus. Pursuant to the Trust Agreement, Fannie Mae will be obligated to provide to such Holders (i) such information as is necessary to enable them to prepare their federal income tax returns and (ii) any reports regarding the R Class or RL Class that may be required under the Code.

THE TRUST AGREEMENT

The following summary descriptions of certain provisions set forth in the Trust Agreement do not purport to be complete and are subject to, and qualified in their entirety by reference to, the provisions of the Trust Agreement.

Servicing of the Participation Certificates

Modification, Waivers and Amendments. With respect to any Participation Certificate, Fannie Mae is required to use reasonable efforts to monitor the related PC Servicer with respect to such Participation Certificate, the related PC Loan and (i) any potential modification, waiver or amendment of any term of such Participation Certificate or Participation Agreement, or (ii) any action by the PC Servicer, that would possibly (A) result in an adverse event with respect to the qualification of the REMICs, or (B) cause any Participation Certificate to cease to be a “qualified mortgage” within the meaning of Section 860G(a)(3) of the Code. Fannie Mae is required to direct such PC Servicer with respect to such matters to the extent (but only to the extent) permitted to do so by the related Participation Agreement.

Defaults Under Participation Agreements. If Fannie Mae shall gain actual knowledge of any default on the part of the related PC Servicer under any Participation Agreement, and if such default is of a nature that the related Participation Agreement would permit the termination of the defaulting party, then unless such default is promptly cured or Fannie Mae waives such default, Fannie Mae may,

in accordance with the terms of the related Participation Agreement, terminate the defaulting party thereunder and appoint such a successor as would be appropriate as a Master Servicer under the Sale and Servicing Agreement. If no other suitable successor can be found, Fannie Mae may act as such successor. In any event, so long as such default shall not have been remedied, Fannie Mae, in addition to the rights specified above, is required to take all actions now or hereafter existing at law, in equity or by statute to enforce the rights and remedies and to protect the interests of the Certificateholders as the beneficial owners of the related Participation Certificates (including the institution and prosecution of all judicial, administrative and other proceedings and the filings of proofs of claim and debt in connection therewith). If a default by the mortgagor of the related PC Loan occurs, then, to the extent the related Participation Agreement grants the holder of the related Participation Certificate the right to direct the PC Servicer with respect to the remedies to be exercised with respect to such default, Fannie Mae is required to direct the PC Servicer to file an insurance claim and assign such PC Loan to the FHA.

Sale of Defaulted Participation Certificates. If Fannie Mae discovers or is notified that a PC Servicer intends to file an insurance claim with respect to a defaulted PC Loan, Fannie Mae is required to notify the holders of the Subordinate Class, and the Subordinate Directing Holder may, at its option, purchase the related Participation Certificate at the applicable Purchase Price by delivering cash in an amount equal to the applicable Purchase Price to Fannie Mae no earlier than 61 days following the date on which the mortgagor shall have failed to make the payment or perform the covenant that caused such default, and no later than 75 days after such date. If the Subordinate Directing Holder declines to purchase such Participation Certificate, then the Master Servicer may purchase such Participation Certificate pursuant to and subject to the limitations of the Sale and Servicing Agreement. Upon receipt by Fannie Mae from the Subordinate Directing Holder or Master Servicer, as the case may be, of the applicable Purchase Price for any Participation Certificate, Fannie Mae will release the related Participation Certificate to or at the direction of the Subordinate Directing Holder or Master Servicer, as the case may be, and will execute and deliver such instruments of transfer or assignment and other reasonably requested documents, in each case without recourse, as shall be necessary to vest in the purchaser thereof, or its designee, title (to the extent that such title was transferred to Fannie Mae) to such Mortgage Asset.

Receipt of FHA Debentures. If (i) Fannie Mae receives as a distribution in kind on the related Participation Certificate any FHA Debentures received as part of the FHA Insurance Benefits in respect of any defaulted PC Loan assigned to the FHA, or (ii) if Fannie Mae discovers or is notified that FHA Debentures so received in respect of any defaulted PC Loan back a Participation Certificate and will not be distributed in kind, then, Fannie Mae will promptly notify the Master Servicer of its receipt of such FHA Debentures, or such discovery, as applicable, and will promptly deliver such FHA Debentures to the Master Servicer for purchase or require the Master Servicer to purchase the Participation Certificate, as the case may be, pursuant to the Sale and Servicing Agreement. See “The Sale and Servicing Agreement—Sale of FHA Debentures” herein.

Termination

Pursuant to the Trust Agreement, Fannie Mae, in its corporate capacity, is entitled to purchase all the Mortgage Assets remaining in the Lower-Tier REMIC and effect an early termination of the Lower-Tier REMIC and the Trust at any time that the aggregate stated principal balance of all the Mortgage Assets remaining in the Lower-Tier REMIC is five percent or less (one percent or less if all the Mortgage Assets remaining in the Lower-Tier REMIC are GNMA Certificates) of the Issue Date Pool Balance, for a purchase price generally equal to the aggregate outstanding principal balance, and thirty days accrued interest, for all the Mortgage Assets remaining in the Lower-Tier REMIC.

There also may be an early termination of the Trust in the event the Master Servicer, Fannie Mae or the Subordinate Directing Holder purchases the Mortgage Assets in the Lower-Tier REMIC. See “The Sale and Servicing Agreement—Termination” herein.

THE SALE AND SERVICING AGREEMENT

Fannie Mae, as purchaser, DLJ Securities Corporation, DLJ Mortgage Capital, Inc., UBS Mortgage Finance Inc. and UBS Securities LLC, as sellers (the “Sellers”), WMF/Huntoon, Paige Associates Limited (“WMF/Huntoon”), as master servicer (the “Master Servicer”), and LaSalle National Bank, as fiscal agent (the “Fiscal Agent”), are parties to a Sale and Servicing Agreement dated as of April 1, 1998 (the “Sale and Servicing Agreement”), pursuant to which Fannie Mae acquired the Mortgage Assets from the Sellers and, pursuant to its powers under the Trust Agreement, Fannie Mae engaged the Master Servicer, as an independent contractor to Fannie Mae, to service the Mortgage Assets.

The Sale and Servicing Agreement is a contract solely between Fannie Mae and the other parties thereto and neither the Certificateholders nor the holders of the Subordinate Class are deemed to be parties thereto or, except with respect to certain rights of the Subordinate Directing Holder to purchase Participation Certificates relating to defaulted PC Loans and, under certain circumstances, to purchase all the assets in the Lower-Tier REMIC, have any claims, rights, obligations, duties or liabilities with respect to the Sale and Servicing Agreement or the parties thereto.

General

The Sale and Servicing Agreement sets forth the standards and the detailed procedures to be followed by, and rights and obligations of, the Master Servicer with respect to servicing and administering the Mortgage Assets.

Master Servicer. In general, the Master Servicer is responsible for (i) subject to the related FHA Insurance Contract, applicable law and governmental regulations and other required insurance policies, to make determinations with respect to the enforcement of due-on-sale and due-on-encumbrance clauses, to the extent permitted under the related Participation Agreement with respect to Mortgage Loans underlying the Participation Certificates, (ii) directing (subject in certain circumstances to the consent of Fannie Mae) the servicers (the “PC Servicers”) under the related Participation Agreement with respect to certain matters relating to the PC Loans, to the extent such direction is permitted under the related Participation Agreements, (iii) under certain circumstances, selling defaulted Participation Certificates relating to defaulted PC Loans and FHA Debentures (as defined below), (iv) making Advances (as defined below) and (v) the collection of payments on the Mortgage Assets and the maintenance of various accounts with respect thereto.

Fiscal Agent. Under the Sale and Servicing Agreement, Fannie Mae enforces all the duties and obligations of WMF/Huntoon as Master Servicer relating to Advances against the Fiscal Agent to the extent that WMF/Huntoon does not perform such duties and obligations. The Fiscal Agent will be subrogated to the rights of the Master Servicer under the Sale and Servicing Agreement that arise from the Fiscal Agent’s performance of the Master Servicer’s duties and obligations relating to Advances thereunder, provided that the requirement that the Fiscal Agent perform such duties and obligations shall be in accordance with, and subject to, the requirements and limitations set forth in the Sale and Servicing Agreement.

Advances

Delinquency Advances. Subject to the conditions in the Sale and Servicing Agreement, the Master Servicer will, with respect to each Distribution Date, make “Delinquency Advances” in an amount equal to the aggregate of the following: (i) with respect to each FHA Debenture received (but not yet purchased) by the Master Servicer, an amount equal to the excess of (A) the scheduled Monthly Payment (after adjustment of the interest portion of the Monthly Payment to the Pass-Through Rate for the related Mortgage Loan) that would have been due on the related Mortgage Loan on its Due Date during the related Due Period had it remained outstanding over (B) the portion of the aggregate remittance received on the FHA Debenture during the period beginning immediately following the Delinquency Advance Determination Date in the immediately preceding calendar month

and ending (and including) the related Delinquency Advance Determination Date (the “Collection Period”) (net of any portion thereof allocable to pay related Fannie Mae guaranty fees and reimburse related Advances); and (ii) with respect to each Participation Certificate, an amount equal to the excess of (A) the Monthly Payment (after adjustment of the interest portion of such Monthly Payment to the Pass-Through Rate for the related PC Loan) that was due (or, if it is no longer outstanding, would have been due) on the related PC Loan during the related Due Period over (B) the portion of the aggregate remittance received on the related Participation Certificate during the related Collection Period (net of any portion thereof allocable to pay related unpaid Master Servicing fees and Fannie Mae guaranty fees and to reimburse related Advances).

Servicing Advances. The Master Servicer is also required to cover certain servicing expenses (“Servicing Advances”, together with Delinquency Advances, the “Advances”); *provided, however*, that Master Servicer will not make any particular Servicing Advance if and to the extent that (i) the Master Servicer determines, in its good faith and reasonable judgment, that such Servicing Advance, if made, would not be specifically covered by the FHA Insurance Benefits with respect to the related Mortgage Loan and (ii) the failure to make such Servicing Advance would not adversely affect the ability to recover the full amount of FHA Insurance Benefits in respect of the related Mortgage Loan; and *provided, further*, that the Master Servicer shall not be required to make any Servicing Advance that the Master Servicer determines, in its reasonable and good faith judgment, would, if made, be nonrecoverable from collections as described in “—Advances—Recoverability of Advances” below.

Recoverability of Advances. The Master Servicer is entitled to reimburse itself for unreimbursed Delinquency Advances out of amounts received in respect of (A) the particular Participation Certificates with respect to which such unreimbursed Delinquency Advances were made (including, for this purpose, without limitation, late payments from mortgagors, insurance proceeds, condemnation proceeds, liquidation proceeds and repurchase proceeds), and the amounts received in connection with the sale of any related FHA Debentures and (B) the particular FHA Debentures with respect to which such unreimbursed Delinquency Advances were made that represents a payment or other collection of interest. The Master Servicer is entitled to reimburse itself for Servicing Advances from liquidation proceeds, insurance proceeds, condemnation proceeds and repurchase proceeds from the related Mortgage Assets and payments made by the related mortgagor or obligor in respect of the amounts for which the applicable unreimbursed Servicing Advance was made.

Interest on Advances. The Master Servicer, or any successor thereto, will be entitled to interest on each Advance at a rate per annum equal to two percentage points above the “federal funds rate” set forth from time to time in Federal Reserve Statistical Release H.15 (519), as most recently published by the Board of Governors of the Federal Reserve System, generally payable at or after the time that the Master Servicer has been compensated for the related Advance.

Sale of Defaulted PC Loans

If the Master Servicer learns that the PC Servicer intends to file an FHA insurance claim as a result of a default with respect to a PC Loan, the Master Servicer will notify the holders of the Subordinate Class. Thereafter, a holder or combination of holders of the Subordinate Class representing in the aggregate a greater than 50% interest in such Class (the “Subordinate Directing Holder”) may, at its option, if such PC Loan has not been reinstated or transferred to HUD, purchase the related Participation Certificate at the applicable purchase price by delivering cash, in an amount generally equal to the outstanding principal balance plus accrued and unpaid interest (the “Purchase Price”), to the Master Servicer no earlier than 61 days following the date on which the mortgagor shall have failed to make the payment or perform the covenant that shall have caused such default, and no later than 75 days after such date. If the Subordinate Directing Holder declines to purchase the related Participation Certificate, then the Master Servicer may, at its option, if such PC

Loan has not been reinstated or transferred to HUD, purchase the related Participation Certificate no earlier than 76 days following the date on which the mortgagor shall have failed to make the payment or perform the covenant that shall have caused such default, and no later than ninety days after such date. If the Master Servicer does not purchase such related Participation Certificate by the end of such 90th day, such related PC Loan shall be assigned by the related PC Servicer to the FHA.

Sale of FHA Debentures

If the Master Servicer receives as a distribution in kind on the related Participation Certificate any FHA Debentures received as part of the FHA Insurance Benefits in respect of any defaulted PC Loan assigned to the FHA, or if the Master Servicer discovers or is notified that FHA Debentures so received in respect of any defaulted PC Loan back a Participation Certificate and will not be distributed in kind, then the Master Servicer will promptly purchase any such FHA Debentures or related Participation Certificate, as the case may be, at the applicable Purchase Price for such FHA Debentures or Participation Certificate, as applicable, within 7 days of its receipt of FHA Debentures or discovery with respect to a defaulted PC Loan that the underlying FHA Debentures will not be distributed in kind.

Servicing of Participation Certificates and GNMA Certificates

If at any time the Master Servicer, as the registered holder of a GNMA Certificate or an FHA Debenture, is requested in such capacity, by any person whatsoever to take any action (other than the disposition thereof) or to give any consent, approval or waiver, then the Master Servicer will promptly inform Fannie Mae in writing of such request, and the Master Servicer may take such course of action, grant or withhold such consent, waiver or approval or otherwise appropriately act, in any event as it determines, in its reasonable and good faith judgment, is in the best interests of the Certificateholders; except that if such request relates to receipt of payments by the Certificateholders or any other material rights of the Certificateholders, then the Master Servicer will inform Fannie Mae of such request and shall take such action as directed in writing by Fannie Mae. If the Master Servicer does not receive written instructions from Fannie Mae within 30 days of its receipt of notification from the Master Servicer, the Master Servicer may (i) take such course of action as it determines, in its reasonable and good faith judgment, is in the best interest of the Certificateholders or (ii) refuse to take such requested action or give any such requested consent, approval or waiver.

If at any time the Master Servicer, as the registered holder of a Participation Certificate, is requested in such capacity, by any person whatsoever to take any action (other than the disposition thereof) or to give any consent, approval or waiver, then: (i) if such request is otherwise made in connection with the servicing and administration of the related PC Loan or any Mortgaged Property acquired in respect thereof, the Master Servicer will inform Fannie Mae and the Master Servicer shall act in its reasonable discretion as if it were servicing and administering such PC Loan or related Mortgaged Property, as the case may be, under the Sale and Servicing Agreement; (ii) if such request is made in connection with the termination of, or the exercise of any other remedy against, the PC Servicer under the related Participation Agreement as a result of a default by such party thereunder, the Master Servicer shall proceed as described in the accordance with the next succeeding paragraph; and (iii) if such request is made in connection with an amendment of the related Participation Agreement or any other matter (not covered by the immediately preceding clause (ii)), relating to the receipt of payments by Certificateholders or any other material rights thereof, the Master Servicer shall promptly notify Fannie Mae of such request in writing and shall take such action in connection with the exercise and/or enforcement of any rights and/or remedies available to the registered holder of such Participation Certificate with respect to such request as Fannie Mae shall direct in writing; *provided, however*, that if the Master Servicer does not receive written instructions from Fannie Mae within 30 days of its receipt of such notification from the Master Servicer, the Master Servicer may (i) take such course of action as it determines, in its reasonable and good faith judgment, is in the best

interest of Certificateholders or (ii) refuse to take such requested action or to give any such requested consent, approval or waiver.

If the Master Servicer shall gain actual knowledge (including by notification thereof by Fannie Mae) of any default on the part of the related PC Servicer under any Participation Agreement, the Master Servicer will promptly notify Fannie Mae thereof in writing. If such default is of a nature that the related Participation Agreement would permit the termination of the defaulting party, then unless such default is promptly cured or the Master Servicer is instructed by Fannie Mae to waive such default, the Master Servicer may, in accordance with the terms of the related Participation Agreement, terminate the defaulting party thereunder and appoint such a successor as would be appropriate as a Master Servicer under the Sale and Servicing Agreement. If no other suitable successor can be found, then the Master Servicer will, unless it is prohibited by law or Fannie Mae, accept appointment as such successor subject to the terms of the related Participation Agreement. In any event, so long as such default shall not have been remedied, the Master Servicer, in addition to the rights specified above, may take all actions now or thereafter existing at law, in equity or by statute to enforce the rights and remedies and to protect the interests of Fannie Mae (in its capacity as Trustee) and the Certificateholders and Subordinate Certificateholders as the beneficial owners of the related Participation Certificate (including the institution and prosecution of all judicial, administrative and other proceedings and the filings of proofs of claim and debt in connection therewith). If a default by the mortgagor of the related PC Loans occurs, then, to the extent the related Participation Agreement grants the holder of the related Participation Certificate the right to direct the PC Servicer with respect to the remedies to be exercised with respect to such default, the Master Servicer shall direct the PC Servicer to file an insurance claim and assign such PC Loan to the FHA. The Master Servicer, on behalf of Fannie Mae and the Certificateholders, is required to monitor the performance (and, except with respect to such matters described above in which it is required to act at the direction of Fannie Mae, enforce the obligations) of the respective PC Servicers under the Participation Agreements.

Representations and Warranties; Repurchases

In the Sale and Servicing Agreement, each Seller and the Master Servicer will make certain customary representations and warranties for the benefit of Fannie Mae with respect to the Mortgage Assets being sold by such Seller. In the Trust Agreement, Fannie Mae will assign or cause to be assigned to the Trustee all such representations and warranties given to Fannie Mae with respect to the Mortgage Assets and shall also give the Trustee the right to directly enforce the remedies set forth in the Sale and Servicing Agreement with respect to a breach of any such representations and warranties. The representations and warranties in the Sale and Servicing Agreement will continue in effect throughout the term of the Sale and Servicing Agreement. Following the discovery of a breach of any of such representations and warranties that is determined to affect materially and adversely the value of a Mortgage Asset, the Seller or Master Servicer may be required to purchase the affected Mortgage Asset from the Lower-Tier REMIC at the applicable purchase price.

Amendment

The Sale and Servicing Agreement may be amended from time to time without the consent of any of the Certificateholders by the mutual agreement of Fannie Mae and, if materially and adversely affected thereby, the Seller, the Master Servicer, and the Fiscal Agent; provided, however, that such parties acknowledge and agree in the Sale and Servicing Agreement that certain provisions thereof expressly grant rights or benefits to the Subordinate Directing Holder, and that the Subordinate Directing Holder is a third party beneficiary of such provisions.

Termination

The obligations and responsibilities created by the Sale and Servicing Agreement will terminate upon payment (or provision for payment) to the Certificateholders and the holders of the Subordinate Class of all amounts held by or on behalf of the Trustee and required under the Trust Agreement to be so paid on the Distribution Date following the earlier to occur of (i) the purchase by the Subordinating Directing Holder, the Master Servicer or Fannie Mae (in that order of priority) of all the Mortgage Assets remaining in the Lower-Tier REMIC if the aggregate stated principal balance of the Mortgage Assets remaining in the Lower-Tier REMIC as of the date of such election is five percent or less (or one percent or less, if the Mortgage Assets remaining in the Lower-Tier REMIC are entirely GNMA Certificates) of the Issue Date Pool Balance and (ii) the final payment (or any advance with respect thereto) on or other liquidation of the last Mortgage Assets remaining in the Lower-Tier REMIC. The purchase price payable by Fannie Mae, the Master Servicer or the Subordinate Directing Holder pursuant to clause (i) of the preceding sentence will be generally equal to the outstanding principal balance, and thirty days accrued interest, for all the Mortgage Assets then remaining in the Lower-Tier REMIC.

DESCRIPTION OF THE MORTGAGE LOANS

General

The Lower-Tier REMIC will consist of 83 Mortgage Assets with an aggregate Issue Date Balance of \$371,610,011 (the “Issue Date Pool Balance”), subject to a permitted variance of plus or minus 5%. The “Issue Date Balance” of each Mortgage Loan is the actual unpaid principal balance thereof as of the Issue Date after application of all payments of principal due on or before such date, whether or not received. 71 of the Mortgage Assets with an aggregate Issue Date Balance of \$290,669,790 will be sold to the Lower-Tier REMIC by DLJ Securities Corporation and DLJ Mortgage Capital, Inc., and 12 of the Mortgage Assets with an aggregate Issue Date Balance of \$80,940,221 will be sold to the Lower-Tier REMIC by UBS Mortgage Finance Inc. and UBS Securities LLC.

The information with respect to the Mortgage Loans set forth herein and on Exhibit A hereto has been collected and summarized by the Sellers and provided to Fannie Mae. Fannie Mae has made no independent verification of such information and, therefore, does not warrant its truth or accuracy and shall not be responsible therefor.

The Participation Certificates

The Lower-Tier REMIC will include 62 Participation Certificates, each of which represents an interest in a PC Loan, each of which is a fixed rate, fully amortizing whole mortgage loan. The aggregate Issue Date Balance of the Participation Certificates is \$307,656,978, subject to a permitted variance of plus or minus 5%. Each PC Loan is evidenced by a Mortgage Note, secured by a Mortgage on a Mortgaged Property, and is insured, to the extent and subject to the limitations described herein, by the FHA under the provisions of the Housing Act.

Each of the Participation Certificates was issued pursuant to a Participation Agreement between a mortgagee that originated or owned such PC Loan, a servicer with respect to such PC Loan (a “PC

Servicer”), which generally is such mortgagee, and the holder of the Participation Certificate. Pursuant to the Participation Agreement, the PC Servicer is responsible for the servicing of the PC Loan, including collecting all amounts due thereunder, monitoring the performance by the mortgagor with the terms of the related PC Loan and maintaining the FHA Insurance Contract with respect thereto. Although the Master Servicer will be the registered holder of the Participation Certificate, its ability to direct the PC Servicer with respect to the servicing of the PC Loan will be limited to the rights granted to the holder of the Participation Certificate under the Participation Agreement. Generally, the holder of the Participation Certificates has been given the right to direct the disposition of the PC Loans following defaults with respect thereto and to replace the PC Servicer should it default under the Participation Agreement.

GNMA Certificates

The Government National Mortgage Association is a wholly-owned corporate instrumentality of the United States within the Department of Housing and Urban Development. Section 306(g) of Title III of the National Housing Act of 1934, as amended (the “Housing Act”), authorizes GNMA to guarantee the timely payment of the principal of, and interest on, certificates that are based on and backed by a pool of mortgage loans insured by the Federal Housing Administration (“FHA”) under the Housing Act or Title V of the Housing Act of 1949, or partially guaranteed by the Department of Veterans Affairs under the Servicemen’s Readjustment Act of 1944, as amended, or Chapter 37 of Title 38, United States Code.

Section 306(g) of the Housing Act provides that “the full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection.” To meet its obligations under such guaranties, GNMA is authorized, under Section 306(d) of the Housing Act, to borrow from the United States Treasury with no limitations as to amount.

Each GNMA Certificate will be a “fully modified pass-through” mortgage-backed security issued and serviced by a mortgage banking company or other financial concern approved by GNMA as a seller-servicer of loans insured by the FHA.

It is expected that 21 Mortgage Loans will underlie the GNMA Certificates, which are expected to have an aggregate balance of approximately \$63,953,033 (subject to a permitted variance of plus or minus 5%) as of the Issue Date, after giving effect to all payments of principal due on or before that date. The Mortgage Loans underlying the GNMA Certificates are fixed-rate and generally are level-pay and fully amortizing. Each such underlying Mortgage Loan is secured by a Mortgage that creates a lien on the applicable borrower’s fee simple estate in a Mortgaged Property.

FHA Insurance Programs

FHA multifamily insurance programs generally are designed to assist private and public mortgagors in obtaining insured financing for the construction, purchase or rehabilitation of rental housing pursuant to the Housing Act. Mortgages are provided by FHA-approved institutions, which include mortgage bankers, commercial banks, savings and loan associations, trust companies, insurance companies, pension funds, state and local housing finance agencies and certain other approved entities.

Mortgages insured under the programs described below will have such maturities and amortization features as the FHA may approve, provided that generally the minimum mortgage term will be at least ten years and the maximum mortgage term will not exceed the lesser of 40 years and 75 percent of the estimated remaining economic life of the improvements on the mortgaged property.

Tenant eligibility for FHA-insured projects generally is not restricted by income, except for projects as to which rental subsidies are made available with respect to some or all of the units therein or to specified tenants.

The following is a summary of the various FHA insurance programs under which the Mortgage Loans are insured.

Section 221(d)(4) (Low and Moderate Income Multifamily Housing Mortgage Insurance)

Section 221(d)(4) of the Housing Act provides for mortgage insurance to assist private industry in the construction or substantial rehabilitation of rental and cooperative housing for low- and moderate-income families and families that have been displaced as a result of urban renewal, governmental actions or disaster.

The maximum mortgage amounts under Section 221(d)(4) are as follows: (i) the maximum per dwelling unit amount; (ii) in the case of new construction, 90 percent of the estimated replacement cost of the property or project with improvements; (iii) in the case of repair or rehabilitation, 90 percent of the sum of the estimated cost of the repair or rehabilitation of the project plus the estimated value of the property before repair or rehabilitation; (iv) if the mortgage involves financing of the purchase of property that has been rehabilitated by a local public agency with federal assistance pursuant to Section 110(c)(8) of the Housing Act of 1949, the lesser of 90 percent of the appraised value of the property at the time the mortgage is approved for insurance and 90 percent of the actual cost of acquisition.

Section 223(a)(7) (Refinancing of FHA-Insured Mortgages)

Section 223(a)(7) permits the FHA to refinance existing mortgage loans under any section or title of the Housing Act. Such refinancing results in prepayment of the existing insured mortgage. The principal amount of the new, refinanced mortgage loan generally is limited to the lesser of the original principal amount of the existing mortgage loan and the unpaid balance of the existing mortgage loan. The maximum amount for loans previously refinanced under Section 223(f) (described below) is based on the amount that can be amortized by 90 percent of the project's net operating income, which amount can be increased to 95 percent if the borrower is a nonprofit organization.

The term of a new mortgage loan insured under Section 223(a)(7) may not exceed the unexpired term of the existing mortgage loan, except that it may have a term of up to twelve years in excess of the unexpired term of the existing mortgage loan if the FHA determines that such extended term will inure to the benefit of the insurance fund under which the mortgage loan is insured, taking into consideration the outstanding insurance liability under the existing insured loan and the remaining economic life of the related property.

Section 223(f) (Purchase or Refinancing of Existing Projects)

Section 223(f) provides for federal insurance of mortgage loans originated by FHA-approved lenders in connection with the purchase or refinancing of existing multifamily housing complexes that do not require substantial rehabilitation. The principal objective of the Section 223(f) program is to permit the refinancing of mortgages to provide for a lower debt service in order to preserve an adequate supply of affordable rental housing. Such projects may have been financed originally with conventional or FHA-insured mortgages.

To be eligible for insurance under Section 223(f), a project must have rental income sufficient to pay operating expenses and annual debt service, and must have a reserve fund for replacements or provide an operating deficit fund on terms approved by the FHA. The cost of repairs, replacements and improvements may not exceed the greater of 15 percent of the property's value after the improvements and \$6,500 per dwelling unit (adjusted for high-cost areas); and no more than one major building component may be replaced. The project must have been completed at least three years prior to the application for mortgage insurance, and its remaining economic life must be at least ten years.

If the project is to be acquired by the mortgagor and financed in part with the insured mortgage, the maximum mortgage loan amount under Section 223(f) is 85 percent of the cost of acquisition as determined by the FHA (90 percent of such amount for a cooperative multifamily project and for projects financed with state or local assistance or located in older, declining urban areas that meet certain eligibility requirements). If, on the other hand, the property is to be refinanced without a change in ownership, then the maximum mortgage loan amount may not exceed: (a) for rental projects, the greater of 70 percent of the estimated value of the property and the cost of refinancing the existing indebtedness and (b) for cooperative projects, the cost of refinancing the existing indebtedness. In addition to the above limitations, a mortgage loan insured under Section 223(f) may not have a principal amount in excess of the lesser of 85 percent of the estimated value of the project and the statutory per dwelling unit amount.

Secondary financing on multifamily housing projects is permissible under Section 223(f). The secondary debt may be secured by a second lien on the related project and cannot mature prior to the maturity date of the original mortgage loan, but may be prepaid out of surplus cash from operations of the project. If a loan is made to finance the purchase of an existing project, the second mortgage loan may not exceed 7.5 percent of the lesser of the estimated value of the project and the cost of acquisition. In the case of secondary financing used to refinance an existing project, the second mortgage may not exceed the lesser of 7.5 percent of the estimated value of the project and 50 percent of the difference between the cost of refinancing the project and the maximum mortgage loan amount determined by the FHA.

Section 232/223(f) (Mortgage Insurance for Nursing Homes and Other Care Facilities)

Section 232 provides for federal insurance of private construction mortgage loans to finance new or rehabilitated nursing homes, intermediate care facilities, board and care homes, assisted living for the frail elderly or allowable combinations thereof, including equipment to be used in their operation. Section 232 also provides for supplemental loans to finance the purchase and installation of fire safety equipment in these facilities. However, these loans are governed by different restrictions and limitations than those set forth below for the actual facilities.

The maximum mortgage amount that is insurable under Section 232 for new construction and substantial rehabilitation is, for profit-motivated mortgagors, 90 percent of the estimated value of the project, including the equipment to be used in the operation, when the proposed improvements are completed and the equipment is installed, and 95 percent of such value for private nonprofit mortgagors.

A mortgage executed in connection with the purchase or refinancing of existing projects under Section 232 pursuant to Section 223(f) of the Housing Act must have a principal amount no greater than 85 percent for a profit-motivated mortgagor (90 percent for a private nonprofit mortgagor) of the estimated value of the project, including major equipment and any repairs and improvements. Such mortgage also may not exceed the amount that could be amortized by 85 percent for profit-motivated mortgagors (90 percent for nonprofit) of the net projected project income available for payment of debt service. If the project is to be refinanced by the insured mortgage without a change in ownership, the maximum mortgage may not exceed the cost to refinance the existing indebtedness, as determined by the FHA. If the mortgage insured pursuant to Section 223(f) is to be used in part to finance the acquisition of the project by the mortgagor, in addition to the above-mentioned limits, the maximum loan amount is 85 percent of the cost of acquisition for profit-motivated mortgagors and 90 percent for nonprofit mortgagors.

Section 241 (Supplemental Financing) and Section 241(f) (Equity Take Out Loans)

Section 241 provides for FHA insurance to finance property improvements, energy-conserving improvements or additions to any FHA-insured multifamily loan. Pursuant to legislation enacted in 1987, Section 241(f) provides, as a specific element of a “plan of action” approved by the FHA,

insurance for second mortgage financing and for loans to facilitate the take out of accumulated equity. The overall purpose of the Section 241 loan program is to provide a project with a means to remain competitive, extend its economic life and finance the replacement of obsolete equipment without the refinancing of the existing mortgage.

Supplemental loans that are insured under Section 241 may be in an amount of up to 90 percent of the value of improvements, additions or equipment financed by the loan; provided that such amount, when added to any outstanding balance of the mortgage covering the project, may not exceed the maximum mortgage amount insurable under the section or title pursuant to which the mortgage covering such project is insured. For supplemental loans relating to the purchase and installation of energy conserving improvements on a property not previously insured by the FHA, the maximum insurable amount is the least of (a) the cost of the improvements, (b) an amount which can be supported by residual income, as determined by FHA, and (c) an amount which when added to the existing indebtedness does not exceed the estimate of the value of the project after installation of the energy-conserving improvements.

An equity loan insured under Section 241(f) may not exceed 90 percent of the owner's equity in the project, nor may it exceed an amount which, when added to the existing indebtedness on the property, can be supported by 90 percent of the projected net operating income of the project. An equity loan made to an owner who agrees to extend the low-income affordability restrictions on the related housing pursuant to a plan of action may not exceed an amount equal to the amount of rehabilitation costs required by the plan and the lesser of (i) 70 percent of the preservation equity in the project and (ii) an amount determined to be supported by the project on the basis of an eight percent return on the extension preservation equity, assuming normal debt service coverages. Such an equity loan must also provide for the lender to deposit ten percent of the loan in an escrow account for five years.

An acquisition loan insured under Section 241(f) may not exceed the amount of rehabilitation costs as determined under an approved plan of action and related charges, plus 95 percent of the transfer preservation equity of the project. If the purchaser is a qualified priority purchaser as defined under FHA regulations, the loan may include any expenses associated with obtaining the loan implementing the plan of action, as approved by the FHA. Acquisition loans have a term of 40 years.

The Section 8 Program

Project-based Section 8 rent subsidies are paid by HUD to owners of certain types of low income multifamily housing properties on behalf of eligible tenants. Tenant eligibility is determined based upon family income and size, as well as the median income for the area. The subsidy paid by HUD is based on the difference between the rent charged to the tenant (which rent is established by HUD, as set forth below) and the tenant's ability to pay. The payment of subsidies to a particular project owner is made pursuant to a Housing Assistance Payment contract (a "HAP Contract") between the owner of the project and HUD or between the owner and a local public housing authority ("PHA"), depending on which entity is administering the HAP Contract.

Section 8 assistance may be either tenant-based or project-based. Tenant-based assistance involves subsidy payments made to a PHA on behalf of eligible tenants which the PHA pays to the project owner. "Project-Based Assistance" differs from tenant-based assistance in that subsidies not linked to particular tenants are paid to the owner directly from HUD. Generally, housing projects qualified for Project-Based Assistance provide that the tenants therein spend, in general, at least approximately 30% of their gross monthly income on rent and have household income below approximately 80% of the median income level for their geographic area. HUD can set the basic income limits higher or lower than 80%, based on the prevailing level of construction costs or unusually high or low incomes. There are, however, overall restrictions on the number of assisted tenants whose households are not classified as "very low income" households. "Very-low income" for

a family of four is defined as 50% of area median income, and the percentage is adjusted for family size.

In some cases, the ability of a project owner to meet its payment obligations under an FHA Mortgage may be dependent upon its ability to obtain further subsidies to replace the expiring Project Based Assistance. Because the remaining term to maturity of an affected Mortgage Loan may be longer than the remaining term of any related HAP Contract, and because there is no assurance that HUD will extend the term of any particular HAP Contract upon its expiration, it is possible that the expiration of a HAP Contract with respect to a particular Mortgaged Property could result in an unscheduled recovery of principal due to a full or partial FHA-insurance claim or prepayment with respect to a related Mortgage Loan, notwithstanding any prepayment lockout otherwise applicable thereto. See “Yield Considerations” herein.

Moreover, before a technical default occurs, HUD may seek to reduce the financial risk to the FHA Insurance Fund by restructuring the project’s debt so that the affordable nature of the housing is preserved and the involuntary displacement of tenants is minimized.

HUD’s authority to renew expiring project-based HAP Contracts and to restructure the underlying debt comes from reform legislation enacted as part of the 1997 Act. Under the 1997 Act, HUD is authorized to renew expiring HAP Contracts at above-market rents through fiscal year 1998; thereafter, renewals are generally required at rent levels that do not exceed comparable market rents.

The 1997 Act provides for HUD to enter into agreements with “participating administrative entities” such as state housing finance agencies to implement mortgage restructuring and rental assistance sufficiency plans to restructure multifamily mortgages. A variety of restructuring tools are permitted under the 1997 Act, including a full or partial FHA-insurance claim, refinancing of the existing debt through new FHA multifamily mortgage insurance, re-insurance or other types of Federal or State credit enhancement or risk-sharing arrangements.

The Sellers believe that several of the Mortgage Loans receive some form of Section 8 assistance; however, the Sellers have not been able to verify the existence of any Project-Based Assistance with respect to any of the Mortgage Loans, the particular form of such Section 8 assistance, the length of any related HAP Contract or the number of units covered by or maximum dollar amount of such contract for any of such Mortgage Loans.

Historically, there have been differing default and prepayment rate experiences between loans receiving Section 8 rent subsidies and insured under certain sections of the Housing Act and those insured under the same sections but not receiving Section 8 rent subsidies. These default and prepayment rates may or may not be affected by subsequent Congressional legislation which may or may not affect projects whose Project-Based Assistance expires during the term of the FHA-insured mortgage.

HUD’s default and prepayment experience with respect to its FHA programs is available at the Office of the Housing-FHA Comptroller, Statistical and Actuarial Analysis Staff (phone: (202) 755-7510).

Certain Additional Characteristics of the Mortgage Loans

Mortgage Rates; Calculations of Interest. All the Mortgage Loans bear interest at mortgage interest rates (each, a “Mortgage Rate”) that will remain fixed for their remaining terms. All the Mortgage Loans accrue interest on the basis of a 360-day year consisting of twelve 30-day months.

Due Dates. All the Mortgage Loans have Due Dates (that is, the dates upon which the related Monthly Payments first become due) that occur on the first day of each month.

Amortization. All the Mortgage Loans are fully-amortizing over their remaining terms to stated maturity. Certain of the Mortgage Loans provide that, if the related borrower makes a partial principal prepayment, such borrower will not be in default if it fails to make any subsequent scheduled

payment of principal provide that such borrower continues to pay interest in a timely manner and the unpaid principal balance of such Mortgage Loan at the time of such failure is at or below what it would otherwise be in accordance with its amortization schedule if such partial principal prepayment had not been made. Many of the Mortgage Loans also permit the reamortization thereof if prepayments are received as a result of condemnation or insurance payments with respect to the related Mortgaged Property.

Level Payments. All the Mortgage Loans provide for level monthly payments except as discussed above and shown on Exhibit A.

“Due-on-Sale” and “Due-on-Encumbrance” Provisions. In general, the Mortgages do not contain “due-on-sale” clauses restricting sale or other transfer of the related Mortgaged Property. Any transfer of the Mortgaged Property is subject to HUD review and approval under the terms of HUD’s Regulatory Agreement with the owner, which is incorporated by reference into the Mortgage.

Lockouts. Except as described below, most of the Mortgage Loans have provisions that prohibit voluntary prepayment for a number of years following origination (“lockout provisions”). The Mortgage Loans have remaining lockout terms that range from approximately 0 to 119 months, and with a weighted average remaining lockout term of approximately 47 months (assuming that Mortgage Loans that benefit from Section 8 rent subsidies are locked out during the term of the related HAP Contract). In the case of certain Mortgage Loans, full or partial prepayments by nonprofit mortgagors cannot be effected without prior written consent from the FHA. The enforceability of these lockout provisions under certain state laws is unclear.

Mortgage Prepayment Penalties. Certain of the Mortgage Loans have a period (a “prepayment penalty period”) during which voluntary and involuntary prepayments (except for prepayments resulting from condemnation or casualty losses) must be accompanied by a mortgage prepayment penalty equal to a specified percentage of the principal amount of the Mortgage Loan being prepaid. The prepayment penalty period extends beyond the termination of the lockout provision. Exhibit A to this Prospectus Supplement sets forth, for each Mortgage Loan, a description of the related mortgage prepayment penalty and the period during which the mortgage prepayment penalty applies as well as the last month of any applicable lockout provision.

Notwithstanding the foregoing, the Mortgage Loans must include a provision which allows the FHA to override any lockout and/or prepayment penalty provisions when the Mortgage Loan is in default if the FHA determines that it is in the best interest of the federal government to allow the mortgagor to refinance or partially prepay the Mortgage Loan without restrictions or penalties and thereby avoid or mitigate an FHA insurance claim.

In addition, certain of the Mortgage Loans may be prepaid in an amount up to approximately 15% of the principal balance thereof in each year without the payment of any Prepayment Premium thereon.

Coinsurance. Certain of the Mortgage Loans may be federally insured under FHA coinsurance programs that provide for the retention by the mortgage lender of a portion of the mortgage insurance risk that otherwise would be assumed by FHA under the applicable FHA insurance program. As part of such coinsurance programs, FHA delegates to mortgage lenders approved by FHA for participation in such coinsurance programs certain underwriting functions generally performed by FHA. Accordingly, there can be no assurance that such mortgage loans were underwritten in conformity with FHA underwriting guidelines applicable to mortgage loans that were solely federally insured or that the default risk with respect to coinsured mortgage loans is comparable to that of FHA-insured mortgage loans generally. As a result, there can be no assurance as to the likelihood of future default or as to the rate of prepayment on the coinsured Mortgage Loans.

Additional Mortgage Loan Information

The Mortgage Loans and Mortgaged Properties are expected to have the following additional characteristics as of the Issue Date. The figures in the columns “Aggregate Issue Date Balance” in the tables below are based on the Issue Date Balances of the related Mortgage Loans. The sum of any column of the following tables, or in the table set forth in Exhibit A hereto, may not equal the indicated total due to rounding.

Following the issuance of the Certificates, Fannie Mae will make available in electronic form certain data specific to the Certificates and certain information with respect to the Mortgage Loans, in each case as of the Issue Date, including information set forth on Exhibit A hereto and will make available certain other information relating to the Mortgage Loans and the Mortgaged Properties. To obtain this information in electronic form, call Fannie Mae at 1-800-752-6440 or 202-752-6000.

The following table sets forth the range of the aggregate Issue Date Balances of the Mortgage Loans as of the Issue Date.

Mortgage Loan Balances as of the Issue Date

<u>Range of Issue Date Balance</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Issue Date Balance</u>	<u>Percent of Issue Date Pool Balance</u>
\$ 100,000 to 500,000	1	\$ 429,569	0.12%
500,001 to 1,000,000	6	4,658,598	1.25
1,000,001 to 1,500,000	8	9,810,569	2.64
1,500,001 to 2,000,000	11	19,977,107	5.38
2,000,001 to 2,500,000	9	19,470,456	5.24
2,500,001 to 3,000,000	6	16,690,995	4.49
3,000,001 to 3,500,000	6	19,749,793	5.31
3,500,001 to 4,000,000	2	7,198,824	1.94
4,000,001 to 4,500,000	4	17,113,392	4.61
4,500,001 to 5,000,000	4	19,126,280	5.15
5,000,001 to 5,500,000	4	20,857,758	5.61
6,000,001 to 6,500,000	3	18,549,895	4.99
6,500,001 to 7,000,000	5	33,889,076	9.12
8,500,001 to 9,000,000	3	26,096,980	7.02
9,000,001 to 9,500,000	1	9,397,877	2.53
9,500,001 to 10,000,000	1	9,739,939	2.62
10,000,001 to 10,500,000	3	30,743,773	8.27
10,500,001 to 11,000,000	1	10,544,748	2.84
11,000,001 to 11,500,000	1	11,258,316	3.03
12,500,001 to 13,000,000	2	25,230,050	6.79
16,500,001 to 17,000,000	1	16,811,991	4.52
24,000,001 to 24,500,000	1	24,264,027	6.53
	<u>83</u>	<u>\$371,610,011</u>	<u>100.00%</u>

Average Mortgage Loan Balance: \$4,477,229

The following table sets forth the range of the Mortgage Interest Rates on the Mortgage Loans as of the Issue Date.

Mortgage Interest Rates as of the Issue Date

Range of Mortgage Interest Rates (%)	Number of Mortgage Loans	Aggregate Issue Date Balance	Percent of Issue Date Pool Balance
6.501 to 6.750	1	\$ 3,421,452	0.92%
6.751 to 7.000	2	2,886,374	0.78
7.001 to 7.250	8	31,861,307	8.57
7.251 to 7.500	7	44,220,361	11.90
7.501 to 7.750	8	26,560,908	7.15
7.751 to 8.000	13	66,669,598	17.94
8.001 to 8.250	10	54,750,507	14.73
8.251 to 8.500	10	31,511,469	8.48
8.501 to 8.750	7	25,210,011	6.78
8.751 to 9.000	3	6,036,190	1.62
9.001 to 9.250	4	15,297,495	4.12
9.251 to 9.500	5	23,065,433	6.21
9.501 to 9.750	1	10,544,748	2.84
9.751 to 10.000	1	5,072,683	1.37
10.001 to 10.250	3	24,501,476	6.59
	<u>83</u>	<u>\$371,610,011</u>	<u>100.00%</u>

Weighted Average Mortgage Rate: 8.294%

The following table sets forth the range of the Pass-Through Rates on the Mortgage Loans as of the Issue Date.

Pass-Through Rates as of the Issue Date

Range of Pass-Through Rates (%)	Number of Mortgage Loans	Aggregate Issue Date Balance	Percent of Issue Date Pool Balance
6.251 to 6.500	2	\$ 4,547,796	1.22%
6.501 to 6.750	2	4,438,571	1.19
6.751 to 7.000	7	29,182,767	7.85
7.001 to 7.250	12	52,482,564	14.12
7.251 to 7.500	6	37,263,006	10.03
7.501 to 7.750	12	53,682,306	14.45
7.751 to 8.000	8	51,366,450	13.82
8.001 to 8.250	10	28,918,518	7.78
8.251 to 8.500	7	25,210,011	6.78
8.501 to 8.750	6	20,342,933	5.47
8.751 to 9.000	2	4,640,549	1.25
9.001 to 9.250	3	9,221,037	2.48
9.251 to 9.500	2	20,739,347	5.58
9.501 to 9.750	1	5,072,683	1.37
9.751 to 10.000	3	24,501,476	6.59
	<u>83</u>	<u>\$371,610,011</u>	<u>100.00%</u>

Weighted Average Pass-Through Rate: 7.990%

The following tables set forth the range of original and remaining terms to stated maturity (in months) of the Mortgage Loans.

Original Term to Maturity (in months)

<u>Range of Months</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Issue Date Balance</u>	<u>Percent of Issue Date Pool Balance</u>
181 to 240	1	\$ 4,062,369	1.09%
241 to 300	4	21,753,806	5.85
301 to 360	20	80,707,439	21.72
361 to 420	36	170,533,939	45.89
421 to 480	22	94,552,459	25.44
	<u>83</u>	<u>\$371,610,011</u>	<u>100.00%</u>

Weighted Average Original Term to Maturity: 401

Remaining Term to Maturity (in months)

<u>Range of Months</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Issue Date Balance</u>	<u>Percent of Issue Date Pool Balance</u>
181 to 240	2	\$ 15,320,685	4.12%
241 to 300	8	19,350,873	5.21
301 to 360	23	105,514,899	28.39
361 to 420	36	181,007,555	48.71
421 to 480	14	50,415,999	13.57
	<u>83</u>	<u>\$371,610,011</u>	<u>100.00%</u>

Weighted Average Remaining Term to Maturity: 368

The following table sets forth the geographic areas in which the Mortgaged Properties are located.

Mortgage Loans by State

State	Number of Mortgage Loans	Aggregate Issue Date Balance	Percent of Issue Date Pool Balance
Alabama	2	\$ 5,026,756	1.35%
Arizona	2	4,010,887	1.08
Arkansas	1	3,270,785	0.88
California	3	6,330,364	1.70
Colorado	3	7,811,275	2.10
District of Columbia	1	1,869,057	0.50
Delaware	1	6,655,718	1.79
Florida	1	5,220,029	1.40
Georgia	1	1,074,548	0.29
Idaho	1	2,184,518	0.59
Illinois	3	13,337,017	3.59
Indiana	1	2,889,104	0.78
Kansas	1	1,390,918	0.37
Massachusetts	5	33,401,966	8.99
Maryland	2	12,784,683	3.44
Michigan	6	16,464,749	4.43
Minnesota	3	14,305,174	3.85
Missouri	2	11,270,403	3.03
North Carolina	4	13,566,743	3.65
New Jersey	3	31,619,334	8.51
New Mexico	1	2,987,979	0.80
New York	11	78,091,160	21.01
Ohio	4	18,851,128	5.07
Oklahoma	3	9,108,195	2.45
Pennsylvania	1	429,569	0.12
Rhode Island	1	2,385,945	0.64
Tennessee	1	5,072,683	1.37
Texas	6	25,817,701	6.95
Virginia	3	16,956,037	4.56
Washington	1	1,760,030	0.47
Wisconsin	5	15,665,559	4.22
	<u>83</u>	<u>\$371,610,011</u>	<u>100.00%</u>

The following table sets forth the debt service coverage ratios as of the Issue Date for the 62 Mortgage Loans that are the PC Loans. Such debt service coverage ratios were calculated by estimating net operating income with respect to each related Mortgaged Property, in most cases, from reported information available on the most recent statement of profit and loss or equivalent document filed pursuant to HUD requirements, and dividing such estimated net operating income by an estimate of annual debt service obtained by multiplying the monthly payment of principal and interest on the related Mortgage Loan by 12. With respect to the four PC Loans that are known to be second mortgage loans, the amount of the monthly payment for the first mortgage loan secured by each related Mortgaged Property was included in such calculations of debt service coverage ratios for such PC Loans. No mortgage loans subordinate to the PC Loans were taken into account in any calculation of debt service coverage ratios. Fannie Mae has made no independent verification of such information and, therefore, does not warrant its truth or accuracy and shall not be responsible therefor.

DSCR's for PC Loans

<u>Range</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Issue Date Balance</u>	<u>Percent of Issue Date Balance</u>
0.750 to 0.999	3	\$ 10,980,378	3.57%
1.000 to 1.249	5	35,051,130	11.39
1.250 to 1.499	19	98,969,332	32.17
1.500 to 1.749	13	58,598,766	19.05
1.750 to 1.999	8	28,447,233	9.25
2.000 to 2.249	9	42,197,509	13.72
2.250 to 2.499	2	25,913,263	8.42
2.750 to 2.999	1	1,956,070	0.64
3.000 to 3.249	1	4,873,778	1.58
3.500 to 3.749	1	669,517	0.22
	<u>62</u>	<u>\$307,656,978</u>	<u>100.00%</u>

Weighted Average Debt Service Coverage Ratio: 1.63 x

CERTAIN ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES

The following tax discussion, when read in conjunction with the discussion of “Certain Federal Income Tax Consequences” in the Multifamily REMIC Prospectus, describes the current federal income tax treatment of investors in the Certificates. These two tax discussions do not purport to deal with all federal tax consequences applicable to all categories of investors, some of which may be subject to special rules. Investors should consult their own tax advisors in determining the federal, state, local and any other tax consequences to them of the purchase, ownership and disposition of the Certificates.

REMIC Elections and Special Tax Attributes

Elections will be made to treat the Lower Tier REMIC and the Trust as REMICs for federal income tax purposes. Dewey Ballantine LLP, special tax counsel to Fannie Mae, will deliver its opinion to Fannie Mae that, assuming compliance with the Trust Agreement, the Lower Tier REMIC and the Trust will qualify as REMICs for federal income tax purposes. The Certificates, other than the R and RL Classes, and the Subordinate Class will be designated as “regular interests” in the Trust, 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.

As a consequence of the qualification of the Trust and the Lower Tier REMIC as REMICs, the Certificates and the Subordinate Class 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. The Small Business Job Protection Act of 1996 repeals the bad debt reserve method of accounting for mutual savings banks and domestic building and loan associations for tax years beginning after December 31, 1995. As a result, section 593(d) of the Code is no longer applicable to treat the Certificates as “qualifying real property loans.” See “Certain Federal Income Tax Consequences—Special Tax Attributes” in the Multifamily REMIC Prospectus.

Taxation of Beneficial Owners of Regular Certificates

The Notional Class will be, and certain other Classes of Certificates may be, issued with original issue discount (“OID”) for federal income tax purposes, which generally will result in recognition of some taxable income in advance of the receipt of the cash attributable to such income. The Prepayment Assumption that will be used in determining the rate of accrual of OID is described below. If a negative amount of OID accrues with respect to the Notional Class in any period, the amount of

OID allocable to such period will be zero and Holders may offset such negative amount only against any future OID attributable to such Class. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Original Issue Discount*” in the Multifamily REMIC Prospectus. No representation is made as to whether the Mortgage Loans will prepay at that or any other rate. See “Description of the Certificates—Weighted Average Life” herein and “Maturity and Prepayment Considerations and Risks — Weighted Average Life and Final Distribution Dates” in the Multifamily REMIC Prospectus. In addition, certain Classes of Certificates may be treated as having been issued at a premium for federal income tax purposes. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Certificates Purchased at a Premium*” in the Multifamily REMIC Prospectus.

The Prepayment Assumption will be applied on a loan-by-loan basis. The Prepayment Assumption that will be used for the Mortgage Loans will be 0% CPR until the prepayment penalty end date for each such Mortgage Loan and 40% CPR thereafter. The prepayment penalty end dates for the Mortgage Loans are provided on Exhibit A herein. Because the prepayment penalty end date for each Mortgage Loan is not the same, during the period beginning on the earliest prepayment penalty end date of the Mortgage Loans and ending on the last prepayment penalty end date of the Mortgage Loans, the effective Prepayment Assumption will increase, from 0% CPR to 40% CPR, in proportion to the percentage of Mortgage Loan prepayment penalty end dates that have passed. Such increase in the effective Prepayment Assumption will result in an acceleration in the rate of accrual of original issue discount with respect to the Certificates as each Mortgage Loan reaches its prepayment penalty end date.

The Taxpayer Relief Act of 1997 adds a provision to the Code that requires the recognition of gain upon the “constructive sale of an appreciated financial position.” A constructive sale of a financial position occurs if a taxpayer enters into certain transactions or series of such transactions that have the effect of substantially eliminating the taxpayer’s risk of loss and opportunity for gain with respect to the financial instrument. Debt instruments that (i) entitle the holder to a specified principal amount, (ii) pay interest at a fixed or variable rate and (iii) are not convertible into the stock of the issuer or a related party cannot be the subject of a constructive sale for this purpose. Accordingly, only the Notional Class Certificates, which do not have a principal balance, could be subject to this provision and only if a Holder of a Notional Class Certificate engages in a constructive sale transaction.

Taxation of Beneficial Owners of Residual Certificates

Under the Regulations, neither the R nor the RL Class will have significant value. Special rules regarding the treatment of “excess inclusions” by certain thrift institutions no longer apply because of the amendment of sections 593 and 860E of the Code by the Small Business Job Protection Act of 1996. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*” in the Multifamily REMIC Prospectus.

For purposes of determining the portion of the taxable income of the Trust that generally will not be treated as excess inclusions, the rate to be used is 7.01% (which is 120% of the “federal long-term rate”). See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*” and “—Foreign Investors—*Residual Certificates*” in the Multifamily REMIC Prospectus. The federal income tax consequences of any consideration paid to a transferee on the transfer of an R or RL Certificate are unclear; any transferee receiving such consideration should consult its own tax advisors.

The Taxpayer Relief Act of 1997 adds provisions to the Code that will apply to an “electing large partnership.” If an electing large partnership holds an R or RL Certificate, all interests in the electing large partnership are treated as held by disqualified organizations for purposes of the tax imposed upon a pass-through entity by section 860E(e) of the Code. An exception to this tax, otherwise available to a pass-through entity that is furnished certain affidavits by record holders of interests in

the entity and that does not know such affidavits are false, is not available to an electing large partnership.

PLAN OF DISTRIBUTION

The Dealer will receive the Certificates in exchange for the Mortgage Loans pursuant to a Fannie Mae commitment. The Dealer proposes to offer the Certificates directly to the public from time to time in negotiated transactions at varying prices to be determined at the time of sale. The Dealer may effect such transactions to or through dealers.

LEGAL MATTERS

Certain legal matters will be passed upon for Fannie Mae by Arter & Hadden LLP, Washinton, D.C., and an opinion with respect to certain tax matters will be delivered to Fannie Mae by Dewey, Ballantine LLP, Washington, D.C. Any purchases of Certificates will be furnished upon request an opinion of the General Counsel or Deputy General Counsel of Fannie Mae as to the validity of the Certificates and the Trust Agreement. Certain legal matters will be passed upon for the Dealer by Sidley & Austin, New York, New York.

Exhibit A

A-1

Project or Pool Number	FHA Program (1)	City	State	Approximate Issue Date Balance	Mortgage Interest Rate	Pass- Through Rate	FHA Debtenture Rate	Maturity Date	Original Term to Maturity (mos.)	Remaining Term to Maturity (mos.)	Mortgage Loan Age (mos.)	Mortgage Loan Issue Date (2)	Lockout End Date (3)	Prepayment Penalty End Date (3)	Remaining Lockout Term	Remaining Prepayment Penalty Term	Lockout/ Prepayment Penalty Code (4)
393103	221(d)4	Russellville	AR	\$ 2,013,391	8.500%	8.125%	n/a	July 2036	470	459	11	May 1997	—	May 2007	—	109	4
092-11059	223(f)	St. Cloud	MN	591,221	8.500	8.110	8.000%	November 2022	360	295	65	November 1992	—	October 2002	—	54	4
053-35578*	221(d)4	Greensboro	NC	8,554,845	8.000	7.485	8.000	June 2029	431	374	57	July 1993	June 1998	June 2003	2	62	1
452919	223(f)	Washington	DC	1,869,057	7.400	7.150	n/a	March 2033	421	419	2	February 1998	February 2003	February 2008	58	118	1
071-22006	232/223(f)	Hoffman Estates	IL	9,739,939	7.900	7.460	7.250	December 2031	432	404	28	December 1995	November 2000	November 2005	31	91	1
047-22012	223(f)	Allendale	MI	2,014,635	7.950	7.560	7.125	October 2027	360	354	6	October 1997	September 2002	September 2007	53	113	1
000-94076	223(f)	Temple Hills	MD	6,005,294	8.250	8.060	9.375	December 2023	314	308	6	October 1997	August 2002	August 2005	52	88	3
075-11003	223(f)	Greenfield	WI	8,598,245	8.275	7.985	8.000	October 2027	420	354	66	October 1992	—	September 2002	—	53	1
406116	241(f)	Ashwaubenon	WI	806,198	9.125	8.750	n/a	May 2025	361	325	36	April 1995	April 2000	April 2005	24	84	1
051-11081	223(f)	Norfolk	VA	1,649,236	7.625	7.235	7.250	October 2030	420	390	30	October 1995	October 2000	October 2003	30	66	3
014-11084	223(f)	Hamlin	NY	3,058,525	7.150	6.860	7.750	October 2029	403	378	25	March 1996	February 2001	February 2006	34	94	1
032-94003	223(f)	Wilmington	DE	6,655,718	8.400	8.110	9.375	June 2024	333	314	19	September 1996	August 2001	August 2006	40	100	1
033-11028	223(f)	Pittsburgh	PA	429,569	9.500	9.235	7.750	January 2030	420	381	39	January 1995	January 2000	January 2005	21	81	1
014-22005	232/223(f)	Clay	NY	4,645,694	8.000	7.735	7.250	February 2032	420	406	14	February 1997	January 2007	January 2007	105	105	2
378388	241(f)	East Rochester	NY	3,649,797	9.375	9.000	n/a	April 2029	408	372	36	April 1995	March 2000	March 2000	23	23	2
268158	221(d)4	Midland	TX	3,280,306	10.250	10.000	n/a	October 2029	480	378	102	October 1989	—	September 1999	—	17	7
393110	232	San Antonio	TX	1,441,536	8.500	8.125	n/a	May 2026	352	337	15	January 1997	January 2002	January 2007	45	105	1
067-94042	223(f)	Sarasota	FL	5,220,029	8.180	7.960	9.125	July 2023	307	303	4	December 1997	November 2002	November 2002	55	55	2
023-43150	232	East Boston	MA	1,817,066	8.200	7.935	7.750	April 2034	480	432	48	April 1994	April 1999	April 1999	12	12	2
285514	223(f)	Boise	ID	2,184,518	9.500	9.250	n/a	April 2026	420	336	84	April 1991	—	March 2001	—	35	1
042-10015	241	Cleveland	OH	1,450,552	8.750	8.485	7.750	August 2024	347	316	31	September 1995	December 2001	December 2006	44	104	1
042-43110	232	Hopedale	OH	1,956,070	8.750	8.485	7.750	March 2021	300	275	25	March 1996	December 2003	December 2006	68	104	5
014-11107	223(f)	East Rochester	NY	10,318,252	8.000	7.735	6.750	July 2032	420	411	9	July 1997	June 2007	June 2007	110	110	2
012-43146	232	Lake Katrine	NY	12,658,524	9.125	8.735	8.500	August 2023	360	304	56	August 1993	November 1998	November 2003	7	67	1
101-22010	223(f)	Grand Junction	CO	2,411,178	7.950	7.560	7.125	September 2032	420	413	7	September 1997	August 2002	August 2007	52	112	1
086-35202	221(d)4	Madison	TN	5,072,683	10.000	9.735	10.375	October 2025	433	330	103	September 1989	September 1999	September 1999	17	17	2
084-94009	221(d)4	Kansas City	MO	4,409,179	10.250	9.985	9.125	January 2029	480	369	111	January 1989	—	January 1999	61	61	10
085-11050	223(f)	Fenton	MO	6,861,224	8.125	7.860	7.250	October 2031	420	402	18	October 1996	September 2001	September 2006	41	101	1
023-43182	232	Braintree	MA	6,606,950	9.400	9.110	7.750	May 2036	474	457	17	November 1996	December 2000	December 2005	32	92	1
023-43147	232	Haverhill	MA	4,238,602	7.750	7.285	7.750	June 2000	437	34	34	June 1995	June 2000	June 2000	26	26	2
117-22001	232/223(f)	Bethany	OK	4,873,778	8.250	7.860	7.250	March 2032	420	407	13	March 1997	February 2007	February 2007	106	106	2
073-11149	223(f)	Fort Wayne	IN	2,889,104	7.500	7.110	7.125	November 2027	360	355	5	November 1997	November 2002	November 2007	55	115	1
031-43156	232	Newark	NJ	11,258,316	7.125	6.860	13.375	January 2015	255	201	54	October 1993	October 1998	October 2003	6	66	1
121-22011	232/223(f)	Salida	CA	669,517	8.000	7.110	7.125	January 2033	420	417	3	January 1998	December 2002	December 2007	56	116	1
071-35575	221(d)4	Chicago	IL	2,029,224	8.375	8.160	8.250	July 2029	385	375	10	June 1997	—	January 2000	—	21	3
393113	232	Karnes City	TX	1,103,804	8.500	8.125	n/a	May 2026	352	337	15	January 1997	January 2002	January 2007	45	105	1
047-43078	232	Houghton Lake	MI	2,041,608	9.000	8.610	8.375	April 2022	312	288	24	April 1996	April 2001	April 2006	36	96	1
016-11012	223(f)	North Smithfield	RI	2,385,945	8.750	8.360	8.375	June 2030	420	386	34	June 1995	May 2000	May 2005	25	85	1
061-22017	223(f)	Carrollton	GA	1,074,548	7.625	7.110	7.125	January 2033	420	417	3	January 1998	December 2002	December 2007	56	116	1
048-22003	232/223(f)	Lincoln	MI	2,133,628	7.625	7.235	7.125	January 2028	360	357	3	January 1998	December 2002	December 2007	56	116	1
200371	223(a)7	Maple Shade	NJ	3,549,027	7.750	7.500	n/a	July 2022	350	291	59	May 1993	May 2003	May 2003	61	61	2
053-43108	232	Charlotte	NC	2,678,540	7.250	6.735	7.000	May 2035	480	445	35	May 1995	January 2000	January 2005	21	81	1
122-22011	232/223(f)	San Gabriel	CA	4,670,095	7.250	6.860	7.125	February 2033	420	418	2	February 1998	February 2003	February 2008	58	118	1
053-35634	221(d)4	Monroe	NC	1,207,014	7.375	7.110	7.000	December 2034	480	440	40	December 1994	November 1998	November 2003	7	67	1
117-22003	223(f)	Mustang	OK	2,256,330	8.500	8.110	6.375	March 2033	420	419	1	March 1998	March 2008	March 2008	119	119	2
448786	223(a)7	Benton	WA	1,760,030	6.900	6.625	n/a	January 2023	299	297	2	February 1998	December 2002	December 2002	56	56	2
092-11014	223(f)	St. Paul	MN	3,483,031	7.875	7.610	9.000	October 2025	359	330	29	November 1995	October 2000	October 2005	30	90	1
461453	223(f)	O'Fallon	IL	1,567,855	7.125	6.875	n/a	March 2033	420	419	1	March 1998	March 2003	March 2008	59	119	1
051-11087	232	Norfolk	VA	2,735,274	7.625	7.235	7.250	October 2030	420	390	30	October 1995	October 2000	October 2003	30	66	3
117-43056	232	Bethany	OK	1,978,086	8.750	8.360	7.250	June 2037	480	470	10	June 1997	January 2007	January 2007	105	105	2
461426	232/223(f)	Hales Corner	WI	1,015,852	7.075	6.825	n/a	March 2033	421	419	2	February 1998	February 2008	February 2008	118	118	2
301008	223(f)	Detroit	MI	1,914,639	8.125	7.750	n/a	December 2022	351	296	55	September 1993	August 1998	August 2003	4	64	1
014-10013	241	Buffalo	NY	758,889	9.000	8.610	7.250	May 2022	304	289	15	January 1997	June 2001	June 2006	38	98	1
082-43042	232	Melbourne	AR	1,997,496	8.750	8.485	7.250	August 2036	480	460	20	August 1996	June 2001	June 2006	38	98	1
047-22011	232/223(f)	Plainwell	MI	1,862,268	7.950	7.560	7.125	October 2027	360	354	6	October 1997	September 2002	September 2007	53	113	1
012-11213	223(f)	New York	NY	24,264,028	7.400	7.110	7.750	February 2029	420	370	50	February 1994	January 1999	January 2004	9	69	1
062-35447	221(d)4	Mobile	AL	1,605,304	7.500	7.235	7.000	June 2034	480	434	46	June 1994	April 1999	April 2004	12	72	1
406117	241(f)	Fort Atkinson	WI	842,021	9.125	8.750	n/a	May 2025	361	325	36	April 1995	April 2000	April 2005	24	84	1
114-11110	223(f)	Houston	TX	6,985,796	8.150	7.960	8.000	October 2027	368	354	14	February 1997	February 2007	February 2007	106	106	2
075-41025	241(f)	Kenosha	WI	4,403,242	7.925	7.660	7.250	December 2035	480	452	28	December 1995	November 2000	November 2005	31	91	1
014-43103	223(a)7	Montour Falls	NY	3,235,694	9.000	8.735	7.750	March 2029	414	371	43	September 1994	August 2004	August 2004	76	76	2
455231	223(f)	Colorado Springs	CO	2,675,411	7.250	7.000	n/a	March 2028	361	359	2	February 1998	March 2008	March 2008	119	119	2
280188	223(f)	Pontiac	MI	6,497,972	8.750	8.500	n/a	February 2025	420	322	98	February 1990	January 2000	January 2000	21	21	2
123-11091	223(f)	Phoenix	AZ	3,270,785	8.000	7.610	7.125	September 2032	420	413	7	September 1997	September 2002	September 2007	53	113	1
221379	223(a)7	Newark	NJ	16,811,991	10.250	10.000	n/a	June 2023	354	302	52	December 1993	November 1998	November 2003	55	67	9
422986	223(a)7	Cayuga	NY	5,431,081	8.375	8.125	n/a	June 2031	420	398	22	June 1996	May 2006	May 2006	97	97	2

Project or Pool Number	FHA Program (1)	City	State	Approximate Issue Date Balance	Mortgage Interest Rate	Pass-Through Rate	FHA Debenture Rate	Maturity Date	Original Term to Maturity (mos.)	Remaining Term to Maturity (mos.)	Mortgage Loan Age (mos.)	Mortgage Loan Issue Date (2)	Lockout End Date (3)	Prepayment Penalty End Date (3)	Remaining Lockout Term	Remaining Prepayment Penalty Term	Lockout / Prepayment Penalty Code (4)
092-94007	223(f)	Minneapolis	MN	\$ 10,230,922	8.250%	7.985%	8.250%	August 2032	420	412	8	August 1997	August 2007	August 2007	112	112	2
451000	223(f)	Montgomery	AL	3,421,452	6.750	6.400	n/a	February 2033	420	418	2	February 1998	January 2008	January 2008	117	117	2
101-22011	232/223(f)	Boulder	CO	2,724,687	7.950	7.560	7.125	September 2032	420	413	7	September 1997	August 2002	August 2007	52	112	1
113-43027†	232	Bedford	TX	8,943,890	8.555	8.290	7.250	December 2037	480	476	4	December 1997	November 2007	November 2007	115	115	2
394112	241(f)	Suisun	CA	990,752	9.250	9.000	n/a	December 2034	480	440	40	December 1994	November 2004	November 2004	79	79	2
116-11017	223(a)7	Albuquerque	NM	2,987,979	7.500	7.110	7.125	July 2024	319	315	4	December 1997	November 2002	November 2007	55	115	1
012-43114	232	New York	NY	5,133,965	7.750	7.360	11.750	September 2023	308	305	3	January 1998	December 2000	December 2004	32	80	6
052-94026	223(f)	Glen Burnie	MD	6,779,389	8.125	7.860	10.250	August 2021	296	280	16	December 1996	November 2001	November 2006	43	103	1
102-43038	232	Ottawa	KS	1,390,918	8.375	8.110	6.500	May 2037	480	469	11	May 1997	April 2007	April 2007	108	108	2
043-11077	223(f)	Columbus	OH	6,046,629	7.750	7.360	6.500	March 2031	419	395	24	April 1996	March 2001	March 2006	35	95	1
023-41014	241(f)	Worcester	MA	10,194,599	9.500	9.360	8.375	April 2033	456	420	36	April 1995	March 2000	March 2000	23	23	8
133-11017	223(a)7	Lubbock	TX	4,062,369	8.075	7.735	6.750	October 2016	231	222	9	July 1997	June 2002	June 2002	50	50	2
451008	223(f)	Sanford	NC	1,126,344	6.800	6.500	n/a	March 2033	420	419	1	March 1998	February 2008	February 2008	118	118	2
000-11101	223(f)	Manassas	VA	12,571,527	7.975	7.710	7.750	June 2028	420	362	58	June 1993	June 2003	June 2003	62	62	2
043-11037	223(f)	Columbus	OH	9,397,877	7.500	7.110	7.000	December 2028	420	368	52	December 1993	November 2003	November 2003	67	67	2
023-43188	232	Needham	MA	10,544,748	9.625	9.485	7.750	April 2036	480	456	24	April 1996	January 2001	January 2001	33	33	2
014-11085	223(f)	Henrietta	NY	4,936,712	7.150	6.860	7.750	December 2029	405	380	25	March 1996	February 2001	February 2006	34	94	1
Total/Weighted Average:				\$371,610,011	8.294%	7.990%			401	368	33				47	78	

* This Participation Certificate represents a 97.5% interest in the related Mortgage Loan; the principal balance shown is 97.5% of the principal balance of the related Mortgage Loan.

† Interest only is payable on this Mortgage Loan until the Monthly Payment due August 1998.

- (1) Certain of the units included in the Mortgaged Properties may receive HAP Contract/Section 8 rent subsidies from HUD. See Prepayment/Lockout Codes (8), (9) and (10) below.
- (2) Based on the later of (a) one month prior to the first principal and interest payment after the most recent FHA endorsement or (b) origination (where origination with respect to a GNMA Certificate is the issue date and origination with respect to a Participation Certificate is one month prior to the first principal and interest payment date).
- (3) Calculated based mostly on publicly available information. Lockout End Dates and Prepayment Penalty End Dates may be earlier in certain cases. As described herein, the FHA may override any lockout and/or prepayment provision when the related Mortgage Loan is in default if the FHA determines that it is in the best interest of the federal government to permit a refinancing or partial prepayment without restrictions or penalties.
- (4) *Prepayment/Lockout Codes:*
 - (1) Lockout through the lockout end date; thereafter prepayment penalty of 5% of the prepaid amount until the twelfth mortgage loan payment date beyond the lockout end date specified above, declining thereafter by 1% annually.
 - (2) Lockout through the lockout end date; thereafter no prepayment penalty is imposed.
 - (3) Lockout through the lockout end date; thereafter prepayment penalty of 3% of the prepaid amount until the twelfth mortgage loan payment date beyond the lockout end date specified above, declining thereafter by 1% annually.
 - (4) Prepayment penalty of 5% of the prepaid amount until the seventy-first mortgage loan payment date beyond the Issue Date specified above, declining thereafter by 1% annually.
 - (5) Lockout through the lockout end date; thereafter prepayment penalty of 5% of the prepaid amount until the twelfth mortgage loan payment date beyond the lockout end date specified above, declining thereafter by 2% annually.
 - (6) Lockout through the lockout end date; thereafter prepayment penalty of 2% of the prepaid amount until the twelfth mortgage loan payment date beyond the lockout end date specified above, declining thereafter by ½% annually.
 - (7) Lockout through the lockout end date; thereafter prepayment penalty of 10% of the prepaid amount until the twelfth mortgage loan payment date beyond the lockout end date specified above, declining to 7% of the prepaid amount and declining thereafter by 2% annually.
 - (8) This Mortgaged Property is entitled to receive HAP Contract/Section 8 rent subsidies until March 2000.
 - (9) This Mortgaged Property is entitled to receive HAP Contract/Section 8 rent subsidies until November 2002; thereafter prepayment penalty of 1% of the prepaid amount until the twelfth mortgage loan payment date.
 - (10) This Mortgaged Property is entitled to receive HAP Contract/Section 8 rent subsidies until May 2003.

NOTE:

The information with respect to the Mortgage Loans set forth on this Exhibit A has been collected and summarized by Donaldson Lufkin & Jenrette Securities Corporation and provided to Fannie Mae. Fannie Mae has made no independent verification of such information and, therefore, does not warrant its truth or accuracy and shall not be responsible therefor.

No dealer, salesman or other person has been authorized to give any information or to make any representations in connection with this offering other than those contained in this Prospectus Supplement, the Multifamily REMIC Prospectus and the Information Statement and, if given or made, such information or representations must not be relied upon as having been authorized. This Prospectus Supplement and the aforementioned documents do not constitute an offer to sell or a solicitation of an offer to buy any of the Certificates offered hereby in any state to any person to whom it is unlawful to make such offer or solicitation in such state. The delivery of this Prospectus Supplement and the aforementioned documents at any time does not imply that the information contained herein or therein is correct as of any time subsequent to the date hereof or thereof.

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\$366,222,000
(Approximate)



FannieMae

**Guaranteed REMIC
Pass-Through Certificates**

**Fannie Mae Multifamily
REMIC Trust 1998-M4**

PROSPECTUS SUPPLEMENT

Donaldson, Lufkin & Jenrette
Securities Corporation

March 26, 1998