

PROSPECTUS SUPPLEMENT

(To REMIC Prospectus dated September 18, 1998)

\$366,557,282**FannieMae**

**Guaranteed REMIC Pass-Through Certificates
Fannie Mae REMIC Trust 1999-2**

The Certificates

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

Payments to Certificateholders

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

- interest accrued on the balance of your certificate (except in the case of an accrual class), and
- principal to the extent available for payment on your class.

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

The Fannie Mae Guaranty

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

The Trust and its Assets

The trust will own

- Fannie Mae MBS and
- underlying REMIC certificates backed directly or indirectly by Fannie Mae MBS.

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

Class	Group	Original Class Balance	Principal Type	Interest Rate	Interest Type	CUSIP Number	Final Distribution Date
L ..	1	\$216,000,000	TAC	6.5%	FIX	31359VCV3	February 2029
LT ..	1	101,382,000	SEG(TAC)/TAC	6.5	FIX	31359VCW1	January 2028
ZA ..	1	3,293,000	SEG(TAC)/SUP	6.5	FIX/Z	31359VCX9	January 2028
Z ..	1	3,325,000	SUP	6.5	FIX/Z	31359VCY7	January 2028
A ..	1	10,000,000	SUP	6.5	FIX	31359VCZ4	February 2029
F ..	1	19,882,352	SUP	(1)	FLT	31359VDA8	February 2029
SC ..	1	4,587,456	SUP	(1)	INV	31359VDB6	February 2029
S ..	1	1,502,222	SUP	(1)	INV	31359VDC4	February 2029
PO ..	1	27,970	SUP	(2)	PO	31359VDD2	February 2029
SD ..	2	6,557,282	SC/PT	(3)	INV	31359VDE0	August 2023
R ..		0	NPR	0	NPR	31359VDF7	February 2029

(1) Based on LIBOR.

(2) Principal only class.

(3) Based on COFI.

The dealers named below will offer the certificates from time to time in negotiated transactions at varying prices. We expect the settlement date to be January 29, 1999.

Carefully consider the risk factors starting on page S-7 of this prospectus supplement and on page 10 of the REMIC prospectus. Unless you understand and are able to tolerate these risks, you should not invest in the certificates.

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

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

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

NationsBanc Montgomery Securities LLC**SPIRES Financial, L.P.**

December 21, 1998

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AVAILABLE INFORMATION

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

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

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

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

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

You also can obtain the Disclosure Documents, except the Underlying REMIC Disclosure Document, by writing or calling:

NationsBanc Montgomery Securities LLC
Prospectus Department
200 North College Street, 3rd Floor
Charlotte, North Carolina 28255
(telephone 704-388-5703).

REFERENCE SHEET

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

Assets underlying each Group of Classes

<u>Group</u>	<u>Assets</u>
1	Group 1 MBS
2	Class 1996-16-SA REMIC Certificate Class 1996-16-PA REMIC Certificate

Assumed Characteristics of the Mortgage Loans underlying the Group 1 MBS (as of January 1, 1999)

	<u>Approximate Principal Balance</u>	<u>Original Term to Maturity (in months)</u>	<u>Approximate Weighted Average Remaining Term to Maturity (in months)</u>	<u>Approximate Calculated Loan Age (in months)</u>	<u>Approximate Weighted Average Coupon</u>
Group 1 MBS	\$360,000,000	360	357	3	7.15%

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

Characteristics of the Underlying REMIC Certificates

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

Class Factors

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

Settlement Date

We expect to issue the certificates on January 29, 1999.

Distribution Dates

We will make payments on the classes of certificates on the 25th day of each calendar month, or on the next business day if the 25th day is not a business day.

Book-Entry and Physical Certificates

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

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

<u>Fed Book-Entry</u>	<u>Physical</u>
Group 1 and Group 2 Classes	R Class

Interest Rates

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

During the initial interest accrual period, the floating rate and inverse floating rate classes will accrue interest at the initial interest rates listed below. During subsequent interest accrual periods, the floating rate and inverse floating rate classes will accrue interest based on the formulas indicated below, but always subject to the specified maximum and minimum interest rates:

<u>Class</u>	<u>Initial Interest Rate</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate (1)</u>
F	5.77000%	8.50000%	0.77%	LIBOR + 77 basis points
SC	8.88484%	30.55519%	0.00%	$30.55519\% - (4.33407 \times \text{LIBOR})$
S	9.00000%	9.00000%	0.00%	$102.30882\% - (13.235294 \times \text{LIBOR})$
SD	7.23108%	19.30693%	0.00%	$19.30693\% - (2.57425743 \times \text{COFI})$

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

Distributions of Principal

Group 1 Principal Distribution Amount

ZA Accrual Amount

1. To the LT Class to its Targeted Balance.
2. To the ZA Class.

Z Accrual Amount

1. To the Aggregate Group to its Targeted Balance.
2. To the Z Class.

Group 1 Cash Flow Distribution Amount

1. To the L Class to its Targeted Balance.
2. To the Aggregate Group to its Targeted Balance.
3. To the Z Class to zero.
4. To the Aggregate Group to zero.
5. To the A, F, SC, S and PO Classes, pro rata, to zero.
6. To the L Class to zero.

For a description of the Aggregate Group, see “Description of the Certificates—Distributions of Principal” in this prospectus supplement.

Group 2 Principal Distribution Amount

To the SD Class to zero.

Weighted Average Lives (years) *

<u>Group 1 Classes</u>		<u>PSA Prepayment Assumption</u>						
		<u>0%</u>	<u>65%</u>	<u>208%</u>	<u>350%</u>	<u>500%</u>		
L.....		17.3	9.3	10.1	6.9	5.1		
A, F, SC, S and PO		29.5	27.9	6.5	3.1	2.3		
		<u>PSA Prepayment Assumption</u>						
		<u>0%</u>	<u>65%</u>	<u>115%</u>	<u>140%</u>	<u>208%</u>	<u>350%</u>	<u>500%</u>
LT	22.3	14.9	6.0	4.0	2.4	1.6	1.3	
ZA	27.9	23.7	19.9	19.8	0.9	0.5	0.4	
		<u>PSA Prepayment Assumption</u>						
		<u>0%</u>	<u>65%</u>	<u>115%</u>	<u>208%</u>	<u>350%</u>	<u>500%</u>	
Z.....	28.6	25.2	21.5	0.4	0.2	0.2		
		<u>PSA Prepayment Assumption</u>						
<u>Group 2 Class</u>		<u>0%</u>	<u>100%</u>	<u>325%</u>	<u>500%</u>	<u>600%</u>		
SD	22.6	14.5	0.6	0.4	0.4			

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

ADDITIONAL RISK FACTORS

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

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

Principal payments on the Group 2 Class will also be affected by the payment priorities governing the underlying REMIC certificates. If you invest in the Group 2 Class, the rate that you receive principal payments will also be affected by the priority sequence governing principal payments on the underlying REMIC certificates.

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

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

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

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

You must make your own decisions about the various applicable assumptions, including prepayment assumptions, when

deciding whether to purchase the certificates.

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

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

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

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

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

Some investors may be unable to buy certain classes. Investors whose investment activities are subject to legal investment laws and regulations, or to review by regulatory authorities, may be unable to buy certain certificates.

You should get legal advice to determine whether you may purchase the certificates.

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

cates, the sale price may not be comparable to similar investments that have a developed market. Moreover, you may not be able to sell small or large amounts of certificates at prices comparable to those available to other investors. You should purchase certificates only if you understand and can tolerate the risk that the value of your certificates will vary over time and that your certificates may not be easily sold.

DESCRIPTION OF THE CERTIFICATES

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

General

Structure. We will create the Fannie Mae REMIC Trust specified on the cover (the “Trust”) pursuant to a trust agreement dated as of September 1, 1987, as supplemented by an issue supplement dated as of January 1, 1999 (the “Trust Agreement”). We will execute the Trust Agreement in our corporate capacity and as trustee (the “Trustee”). We will issue the Guaranteed REMIC Pass-Through Certificates (the “Certificates”) pursuant to the Trust Agreement.

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

- The Certificates (except the R Class) will be “regular interests” in the Trust.
- The R Class will be the “residual interest” in the Trust.

The assets of the Trust will consist of

- certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the “Group 1 MBS”), and
- certain previously issued REMIC certificates (the “Underlying REMIC Certificates”) evidencing beneficial ownership interests in the related Fannie Mae REMIC trust (the “Underlying REMIC Trust”) as further described in Exhibit A.

The assets of the Underlying REMIC Trust evidence direct or indirect beneficial ownership interests in certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (together with the Group 1 MBS, the “MBS”).

Each MBS represents a beneficial ownership interest in a pool (each, a “Pool”) of first lien, single-family, fixed-rate residential mortgage loans (the “Mortgage Loans”) having the characteristics described herein.

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

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

In addition, we guarantee that we will distribute to each holder of an MBS:

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

Our guaranty obligations with respect to the Underlying REMIC Certificates are described in the Underlying REMIC Disclosure Document. Our guarantees are not backed by the full faith and credit of the United States. See “Description of Certificates—The Fannie Mae Guaranty” in the REMIC Prospectus, “Description of Certificates—The Fannie Mae Guaranty” in the MBS Prospectus, and “Description of the Certificates—General—Fannie Mae Guaranty” in the Underlying REMIC Disclosure Document.

Characteristics of Certificates. We will issue the Certificates (except the R Class) in book-entry form on the book-entry system of the U.S. Federal Reserve Banks. Entities whose names appear on the book-entry records of a Federal Reserve Bank as having had Certificates deposited in their accounts are “Holders” or “Certificateholders.” A Holder is not necessarily the beneficial owner of a Certificate. Beneficial owners ordinarily will hold Certificates through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. See “Description of Certificates—Denominations and Form” in the REMIC Prospectus.

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

The Holder of the R Class will receive the proceeds of any remaining assets of the Trust only by presenting and surrendering the related Certificate at the office of the Paying Agent. State Street will be the initial Paying Agent.

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

Distribution Dates. We will make monthly payments on the 25th day of each month (or, if the 25th is not a business day, on the first business day after the 25th). We refer to each such date as a “Distribution Date.” We will make the first payments to Certificateholders the month after we issue the Certificates.

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

Class Factors. On or shortly after the eleventh calendar day of each month, we will publish a factor (carried to eight decimal places) for each Class of Certificates. When the factor is multiplied by the original principal balance of a Certificate of that Class, the product will equal the current principal

balance of that Certificate after taking into account payments on the Distribution Date in the same month (as well as any addition to principal in the case of the Accrual Classes).

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

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

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

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

The Group 1 MBS

The following table contains certain information about the Group 1 MBS. The Group 1 MBS will have the aggregate unpaid principal balance and Pass-Through Rate shown below and the general characteristics described in the MBS Prospectus. The Group 1 MBS will provide that principal and interest on the related Mortgage Loans will be passed through monthly, beginning in the month after we issue the Group 1 MBS. The Mortgage Loans underlying the Group 1 MBS will be conventional Level Payment Mortgage Loans secured by first mortgages or deeds of trust on one- to four-family (“single-family”) residential properties. These Mortgage Loans will have original maturities of up to 30 years. See “The Mortgage Pools” and “Yield Considerations” in the MBS Prospectus. We expect the characteristics of the Group 1 MBS and the related Mortgage Loans as of January 1, 1999 (the “Issue Date”) to be as follows:

Group 1 MBS

Aggregate Unpaid Principal Balance	\$360,000,000
MBS Pass-Through Rate	6.50%

Related Mortgage Loans

Range of WACs (per annum percentages)	6.75% to 9.00%
Range of WAMs	241 months to 360 months
Approximate Weighted Average WAM	357 months
Approximate Weighted Average CAGE	3 months

The Underlying REMIC Certificates

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

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

For further information about the Underlying REMIC Certificates, telephone us at 1-800-237-8627 or 202-752-6547. You also may obtain certain information in electronic form by calling us at

1-800-752-6440 or 202-752-6000. There may have been material changes in facts and circumstances since the date we prepared the Underlying REMIC Disclosure Document. These may include changes in prepayment speeds, prevailing interest rates and other economic factors. As a result, the usefulness of the information set forth in such document may be limited.

Final Data Statement

After issuing the Certificates, we will prepare a Final Data Statement containing certain information, including the principal balances of the Underlying REMIC Certificates as of the Issue Date and with respect to the Group 1 MBS, the Pool number, the current WAC (or original WAC, if the current WAC is not available) and the current WAM (or Adjusted WAM, if the current WAM is not available) of the Mortgage Loans underlying the Group 1 MBS. The Final Data Statement will also include the weighted averages of all the current or original WACs and the weighted averages of all the current or Adjusted WAMs, based on the current unpaid principal balances of the Mortgage Loans underlying each of the Group 1 MBS as of the Issue Date. You may obtain the Final Data Statement by telephoning us at 1-800-237-8627 or 202-752-6547. The contents of the Final Data Statement and other data specific to the Certificates are available in electronic form by calling us at 1-800-752-6440 or 202-752-6000.

Distributions of Interest

Categories of Classes

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

<u>Interest Type*</u>	<u>Classes</u>
Group 1 Classes	
Fixed Rate	L, LT, ZA, Z and A
Floating Rate	F
Inverse Floating Rate	S and SC
Principal Only	PO
Accrual	ZA and Z
Group 2 Class	
Inverse Floating Rate	SD
No Payment Residual	R

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

General. We will pay interest on the interest-bearing Certificates at the applicable annual interest rates shown on the cover or described in this prospectus supplement. We calculate interest based on a 360-day year consisting of twelve 30-day months. We pay interest monthly (except in the case of the Accrual Classes) on each Distribution Date, beginning in the month after the Settlement Date specified in the Reference Sheet.

Interest to be paid (or added to principal, in the case of the Accrual Classes) on each Certificate on a Distribution Date will consist of one month’s interest on the outstanding balance of that Certificate immediately prior to such Distribution Date. For a description of the Accrual Classes, see “Accrual Classes.”

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

<u>Classes</u>	<u>Interest Accrual Period</u>
All interest-bearing Classes (collectively, the “Delay Classes”)	Calendar month preceding the month in which the Distribution Date occurs

See “Additional Risk Factors.”

We will treat the PO Class as a Delay Class for the sole purpose of facilitating trading.

Accrual Classes. The ZA and Z Classes are Accrual Classes. Interest will accrue on the Accrual Classes at the applicable annual rates listed on the cover. However, we will not pay any interest on the Accrual Classes. Instead, interest accrued on each Accrual Class will be added as principal to its principal balance on each Distribution Date. We will pay principal on the Accrual Classes as described under “Distributions of Principal” below.

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

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

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

Calculation of LIBOR

On each Index Determination Date, we will calculate LIBOR for the related Interest Accrual Period. We will calculate LIBOR on the basis of the “BBA Method” as described in the REMIC Prospectus under “Description of Certificates—Indexes for Floating Rate Classes and Inverse Floating Rate Classes—*LIBOR*.”

If we are unable to calculate LIBOR on the initial Index Determination Date, LIBOR for the following Interest Accrual Period will be equal to 5.00%.

Calculation of COFI

We will determine the amount of interest that accrues on the SD Class (the “COFI Class”) during each Interest Accrual Period (after its initial Interest Accrual Period) on the basis of the Eleventh District Cost of Funds Index (“COFI”) for the second month next preceding the month in which that Interest Accrual Period begins. We will use COFI for that month only if it is published on or before the tenth day of the month in which the Interest Accrual Period begins. For example, if COFI for May is announced on or before July 10, interest accrued on the COFI Class for the Interest Accrual Period starting in July and payable in August will be based on that May index value. If COFI for any month is not published on or before the tenth day of the second following month, interest will accrue on the COFI Class at a rate determined as specified in the REMIC Prospectus under “Description of Certificates—Indexes for Floating Rate Classes and Inverse Floating Rate Classes—*COFI Index*.”

Under some circumstances, we may use an alternative index for the COFI Class. A change of index from COFI to an alternative index will cause a change in the index level. The degree of index volatility could also increase, particularly if the alternative index is LIBOR.

For information regarding historical values of COFI as reported by the Federal Home Loan Bank of San Francisco (“FHLBSF”), see “Description of Certificates—Indexes for Floating Rate Classes and Inverse Floating Rate Classes—*COFI Index*” in the REMIC Prospectus.

The values of COFI as reported by the FHLBSF for the following months are set forth below:

July 1998	4.911%
August 1998	4.899%
September 1998	4.882%
October 1998	4.762%
November 1998	4.691%

Distributions of Principal

Categories of Classes

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

<u>Principal Type*</u>	<u>Classes</u>
Group 1 Classes	
TAC	L
Support	Z, A, F, SC, S and PO
Segment (TAC)/TAC	LT
Segment (TAC)/Support	ZA
Accretion Directed	LT and ZA
Group 2 Class	
Structured Collateral/Pass-Through	SD
No Payment Residual	R

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

Principal Distribution Amount

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

- the principal then paid on the Group 1 MBS (the "Group 1 Cash Flow Distribution Amount") plus any interest then accrued and added to the principal balances of the ZA and Z Classes (the "ZA Accrual Amount" and "Z Accrual Amount," respectively, and together with the Group 1 Cash Flow Distribution Amount, the "Group 1 Principal Distribution Amount"), and
- the principal then paid on the Underlying REMIC Certificates (the "Group 2 Principal Distribution Amount").

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

Group 1 Principal Distribution Amount

ZA Accrual Amount

On each Distribution Date, we will pay the ZA Accrual Amount as principal of the LT Class, until its principal balance is reduced to its Targeted Balance for such Distribution Date. Thereafter, we will pay the ZA Accrual Amount as principal of the ZA Class.

} Accretion
Directed
Class
and
Accrual
Class

Z Accrual Amount

On each Distribution Date, we will pay the Z Accrual Amount as principal of the Aggregate Group (as described below), until the Aggregate Balance (as described below) is reduced to its Targeted Balance for such Distribution Date. Thereafter, we will pay the Z Accrual Amount as principal of the Z Class.

} Accretion
Directed
Group
and
Accrual
Class

Group 1 Cash Flow Distribution Amount

On each Distribution Date, we will pay the Group 1 Cash Flow Distribution Amount as principal of the Group 1 Classes in the following priority:

- (i) to the L Class, until its principal balance is reduced to its Targeted Balance for such Distribution Date;
- (ii) to the Aggregate Group, until the Aggregate Balance is reduced to its Targeted Balance for such Distribution Date;
- (iii) to the Z Class to zero;
- (iv) to the Aggregate Group, without regard to its Targeted Balance and until its principal balance is reduced to zero;
- (v) concurrently, to the A, F, SC, S and PO Classes, pro rata (or 27.7777777778%, 55.2287555556%, 12.7429333333%, 4.1728388889% and 0.0776944444%, respectively), until their principal balances are reduced to zero; and
- (vi) to the L Class, without regard to its Targeted Balance and until its principal balance is reduced to zero.

} TAC
Class
and
Group

} Support
Class

} TAC
Group

} Support
Classes

} TAC
Class

The “Aggregate Group” consists of the LT and ZA Classes. We will apply payments of principal of the Aggregate Group as follows:

first, to the LT Class, until its principal balance is reduced to its Targeted Balance for such Distribution Date;

second, to the ZA Class, until its principal balance is reduced to zero; and

third, to the LT Class, without regard to its Targeted Balance and until its principal balance is reduced to zero.

The “Aggregate Balance” for any Distribution Date is equal to \$104,675,000 minus the sum of all amounts previously applied to it as specified above.

Group 2 Principal Distribution Amount

On each Distribution Date, we will pay the Group 2 Principal Distribution Amount as principal of the SD Class, until its principal balance is reduced to zero.

} Structured
Collateral /
Pass-Through
Class

Structuring Assumptions

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

- the Mortgage Loans underlying the Group 1 MBS have the original term to maturity, remaining term to maturity, CAGE and interest rate specified under “Reference Sheet—Assumed Characteristics of the Mortgage Loans underlying the Group 1 MBS”;
- the Mortgage Loans prepay at the constant percentages of PSA specified in the related table; and
- the settlement date for the sale of the Certificates is January 29, 1999.

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

Structuring Rates. The Principal Balance Schedules are found beginning on page B-1. The Principal Balance Schedules have been prepared on the basis of the Pricing Assumptions and the assumption that the related Mortgage Loans will prepay at the applicable rates set forth below.

<u>Principal Balance Schedule References</u>	<u>Related Classes and Group (1)</u>	<u>Structuring Rates</u>
Targeted Balances	L	65%
Targeted Balances	LT	140%
Targeted Balances	Aggregate Group	115%

(1) The Structuring Rate for the Aggregate Group is associated with the Aggregate Balance but not with the individual balances of the related Classes.

We cannot assure you that the balance of any Class or Group listed above will conform on any Distribution Date to the specified balance in the Principal Balance Schedules. As a result, we cannot assure you that payments of principal of any Class or Group listed above will begin or end on the Distribution Dates specified in the Principal Balance Schedules. We will distribute any excess of principal payments over the amount needed to reduce a Class or Group to its scheduled balance on a Distribution Date. Accordingly, the ability to reduce a Class or Group to its scheduled balance will not be improved by the averaging of high and low principal payments from month to month. Moreover, because of the diverse remaining terms to maturity of the related Mortgage Loans, which may include recently originated Mortgage Loans, the Classes and Group specified above may not be reduced to their scheduled balances, even if prepayments occur at the applicable rates specified above.

Yield Tables

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

- determining the monthly discount rates that, when applied to the assumed streams of cash flows to be paid on the applicable Classes, would cause the discounted present values of such

assumed streams of cash flows to equal the assumed aggregate purchase prices of such Classes, and

- converting such monthly rates to corporate bond equivalent rates.

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

We cannot assure you that

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

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

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

***The Inverse Floating Rate Classes.* The yields on the Inverse Floating Rate Classes will be sensitive in varying degrees to the rate of principal payments, including prepayments, of the related Mortgage Loans and to the level of the applicable Index. The Mortgage Loans generally can be prepaid at any time without penalty.**

Changes in the applicable Index may not correspond to changes in prevailing mortgage interest rates. It is possible that lower prevailing mortgage interest rates, which might be expected to result in faster prepayments, could occur while the level of the applicable Index increased.

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

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

<u>Class</u>	<u>Price*</u>
SC	90.0%
S	97.0%
SD	99.0%

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>65%</u>	<u>208%</u>	<u>350%</u>	<u>500%</u>
3.00%	20.0%	20.0%	20.9%	22.5%	23.6%
5.00%	10.1%	10.1%	11.2%	12.9%	14.1%
7.00%	0.6%	0.6%	1.9%	3.7%	4.9%
7.05%	0.4%	0.4%	1.6%	3.5%	4.7%

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>65%</u>	<u>208%</u>	<u>350%</u>	<u>500%</u>
7.05%	9.4%	9.4%	9.7%	10.1%	10.4%
7.34%	5.4%	5.4%	5.7%	6.2%	6.5%
7.73%	0.1%	0.1%	0.5%	1.0%	1.4%

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

<u>COFI</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>325%</u>	<u>500%</u>	<u>600%</u>
2.691%	12.7%	12.7%	13.0%	13.1%	13.2%
4.691%	7.4%	7.4%	8.2%	8.6%	8.9%
6.691%	2.2%	2.2%	3.5%	4.2%	4.7%
7.500%	0.1%	0.1%	1.7%	2.4%	3.0%

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

The information shown in the following table has been prepared on the basis of the Pricing Assumptions and the assumption that the aggregate purchase price of the PO Class (expressed as a percentage of original principal balance) is as follows:

<u>Class</u>	<u>Price</u>
PO	50.0%

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

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>65%</u>	<u>208%</u>	<u>350%</u>	<u>500%</u>
PO	2.5%	2.5%	11.1%	23.9%	33.1%

Weighted Average Lives of the Certificates

The weighted average life of a Certificate is determined by

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

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

In general, the weighted average lives of the Certificates will be shortened if the level of prepayments of principal of the related Mortgage Loans increases. However, the weighted average lives will depend upon a variety of other factors, including

- the timing of changes in such rate of principal payments,
- the priority sequence of distributions of principal of the Group 1 Classes,
- in the case of certain Group 1 Classes, the payment of principal of such Classes in accordance with the Principal Balance Schedules, and
- in the case of the Group 2 Class, the priority sequence affecting distributions on the Underlying REMIC Certificates.

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

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

Decrement Tables

The following tables indicate the percentages of original principal balances of the specified Classes that would be outstanding after each date shown at various constant PSA rates and the corresponding weighted average lives of such Classes. The tables have been prepared on the basis of the Pricing Assumptions. However, in the case of the information set forth for each Class under 0% PSA, we assumed that the underlying Mortgage Loans have the original and remaining terms to maturity and bear interest at the annual rates specified in the table below.

<u>Mortgage Loans Relating to Trust Assets Specified Below</u>	<u>Original Terms to Maturity</u>	<u>Remaining Terms to Maturity</u>	<u>Interest Rates</u>	<u>Related Groups</u>
Group 1 MBS	360 months	360 months	9.0%	Group 1
Underlying REMIC Certificates	360 months	295 months	9.5%	Group 2

It is unlikely

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

In addition, the diverse remaining terms to maturity of the Mortgage Loans could produce slower or faster principal distributions than indicated in the tables at the specified constant PSA rates. This is the case even if the dispersion of weighted average remaining terms to maturity and the weighted average CAGEs of the Mortgage Loans are identical to the dispersion specified in the Pricing Assumptions.

Percent of Original Principal Balances Outstanding

Date	L Class					LT Class							ZA Class						
	PSA Prepayment Assumption					PSA Prepayment Assumption							PSA Prepayment Assumption						
	0%	65%	208%	350%	500%	0%	65%	115%	140%	208%	350%	500%	0%	65%	115%	140%	208%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 2000	100	100	100	100	100	97	92	88	88	88	79	69	107	107	107	107	22	0	0
January 2001	100	100	100	100	100	94	78	67	66	55	27	0	114	114	114	114	0	0	0
January 2002	99	92	92	92	80	94	77	58	52	31	0	0	121	121	121	121	0	0	0
January 2003	97	85	85	79	56	93	77	49	41	12	0	0	130	130	130	130	0	0	0
January 2004	96	77	77	61	38	92	76	42	31	0	0	0	138	138	138	138	0	0	0
January 2005	94	70	70	48	26	92	76	36	23	0	0	0	148	148	148	148	0	0	0
January 2006	92	63	63	37	18	91	75	31	16	0	0	0	157	157	157	157	0	0	0
January 2007	90	56	56	29	12	90	74	26	11	0	0	0	168	168	168	168	0	0	0
January 2008	87	50	50	22	9	90	74	23	7	0	0	0	179	179	179	179	0	0	0
January 2009	85	43	43	17	6	89	73	20	4	0	0	0	191	191	191	191	0	0	0
January 2010	82	37	37	13	4	88	72	18	3	0	0	0	204	204	204	204	0	0	0
January 2011	79	31	31	10	3	87	71	16	2	0	0	0	218	218	218	218	0	0	0
January 2012	76	25	27	8	2	86	70	15	1	0	0	0	232	232	232	232	0	0	0
January 2013	72	19	23	6	1	85	69	14	1	0	0	0	248	248	248	248	0	0	0
January 2014	68	14	19	5	1	84	68	13	*	0	0	0	264	264	264	264	0	0	0
January 2015	64	8	16	3	1	83	67	12	0	0	0	0	282	282	282	265	0	0	0
January 2016	59	3	13	3	*	82	66	10	0	0	0	0	301	301	301	265	0	0	0
January 2017	54	0	11	2	*	80	60	9	0	0	0	0	321	321	321	265	0	0	0
January 2018	48	0	9	1	*	79	48	2	0	0	0	0	343	343	343	265	0	0	0
January 2019	42	0	8	1	*	78	35	0	0	0	0	0	366	366	136	81	0	0	0
January 2020	35	0	6	1	*	76	23	0	0	0	0	0	390	390	0	0	0	0	0
January 2021	27	0	5	1	*	74	12	0	0	0	0	0	416	416	0	0	0	0	0
January 2022	19	0	4	*	*	72	0	0	0	0	0	0	444	435	0	0	0	0	0
January 2023	10	0	3	*	*	71	0	0	0	0	0	0	474	100	0	0	0	0	0
January 2024	*	0	2	*	*	68	0	0	0	0	0	0	506	0	0	0	0	0	0
January 2025	0	0	2	*	*	44	0	0	0	0	0	0	539	0	0	0	0	0	0
January 2026	0	0	1	*	*	17	0	0	0	0	0	0	576	0	0	0	0	0	0
January 2027	0	0	1	*	*	0	0	0	0	0	0	0	212	0	0	0	0	0	0
January 2028	0	0	*	*	*	0	0	0	0	0	0	0	0	0	0	0	0	0	0
January 2029	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	17.3	9.3	10.1	6.9	5.1	22.3	14.9	6.0	4.0	2.4	1.6	1.3	27.9	23.7	19.9	19.8	0.9	0.5	0.4

Date	Z Class						A, F, SC, S and PO Classes					SD Class				
	PSA Prepayment Assumption						PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	65%	115%	208%	350%	500%	0%	65%	208%	350%	500%	0%	100%	325%	500%	600%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 2000	107	107	107	0	0	0	100	100	100	100	100	100	100	24	21	0
January 2001	114	114	114	0	0	0	100	100	100	100	94	100	100	6	0	0
January 2002	121	121	121	0	0	0	100	100	100	54	0	100	100	0	0	0
January 2003	130	130	130	0	0	0	100	100	100	0	0	100	100	0	0	0
January 2004	138	138	138	0	0	0	100	100	90	0	0	100	100	0	0	0
January 2005	148	148	148	0	0	0	100	100	57	0	0	100	100	0	0	0
January 2006	157	157	157	0	0	0	100	100	32	0	0	100	100	0	0	0
January 2007	168	168	168	0	0	0	100	100	15	0	0	100	100	0	0	0
January 2008	179	179	179	0	0	0	100	100	4	0	0	100	100	0	0	0
January 2009	191	191	191	0	0	0	100	100	0	0	0	100	100	0	0	0
January 2010	204	204	204	0	0	0	100	100	0	0	0	100	100	0	0	0
January 2011	218	218	218	0	0	0	100	100	0	0	0	100	100	0	0	0
January 2012	232	232	232	0	0	0	100	100	0	0	0	100	98	0	0	0
January 2013	248	248	248	0	0	0	100	100	0	0	0	100	65	0	0	0
January 2014	264	264	264	0	0	0	100	100	0	0	0	100	32	0	0	0
January 2015	282	282	282	0	0	0	100	100	0	0	0	100	0	0	0	0
January 2016	301	301	301	0	0	0	100	100	0	0	0	100	0	0	0	0
January 2017	321	321	321	0	0	0	100	100	0	0	0	100	0	0	0	0
January 2018	343	343	343	0	0	0	100	100	0	0	0	100	0	0	0	0
January 2019	366	366	366	0	0	0	100	100	0	0	0	100	0	0	0	0
January 2020	390	390	283	0	0	0	100	100	0	0	0	100	0	0	0	0
January 2021	416	416	80	0	0	0	100	100	0	0	0	100	0	0	0	0
January 2022	444	444	0	0	0	0	100	100	0	0	0	0	0	0	0	0
January 2023	474	474	0	0	0	0	100	100	0	0	0	0	0	0	0	0
January 2024	506	277	0	0	0	0	100	100	0	0	0	0	0	0	0	0
January 2025	539	0	0	0	0	0	100	99	0	0	0	0	0	0	0	0
January 2026	576	0	0	0	0	0	100	72	0	0	0	0	0	0	0	0
January 2027	614	0	0	0	0	0	100	45	0	0	0	0	0	0	0	0
January 2028	0	0	0	0	0	0	92	19	0	0	0	0	0	0	0	0
January 2029	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	28.6	25.2	21.5	0.4	0.2	0.2	29.5	27.9	6.5	3.1	2.3	22.6	14.5	0.6	0.4	0.4

* 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.

Characteristics of the R Class

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

The R Class will be subject to certain transfer restrictions. We will not permit transfer of record or beneficial ownership of an R Certificate to a “disqualified organization.” In addition, we will not permit transfer of record or beneficial ownership of an R Certificate to any person that is not a “U.S. Person” without our written consent. Treasury Department regulations (the “Regulations”) provide that a transfer of a “noneconomic residual interest” to a U.S. Person will be disregarded for all federal tax purposes unless no significant purpose of the transfer is to impede the assessment or collection of tax. The R Class will constitute a noneconomic residual interest under the Regulations. Any transferee of an R Certificate must execute and deliver an affidavit and an Internal Revenue Service Form W-9 on which the transferee provides its taxpayer identification number. See “Description of Certificates—Special Characteristics of Residual Certificates” and “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Residual Certificates*” in the REMIC Prospectus. Transferors of an R Certificate should consult with their own tax advisors for further information regarding such transfers.

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

CERTAIN ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES

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

REMIC Election and Special Tax Attributes

We will elect to treat the Trust as a REMIC for federal income tax purposes. The Certificates, other than the R Class, will be designated as the “regular interests,” and the R Class will be designated as the “residual interest,” in the REMIC constituted by the Trust.

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

Taxation of Beneficial Owners of Regular Certificates

The Principal Only Class, the Accrual Classes and the SC Class will be issued with original issue discount (“OID”), and certain other Classes of Certificates may be issued with OID. If a Class is issued with OID, a beneficial owner of a Certificate of that Class generally must recognize some taxable income in advance of the receipt of the cash attributable to that income. See “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Regular Certificates*—Treatment of Original Issue Discount” in the REMIC Prospectus. In addition, certain Classes of Certificates may be treated as having been issued at a premium. See “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Regular Certificates*—Regular Certificates Purchased at a Premium” in the REMIC Prospectus.

The Prepayment Assumptions that will be used in determining the rate of accrual of OID will be as follows:

<u>Class Group</u>	<u>PSA Prepayment Assumption</u>
1	208%
2	325%

See “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Regular Certificates*—Treatment of Original Issue Discount—*Daily Portions of Original Issue Discount*” in the REMIC Prospectus. No representation is made as to whether the Mortgage Loans underlying the MBS will prepay at any of those rates or any other rate. See “Description of the Certificates—Weighted Average Lives of the Certificates” in this prospectus supplement and “Description of Certificates—Weighted Average Life and Final Distribution Date” in the REMIC Prospectus.

Taxation of Beneficial Owners of Residual Certificates

For purposes of determining the portion of the taxable income of the Trust that generally will not be treated as excess inclusions, the rate to be used is 6.12% (which is 120% of the “federal long-term rate”). See “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Residual Certificates*—Treatment of Excess Inclusions” and “—*Foreign Investors*—Residual Certificates” in the REMIC Prospectus.

PLAN OF DISTRIBUTION

General. We are obligated to deliver the Certificates to NationsBanc Montgomery Securities LLC in exchange for the Group 1 MBS and the Underlying REMIC Certificates. NationsBanc Montgomery Securities LLC and Spires Financial, L.P. (the “Dealers”) propose 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 Dealers may effect these transactions to or through other dealers.

Increase in Certificates. Before the Settlement Date, we and the Dealers may agree to offer Group 1 Classes in addition to those contemplated as of the date of this prospectus supplement. In this event, we will increase the related MBS in principal balance, but we expect that all these additional MBS will have the same characteristics as described under “Description of the Certificates—The Group 1 MBS.” The proportion that the original principal balance of each Group 1 Class bears to the aggregate original principal balance of all Group 1 Classes will remain the same. In addition, the dollar amounts shown in the Principal Balance Schedules will be increased to correspond to the increase of the principal balances of the applicable Classes.

LEGAL MATTERS

Brown & Wood LLP will provide legal representation for Fannie Mae. Kennedy Covington Lobdell & Hickman, L.L.P. will provide legal representation for the Dealers.

Exhibit A

Underlying REMIC Certificates

Underlying REMIC Trust	Class	Date of Issue	CUSIP Number	Interest Rate	Interest Type (1)	Final Distribution Date	Principal Type (1)	Original Principal Balance or Notional Principal Balance of Class	January 1999 Class Factor	Principal Balance or Notional Principal Balance in the Trust	Approximate Weighted Average WAC	Approximate Weighted Average WAM (in months)	Approximate Weighted Average CAGE (in months)	Underlying Security Type	Class Group
1996-16	SA	May 1996	31359KCE5	(2)	INV/IO	August 2023	NTL	\$18,047,148	0.36334178	\$6,557,282	7.512%	279	67	MBS	2
1996-16	PA	May 1996	31359KCD7	(3)	PO	August 2023	SC/PT	18,047,148	0.36334178	6,557,282	7.512	279	67	MBS	2

- (1) See “Description of Certificates—Class Definitions and Abbreviations” in the REMIC Prospectus.
- (2) This Class bears interest during its interest accrual period, subject to the applicable maximum and minimum interest rates, as further described in the related Underlying REMIC Disclosure Document.
- (3) This Class is a Principal Only Class and bears no interest.

Principal Balance Schedules

<u>Distribution Date</u>	<u>L Class Targeted Balance</u>	<u>Aggregate Group Targeted Balance</u>	<u>LT Class Targeted Balance</u>
Initial Balance	\$216,000,000.00	\$104,675,000.00	\$101,382,000.00
February 1999	216,000,000.00	104,087,726.53	100,776,889.44
March 1999	216,000,000.00	103,429,785.42	100,101,014.63
April 1999	216,000,000.00	102,701,379.85	99,354,578.22
May 1999	216,000,000.00	101,902,754.83	98,537,824.69
June 1999	216,000,000.00	101,034,197.12	97,651,040.29
July 1999	216,000,000.00	100,096,035.15	96,694,552.88
August 1999	216,000,000.00	99,088,638.82	95,668,731.86
September 1999	216,000,000.00	98,012,419.34	94,573,987.88
October 1999	216,000,000.00	96,867,828.99	93,410,772.69
November 1999	216,000,000.00	95,655,360.83	92,179,578.80
December 1999	216,000,000.00	94,375,548.39	90,880,939.22
January 2000	216,000,000.00	93,028,965.34	89,515,427.03
February 2000	216,000,000.00	91,616,225.03	88,083,655.05
March 2000	216,000,000.00	90,137,980.11	86,586,275.38
April 2000	216,000,000.00	88,594,922.02	85,023,978.89
May 2000	216,000,000.00	86,987,780.48	83,397,494.74
June 2000	216,000,000.00	85,317,322.94	81,707,589.82
July 2000	216,000,000.00	83,584,353.97	79,955,068.14
August 2000	216,000,000.00	81,789,714.64	78,140,770.17
September 2000	216,000,000.00	79,934,281.83	76,055,997.07
October 2000	216,000,000.00	78,018,967.55	73,811,804.53
November 2000	216,000,000.00	76,044,718.18	71,498,335.59
December 2000	216,000,000.00	74,012,513.70	69,116,983.71
January 2001	216,000,000.00	71,923,366.86	66,669,188.61
February 2001	214,633,374.14	71,144,948.22	65,523,060.76
March 2001	213,232,283.13	70,346,172.84	64,347,967.37
April 2001	211,797,135.06	69,527,738.56	63,145,070.05
May 2001	210,365,883.93	68,718,564.27	61,957,651.53
June 2001	208,938,514.63	67,918,585.67	60,785,583.79
July 2001	207,515,012.05	67,127,738.90	59,628,739.84
August 2001	206,095,361.14	66,345,960.51	58,486,993.66
September 2001	204,679,546.89	65,573,187.44	57,360,220.20
October 2001	203,267,554.35	64,809,357.09	56,248,295.38
November 2001	201,859,368.58	64,054,407.24	55,151,096.10
December 2001	200,454,974.72	63,308,276.07	54,068,500.19
January 2002	199,054,357.93	62,570,902.19	53,000,386.45
February 2002	197,657,503.42	61,842,224.60	51,946,634.62
March 2002	196,264,396.44	61,122,182.70	50,907,125.34
April 2002	194,875,022.30	60,410,716.29	49,881,740.22
May 2002	193,489,366.32	59,707,765.55	48,870,361.77
June 2002	192,107,413.88	59,013,271.09	47,872,873.41
July 2002	190,729,150.42	58,327,173.88	46,889,159.47
August 2002	189,354,561.40	57,649,415.27	45,919,105.19
September 2002	187,983,632.32	56,979,937.02	44,962,596.68
October 2002	186,616,348.73	56,318,681.26	44,019,520.95
November 2002	185,252,696.22	55,665,590.50	43,089,765.90
December 2002	183,892,660.43	55,020,607.63	42,173,220.27
January 2003	182,536,227.03	54,383,675.93	41,269,773.70
February 2003	181,183,381.72	53,754,739.02	40,379,316.68
March 2003	179,834,110.28	53,133,740.92	39,501,740.54

<u>Distribution Date</u>	<u>L Class Targeted Balance</u>	<u>Aggregate Group Targeted Balance</u>	<u>LT Class Targeted Balance</u>
April 2003.....	\$178,488,398.50	\$ 52,520,626.01	\$ 38,636,937.46
May 2003	177,146,232.20	51,915,339.03	37,784,800.47
June 2003	175,807,597.28	51,317,825.09	36,945,223.43
July 2003	174,472,479.65	50,728,029.66	36,118,101.04
August 2003	173,140,865.26	50,145,898.58	35,303,328.78
September 2003.....	171,812,740.12	49,571,378.02	34,500,803.00
October 2003	170,488,090.27	49,004,414.53	33,710,420.82
November 2003	169,166,901.79	48,444,955.01	32,932,080.19
December 2003	167,849,160.79	47,892,946.70	32,165,679.82
January 2004	166,534,853.43	47,348,337.19	31,411,119.25
February 2004	165,223,965.91	46,811,074.42	30,668,298.78
March 2004	163,916,484.46	46,281,106.68	29,937,119.51
April 2004.....	162,612,395.37	45,758,382.58	29,217,483.30
May 2004	161,311,684.95	45,242,851.10	28,509,292.77
June 2004	160,014,339.54	44,734,461.53	27,812,451.32
July 2004	158,720,345.55	44,233,163.51	27,126,863.09
August 2004	157,429,689.41	43,738,907.01	26,452,432.98
September 2004.....	156,142,357.58	43,251,642.32	25,789,066.63
October 2004	154,858,336.57	42,771,320.09	25,136,670.43
November 2004	153,577,612.93	42,297,891.25	24,495,151.48
December 2004	152,300,173.23	41,831,307.10	23,864,417.64
January 2005	151,026,004.11	41,371,519.24	23,244,377.45
February 2005	149,755,092.23	40,918,479.59	22,634,940.22
March 2005	148,487,424.27	40,472,140.39	22,036,015.92
April 2005.....	147,222,986.97	40,032,454.20	21,447,515.25
May 2005	145,961,767.11	39,599,373.89	20,869,349.63
June 2005	144,703,751.49	39,172,852.65	20,301,431.14
July 2005	143,448,926.96	38,752,843.98	19,743,672.57
August 2005	142,197,280.39	38,339,301.68	19,195,987.39
September 2005.....	140,948,798.72	37,932,179.86	18,658,289.76
October 2005	139,703,468.89	37,531,432.94	18,130,494.49
November 2005	138,461,277.90	37,137,015.63	17,612,517.09
December 2005	137,222,212.78	36,748,882.96	17,104,273.70
January 2006	135,986,260.58	36,366,990.25	16,605,681.17
February 2006	134,753,408.41	35,991,293.10	16,116,656.95
March 2006	133,523,643.41	35,621,747.44	15,637,119.18
April 2006.....	132,296,952.75	35,258,309.45	15,166,986.61
May 2006	131,073,323.63	34,900,935.65	14,706,178.67
June 2006	129,852,743.30	34,549,582.81	14,254,615.39
July 2006	128,635,199.04	34,204,208.00	13,812,217.45
August 2006	127,420,678.16	33,864,768.58	13,378,906.14
September 2006.....	126,209,168.00	33,531,222.20	12,954,603.40
October 2006	125,000,655.96	33,203,526.78	12,539,231.75
November 2006	123,795,129.45	32,881,640.52	12,132,714.34
December 2006	122,592,575.93	32,565,521.90	11,734,974.93
January 2007	121,392,982.87	32,255,129.69	11,345,937.87
February 2007	120,196,337.81	31,950,422.92	10,965,528.12
March 2007	119,002,628.30	31,651,360.89	10,593,671.22
April 2007.....	117,811,841.92	31,357,903.19	10,230,293.31
May 2007	116,623,966.31	31,070,009.67	9,875,321.11
June 2007	115,438,989.13	30,787,640.44	9,528,681.92

<u>Distribution Date</u>	<u>L Class Targeted Balance</u>	<u>Aggregate Group Targeted Balance</u>	<u>LT Class Targeted Balance</u>
July 2007	\$114,256,898.05	\$ 30,510,755.88	\$ 9,190,303.61
August 2007	113,077,680.81	30,239,316.65	8,860,114.63
September 2007	111,901,325.18	29,973,283.65	8,538,043.99
October 2007	110,727,818.93	29,712,618.06	8,224,021.26
November 2007	109,557,149.89	29,457,281.31	7,917,976.58
December 2007	108,389,305.93	29,207,235.08	7,619,840.63
January 2008	107,224,274.93	28,962,441.33	7,329,544.65
February 2008	106,062,044.83	28,722,862.26	7,047,020.42
March 2008	104,902,603.57	28,488,460.31	6,772,200.26
April 2008	103,745,939.14	28,259,198.19	6,505,017.03
May 2008	102,592,039.57	28,035,038.86	6,245,404.12
June 2008	101,440,892.92	27,815,945.52	5,993,295.44
July 2008	100,292,487.26	27,601,881.62	5,748,625.46
August 2008	99,146,810.72	27,392,810.85	5,511,329.13
September 2008	98,003,851.44	27,188,697.15	5,281,341.93
October 2008	96,863,597.62	26,989,504.70	5,058,599.87
November 2008	95,726,037.45	26,795,197.91	4,843,039.44
December 2008	94,591,159.20	26,605,741.45	4,634,597.66
January 2009	93,458,951.13	26,421,100.21	4,433,212.05
February 2009	92,329,401.56	26,241,239.32	4,238,820.60
March 2009	91,202,498.81	26,066,124.14	4,051,361.82
April 2009	90,078,231.28	25,895,720.28	3,870,774.72
May 2009	88,956,587.34	25,729,993.55	3,696,998.75
June 2009	87,837,555.45	25,568,910.03	3,529,973.89
July 2009	86,721,124.05	25,412,435.98	3,369,640.58
August 2009	85,607,281.65	25,260,537.93	3,215,939.74
September 2009	84,496,016.76	25,113,182.61	3,068,812.74
October 2009	83,387,317.95	24,970,336.98	2,928,201.44
November 2009	82,281,173.80	24,831,968.23	2,794,048.17
December 2009	81,177,572.91	24,698,043.76	2,666,295.71
January 2010	80,076,503.95	24,568,531.19	2,544,887.28
February 2010	78,977,955.57	24,443,398.37	2,429,766.58
March 2010	77,881,916.48	24,322,613.34	2,320,877.76
April 2010	76,788,375.43	24,206,144.39	2,218,165.40
May 2010	75,697,321.17	24,093,960.01	2,121,574.53
June 2010	74,608,742.49	23,986,028.87	2,031,050.63
July 2010	73,522,628.21	23,882,319.91	1,946,539.59
August 2010	72,438,967.20	23,782,802.23	1,867,987.77
September 2010	71,357,748.32	23,687,445.17	1,795,341.93
October 2010	70,278,960.49	23,596,218.25	1,728,549.27
November 2010	69,202,592.64	23,509,091.22	1,667,557.41
December 2010	68,128,633.75	23,426,034.02	1,612,314.40
January 2011	67,057,072.80	23,347,016.79	1,562,768.68
February 2011	65,987,898.82	23,272,009.88	1,518,869.14
March 2011	64,921,100.86	23,200,983.85	1,479,829.53
April 2011	63,856,668.01	23,133,909.43	1,440,578.45
May 2011	62,794,589.36	23,070,757.57	1,401,114.77
June 2011	61,734,854.06	23,011,499.40	1,361,437.32
July 2011	60,677,451.28	22,956,106.28	1,321,544.96
August 2011	59,622,370.19	22,904,549.71	1,281,436.51
September 2011	58,569,600.02	22,856,801.43	1,241,110.81

<u>Distribution Date</u>	<u>L Class Targeted Balance</u>	<u>Aggregate Group Targeted Balance</u>	<u>LT Class Targeted Balance</u>
October 2011	\$ 57,519,130.03	\$ 22,812,833.34	\$ 1,200,566.67
November 2011	56,470,949.47	22,771,673.47	1,159,802.92
December 2011	55,425,047.67	22,730,290.65	1,118,818.37
January 2012	54,381,413.93	22,688,683.67	1,077,611.82
February 2012	53,340,037.63	22,646,851.32	1,036,182.07
March 2012	52,300,908.14	22,604,792.37	994,527.90
April 2012	51,264,014.87	22,562,505.61	952,648.11
May 2012	50,229,347.26	22,519,989.80	910,541.47
June 2012	49,196,894.77	22,477,243.69	868,206.75
July 2012	48,166,646.90	22,434,266.04	825,642.72
August 2012	47,138,593.16	22,391,055.59	782,848.13
September 2012	46,112,723.08	22,347,611.09	739,821.74
October 2012	45,089,026.25	22,303,931.26	696,562.29
November 2012	44,067,492.25	22,260,014.83	653,068.52
December 2012	43,048,110.71	22,215,860.53	609,339.16
January 2013	42,030,871.28	22,171,467.05	565,372.93
February 2013	41,015,763.61	22,126,833.11	521,168.54
March 2013	40,002,777.43	22,081,957.40	476,724.72
April 2013	38,991,902.44	22,036,838.62	432,040.16
May 2013	37,983,128.39	21,991,475.44	387,113.56
June 2013	36,976,445.07	21,945,866.54	341,943.61
July 2013	35,971,842.27	21,900,010.60	296,528.99
August 2013	34,969,309.81	21,853,906.27	250,868.37
September 2013	33,968,837.56	21,807,552.21	204,960.42
October 2013	32,970,415.37	21,760,947.06	158,803.81
November 2013	31,974,033.15	21,714,089.47	112,397.18
December 2013	30,979,680.83	21,666,978.07	65,739.18
January 2014	29,987,348.35	21,619,611.48	18,828.45
February 2014	28,997,025.69	21,571,988.32	0.00
March 2014	28,008,702.85	21,524,107.20	0.00
April 2014	27,022,369.84	21,475,966.73	0.00
May 2014	26,038,016.72	21,427,565.50	0.00
June 2014	25,055,633.55	21,378,902.09	0.00
July 2014	24,075,210.43	21,329,975.09	0.00
August 2014	23,096,737.48	21,280,783.06	0.00
September 2014	22,120,204.84	21,231,324.59	0.00
October 2014	21,145,602.68	21,181,598.21	0.00
November 2014	20,172,921.18	21,131,602.48	0.00
December 2014	19,202,150.55	21,081,335.94	0.00
January 2015	18,233,281.05	21,030,797.12	0.00
February 2015	17,266,302.91	20,979,984.55	0.00
March 2015	16,301,206.43	20,928,896.74	0.00
April 2015	15,337,981.92	20,877,532.21	0.00
May 2015	14,376,619.69	20,825,889.46	0.00
June 2015	13,417,110.11	20,773,966.97	0.00
July 2015	12,459,443.54	20,721,763.24	0.00
August 2015	11,503,610.39	20,669,276.74	0.00
September 2015	10,549,601.07	20,616,505.93	0.00
October 2015	9,597,406.03	20,563,449.28	0.00
November 2015	8,647,015.73	20,510,105.25	0.00
December 2015	7,698,420.65	20,456,472.26	0.00

<u>Distribution Date</u>	<u>L Class Targeted Balance</u>	<u>Aggregate Group Targeted Balance</u>	<u>LT Class Targeted Balance</u>
January 2016	\$ 6,751,611.31	\$ 20,402,548.77	\$ 0.00
February 2016	5,806,578.24	20,348,333.19	0.00
March 2016	4,863,311.98	20,293,823.94	0.00
April 2016	3,921,803.12	20,239,019.43	0.00
May 2016	2,982,042.25	20,183,918.06	0.00
June 2016	2,044,020.00	20,128,518.23	0.00
July 2016	1,107,726.99	20,072,818.32	0.00
August 2016	173,153.89	20,016,816.70	0.00
September 2016	0.00	19,960,511.73	0.00
October 2016	0.00	19,903,901.79	0.00
November 2016	0.00	19,846,985.20	0.00
December 2016	0.00	19,789,760.32	0.00
January 2017	0.00	19,732,225.46	0.00
February 2017	0.00	19,674,378.96	0.00
March 2017	0.00	19,616,219.13	0.00
April 2017	0.00	19,557,744.26	0.00
May 2017	0.00	19,004,264.11	0.00
June 2017	0.00	18,242,897.60	0.00
July 2017	0.00	17,485,387.90	0.00
August 2017	0.00	16,731,708.47	0.00
September 2017	0.00	15,981,832.91	0.00
October 2017	0.00	15,235,734.92	0.00
November 2017	0.00	14,493,388.39	0.00
December 2017	0.00	13,754,767.31	0.00
January 2018	0.00	13,019,845.82	0.00
February 2018	0.00	12,288,598.17	0.00
March 2018	0.00	11,560,998.78	0.00
April 2018	0.00	10,837,022.17	0.00
May 2018	0.00	10,116,643.01	0.00
June 2018	0.00	9,399,836.08	0.00
July 2018	0.00	8,686,576.31	0.00
August 2018	0.00	7,976,838.75	0.00
September 2018	0.00	7,270,598.57	0.00
October 2018	0.00	6,567,831.08	0.00
November 2018	0.00	5,868,511.70	0.00
December 2018	0.00	5,172,615.98	0.00
January 2019	0.00	4,480,119.61	0.00
February 2019	0.00	3,790,998.38	0.00
March 2019	0.00	3,105,228.21	0.00
April 2019	0.00	2,422,785.15	0.00
May 2019	0.00	1,743,645.36	0.00
June 2019	0.00	1,067,785.12	0.00
July 2019	0.00	395,180.83	0.00
August 2019 and thereafter	0.00	0.00	0.00

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

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

\$366,557,282



FannieMae

**Guaranteed REMIC
Pass-Through Certificates
Fannie Mae REMIC Trust 1999-2**

PROSPECTUS SUPPLEMENT

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**NationsBanc Montgomery
Securities LLC**

SPIRES Financial, L.P.

December 21, 1998
