

\$500,000,000



FannieMae®

**Guaranteed REMIC Pass-Through Certificates
Fannie Mae REMIC Trust 2003-105**

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 the accrual classes), and
- principal to the extent available for payment on your class.

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

The Fannie Mae Guaranty

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

The Trust and its Assets

The trust will own 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
CG	1	\$150,000,000	SEQ	5.5%	FIX	31393E7A1	August 2030
AV	1	21,600,000	SEQ/AD	5.5	FIX	31393E7B9	April 2016
AW	1	6,400,000	SEQ/AD	5.5	FIX	31393E7C7	October 2018
AX(1)....	1	11,000,000	SEQ/AD	5.5	FIX/Z	31393E7D5	September 2030
AY(1)....	1	11,000,000	SEQ	5.5	FIX/Z	31393E7E3	October 2033
MA	2	212,173,000	PAC	6.0	FIX	31393E7G8	October 2033
FP	2	70,261,600	SUP	(2)	FLT	31393E7H6	October 2033
SP	2	17,565,400	SUP	(2)	INV	31393E7J2	October 2033
R		0	NPR	0	NPR	31393E7K9	October 2033

(1) Exchangeable classes.

(2) Based on LIBOR.

If you own certificates of certain classes, you can exchange them for the corresponding RCR certificates to be issued at the time of the exchange. The AZ Class is the RCR class, as further described in this prospectus supplement.

The dealer will offer the certificates from time to time in negotiated transactions at varying prices. We expect the settlement date to be September 30, 2003.

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.

LEHMAN BROTHERS

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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 Fannie Mae Guaranteed REMIC Pass-Through Certificates dated May 1, 2002 (the “REMIC Prospectus”);
- our Prospectus for Fannie Mae Guaranteed Mortgage Pass-Through Certificates (Single-Family Residential Mortgage Loans) dated April 1, 2003 (the “MBS Prospectus”); and
- any Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K that we file with the SEC during the period specified in the final paragraph of this page.

You can obtain copies of 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).

In addition, the Disclosure Documents, together with the class factors, are available on our corporate web site at www.fanniemae.com.

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

Lehman Brothers Inc.
c/o ADP Financial Services
Prospectus Department
1155 Long Island Avenue
Edgewood, New York 11717
(telephone 631-254-7106)

In the first quarter of 2003, we began filing periodic reports with the SEC under the Securities Exchange Act of 1934. These filings will include Form 10-Ks, Form 10-Qs and Form 8-Ks. Our SEC filings are available at the SEC’s web site at www.sec.gov. You may also read and copy any document we file with the SEC by visiting the SEC’s Public Reference Room at 450 Fifth Street, NW, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the operation of the Public Reference Room. We are providing the address of the SEC’s web site solely for the information of prospective investors. We do not intend its Internet address to be an active link.

Information contained in any Form 10-K, Form 10-Q and Form 8-K that we file with the SEC prior to the termination of the offering of the certificates is hereby incorporated by reference in this prospectus supplement. In cases where we “furnish” information to the SEC on Form 8-K, as provided under the Securities Exchange Act of 1934, that information is not incorporated by reference in this prospectus supplement.

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

Assets

Group 1 MBS

Group 2 MBS

Assumed Characteristics of the Mortgage Loans Underlying the MBS (as of September 1, 2003)

	<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 Weighted Average Loan Age (in months)</u>	<u>Approximate Weighted Average Coupon</u>
Group 1 MBS	\$200,000,000	360	357	3	5.95%
Group 2 MBS	\$300,000,000	360	344	16	6.50%

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

Class Factors

The class factors are numbers that, when multiplied by the initial principal balance of a certificate, can be used to calculate the current principal balance of that certificate (after taking into account principal payments 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 September 30, 2003.

Distribution Dates

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

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

<u>Fed Book-Entry</u>	<u>Physical</u>
All Classes of certificates other than the R Class	R Class

Exchanging Certificates Through Combination and Recombination

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

principal and interest of the certificates exchanged to pay principal and interest on the related RCR certificates. Schedule 1 lists the available combination of the certificates eligible for exchange and the related RCR certificates.

Interest Rates

During each interest accrual period, the fixed rate classes will bear interest at the applicable annual interest rates listed on the cover of this prospectus supplement or on Schedule 1.

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

<u>Class</u>	<u>Initial Interest Rate</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate (1)</u>
FP	2.65%	7.5%	1.55%	LIBOR + 155 basis points
SP	19.40%	23.8%	0.00%	23.8% – (4 × LIBOR)

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

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

Distributions of Principal

Group 1 Principal Distribution Amount

AX Accrual Amount and AY Accrual Amount

1. To the AV, AW and AX Classes, in that order, to zero.
2. Thereafter to the AY Class.

Group 1 Cash Flow Distribution Amount

To the CG, AV, AW, AX and AY Classes, in that order, to zero.

Group 2 Principal Distribution Amount

1. To the MA Class to its Planned Balance.
2. To the FP and SP Classes, pro rata, to zero.
3. To the MA Class to zero.

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

Weighted Average Lives (years) *

<u>Group 1 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>200%</u>	<u>400%</u>	<u>600%</u>	<u>800%</u>
CG	17.8	4.6	2.8	2.1	1.7
AV	7.0	6.8	5.0	3.8	3.1
AW	13.8	11.2	7.0	5.0	3.9
AX	22.0	13.1	8.1	5.8	4.5
AY	28.5	19.6	12.4	8.7	6.5
AZ	28.5	16.9	10.5	7.4	5.6

<u>Group 2 Classes</u>	<u>PSA Prepayment Assumption</u>					
	<u>0%</u>	<u>100%</u>	<u>200%</u>	<u>250%</u>	<u>400%</u>	<u>700%</u>
MA	17.7	7.0	7.0	7.0	4.8	2.7
FP and SP	28.3	19.1	6.3	2.5	1.1	0.6

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

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 at which 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.

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

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

Reinvestment of certificate payments may not achieve same yields as certificates. The rate of principal payments 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 of this prospectus supplement. If you assume that 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 obtain legal advice to determine whether you may purchase the certificates.

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

or large amounts of certificates at prices comparable to those available to other investors. You should purchase certificates only if you under-

stand 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 that term in the applicable Disclosure Document or in the Trust Agreement.

General

Structure. We will create the Fannie Mae REMIC Trust specified on the cover of this prospectus supplement (the “Trust”) pursuant to a trust agreement dated as of September 1, 2003 (the “Issue Date”). We will issue the Guaranteed REMIC Pass-Through Certificates (the “REMIC Certificates”), pursuant to that trust agreement. We will issue the Combinable and Recombinable REMIC Certificates (the “RCR Certificates” and, together with the REMIC Certificates, the “Certificates”) pursuant to a separate trust agreement dated as of the Issue Date (together with the trust agreement relating to the REMIC Certificates, the “Trust Agreement”). We will execute the Trust Agreement in our corporate capacity and as trustee (the “Trustee”). In general, the term “Classes” includes the Classes of REMIC Certificates and RCR Certificates.

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

- The REMIC Certificates (except the R 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 two groups of Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the “Group 1 MBS” and “Group 2 MBS,” and, together, the “MBS”).

Each MBS represents a beneficial ownership interest in a pool of first lien, one- to four-family (“single-family”), fixed-rate residential mortgage loans (the “Mortgage Loans”) having the characteristics described in this prospectus supplement.

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 guarantees are not backed by the full faith and credit of the United States. See “Description of the Certificates—The Fannie Mae Guaranty” in the REMIC Prospectus and “Description of the Certificates—Fannie Mae Guaranty” in the MBS Prospectus.

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 (the “Fed Book-Entry Certificates”). 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. U.S. Bank National Association (“US Bank”) in Boston, Massachusetts 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” below.

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. US Bank will be the initial Paying Agent.

Authorized Denominations. We will issue the Certificates, other than the R Class, 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 Certificates 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 of these dates 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 applicable class factor is multiplied by the original principal balance of a Certificate of any 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).

No Optional Termination. We have no option to effect an early termination of the Trust. Further, we will not repurchase the Mortgage Loans underlying any MBS in a “clean-up call.” See “Description of the Certificates—Termination” in the MBS Prospectus.

Combination and Recombination

General. You are permitted to exchange all or a portion of the AX and AY Classes of REMIC Certificates for a proportionate interest in the related RCR Certificates in the combination shown on Schedule 1. You also may exchange all or a portion of the RCR Certificates for the related REMIC Certificates in the same manner. This process may occur repeatedly.

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

The Classes of REMIC Certificates and RCR Certificates that are outstanding at any given time, and the outstanding principal balances of these Classes, will depend upon any related distributions of principal, as well as any exchanges that occur. REMIC Certificates and RCR Certificates in any combination may be exchanged only in the proportions shown on Schedule 1.

Procedures. If a Certificateholder wishes to exchange Certificates, the Certificateholder must notify our Structured Transactions Department through one of our “REMIC Dealer Group” dealers in writing or by telefax no later than two business days before the proposed exchange date. The exchange

date can be any business day other than the first or last business day of the month subject to our approval. The notice must include the outstanding principal balance of both the Certificates to be exchanged and the Certificates to be received, and the proposed exchange date. After receiving the Holder's notice, we will telephone the dealer with delivery and wire payment instructions. Notice becomes irrevocable on the second business day before the proposed exchange date.

In connection with each exchange, the Holder must pay us a fee equal to 1/32 of 1% of the outstanding principal balance of the Certificates to be exchanged. In no event, however, will our fee be less than \$2,000.

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

Additional Considerations. The characteristics of RCR Certificates will reflect the characteristics of the REMIC Certificates used to form those RCR Certificates. You should also consider a number of factors that will limit a Certificateholder's ability to exchange REMIC Certificates for RCR Certificates or vice versa:

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

The MBS

The following table contains certain information about the MBS. The MBS included in each specified Group will have the aggregate unpaid principal balance and Pass-Through Rate shown below and the general characteristics described in the MBS Prospectus. The MBS provides that principal and interest on the related Mortgage Loans are passed through monthly. The Mortgage Loans underlying the MBS are conventional, fixed-rate, fully-amortizing mortgage loans secured by first mortgages or deeds of trust on single-family residential properties. These Mortgage Loans have original maturities of up to 30 years. See "The Mortgage Pools" and "Yield, Maturity and Prepayment Considerations" in the MBS Prospectus. We expect the characteristics of the MBS and the related Mortgage Loans as of the Issue Date to be as follows:

Group 1 MBS

Aggregate Unpaid Principal Balance	\$200,000,000
MBS Pass-Through Rate	5.50%
Range of WACs (annual percentages)	5.75% to 8.00%
Range of WAMs	241 months to 360 months
Approximate Weighted Average WAM	357 months
Approximate Weighted Average WALA (weighted average loan age)	3 months

Group 2 MBS

Aggregate Unpaid Principal Balance	\$300,000,000
MBS Pass-Through Rate	6.00%
Range of WACs (annual percentages)	6.25% to 8.50%
Range of WAMs	241 months to 360 months
Approximate Weighted Average WAM.....	344 months
Approximate Weighted Average WALA.....	16 months

Final Data Statement

After issuing the Certificates, we will prepare a Final Data Statement containing certain information, including the Pool number, the current WAC (or original WAC, if the current WAC is not available) and the current WAM (or Adjusted WAM, if the current WAM is not available) of the Mortgage Loans underlying each of the MBS as of the Issue Date. The Final Data Statement also will 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 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. In addition, the Final Data Statement is available on our corporate web site at www.fanniemae.com.

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	CG, AV, AW, AX and AY
Accrual	AX and AY
RCR**	AZ
Group 2 Classes	
Fixed Rate	MA
Floating Rate	FP
Inverse Floating Rate	SP
No Payment Residual	R

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

** See "—Combination and Recombination" above and Schedule 1 for a further description of the RCR Class.

General. We will pay interest on the Certificates at the applicable annual interest rates specified on the cover or described in this prospectus supplement. We calculate interest based on an assumed 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 on each Certificate (or added to principal, in the case of the Accrual Classes) on a Distribution Date will consist of one month's interest on the outstanding balance of that Certificate immediately prior to that Distribution Date. For a description of the Accrual Classes, see "—Accrual Classes" below.

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

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

<u>Classes</u>	<u>Interest Accrual Periods</u>
All Fixed Rate Classes (collectively, the “Delay Classes”)	Calendar month preceding the month in which the Distribution Date occurs
All Floating Rate and Inverse Floating Rate Classes	One-month period beginning on the 25th day of the month preceding the month in which the Distribution Date occurs

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

Accrual Classes. The AX, AY and AZ Classes are Accrual Classes. Interest will accrue on the Accrual Classes at the applicable annual rates specified on the cover of this prospectus supplement. However, we will not pay any interest on the Accrual Classes. Instead, interest accrued on the Accrual Classes will be added as principal to their respective principal balances 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” in this prospectus supplement.

Changes in the specified interest rate index (the “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 Index occurs. Similarly, higher mortgage interest rates could occur while a decrease in the level of the Index occurs.

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

Calculation of LIBOR

On each Index Determination Date, we will calculate LIBOR for the related Interest Accrual Period. We will calculate LIBOR on the basis of the “BBA Method,” as described in the REMIC Prospectus under “Description of 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 1.10%.

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	
Sequential Pay	CG, AV, AW, AX and AY
Accretion Directed	AV, AW and AX
RCR**	AZ

<u>Principal Type*</u>	<u>Classes</u>
Group 2 Classes	
PAC	MA
Support	FP and SP
No Payment Residual	R

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

** See “—Combination and Recombination” above and Schedule 1 for a further description of the RCR Class.

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 AX and AY Classes (the “AX Accrual Amount” and “AY 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 Group 2 MBS (the “Group 2 Principal Distribution Amount”).

Group 1 Principal Distribution Amount

AX Accrual Amount and AY Accrual Amount

On each Distribution Date, we will pay the aggregate of the AX Accrual Amount and the AY Accrual Amount as principal of the Group 1 Classes specified below in the following priority:

- (i) sequentially, to the AV, AW and AX Classes, in that order, until their principal balances are reduced to zero; and
- (ii) thereafter to the AY Class.

} Accretion
Directed
Classes and
Accrual
Class

Group 1 Cash Flow Distribution Amount

On each Distribution Date, we will pay the Group 1 Cash Flow Distribution Amount, sequentially, as principal of the CG, AV, AW, AX and AY Classes, in that order, until their principal balances are reduced to zero.

} Sequential
Pay
Classes

Group 2 Principal Distribution Amount

On each Distribution Date, we will pay the Group 2 Principal Distribution Amount as principal of the Group 2 Classes in the following priority:

- (i) to the MA Class, until its principal balance is reduced to its Planned Balance for that Distribution Date;
- (ii) concurrently, to the FP and SP Classes, pro rata (or 80% and 20%, respectively), until their principal balances are reduced to zero; and
- (iii) to the MA Class, without regard to its Planned Balance and until its principal balance is reduced to zero.

} PAC
Class

} Support
Classes

} PAC
Class

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

Structuring Assumptions

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

- the Mortgage Loans underlying the MBS have the original term to maturity, remaining terms to maturity, WALAs and interest rates specified under “Reference Sheet—Assumed Characteristics of the Mortgage Loans Underlying the MBS” in this prospectus supplement;
- the Mortgage Loans prepay at the constant percentages of PSA specified in the related table;
- the settlement date for the sale of the Certificates is September 30, 2003; and
- each Distribution Date occurs on the 25th day of a month.

Prepayment Assumptions. Prepayments of mortgage loans commonly are measured relative to a prepayment standard or model. The model used in this prospectus supplement 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 Range. The Principal Balance Schedule is found beginning on page B-1 of this prospectus supplement. The Principal Balance Schedule has been prepared on the basis of the Pricing Assumptions and the assumption that the related Mortgage Loans will prepay at a constant PSA rate within the Structuring Range set forth below.

<u>Principal Balance Schedule Reference</u>	<u>Related Class</u>	<u>Structuring Range</u>
Planned Balances	MA	Between 100% and 250% PSA

We cannot assure you that the balance of the Class listed above will conform on any Distribution Date to the specified balance in the Principal Balance Schedule. As a result, we cannot assure you that payments of principal of the Class listed above will begin or end on the Distribution Dates specified in the Principal Balance Schedule. We will distribute any excess of principal payments over the amount needed to reduce a Class to its scheduled balance on a Distribution Date. Accordingly, the ability to reduce a Class to its scheduled balance will not be improved by the averaging of high and low principal payments from month to month. In addition, even if the related Mortgage Loans prepay at rates falling within the Structuring Range, principal distributions may be insufficient to reduce the applicable Class to its scheduled balance if the prepayments do not occur at a *constant* PSA rate. Moreover, because of the diverse remaining terms to maturity of the related Mortgage Loans, which may include recently originated Mortgage Loans, the Class specified above may not be reduced to its scheduled balance, even if prepayments occur at a *constant* rate within the Structuring Range.

Initial Effective Range. The Effective Range for a Class is the range of prepayment rates (measured by *constant* PSA rates) which would reduce that Class to its scheduled balance on each Distribution Date. The Initial Effective Range shown in the table below is based upon the assumed characteristics of the related Mortgage Loans specified in the Pricing Assumptions.

<u>Class</u>	<u>Initial Effective Range</u>
MA	Between 100% and 250% PSA

The actual Effective Range at any time will be based upon the actual characteristics of the related Mortgage Loans at that time, which are likely to vary (and may vary considerably) from the Pricing Assumptions. The actual Effective Range calculated on the basis of the actual characteristics is likely

to differ from the Initial Effective Range. As a result, the Class might not be reduced to its scheduled balance even if prepayments were to occur at a *constant* PSA rate within the Initial Effective Range. This is so particularly if the rate were at the lower or higher end of that range. In addition, even if prepayments occur at rates falling within the actual Effective Range, principal distributions may be insufficient to reduce the Class to its scheduled balance if such prepayments do not occur at a *constant* PSA rate. It is highly unlikely that the related Mortgage Loans will prepay at any *constant* PSA rate. In general, the actual Effective Range may narrow, widen or shift upward or downward to reflect actual prepayment experience over time. The stability in principal payment of the PAC Class will be supported in part by the related Support Classes. When the related Support Classes are retired, the PAC Class, if still outstanding, may no longer have an Effective Range and will be more sensitive to prepayments.

Yield Table

General. The table below illustrates the sensitivity of the pre-tax corporate bond equivalent yield to maturity of the applicable Class to various constant percentages of PSA and to changes in the Index. We calculated the yields set forth in the table 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 values of the assumed streams of cash flows to equal the assumed aggregate purchase price of that Class, and
- converting the 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 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 price of the applicable Certificates will be as assumed.

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

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

***The Inverse Floating Rate Class.* The yield on the Inverse Floating Rate Class will be sensitive to the rate of principal payments, including prepayments, of the related Mortgage Loans and to the level of the Index. The Mortgage Loans generally can be prepaid at any time without penalty. In addition, the rate of principal payments (including prepayments) of the Mortgage Loans is likely to vary, and may vary considerably, from pool to pool.**

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

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

- the interest rate for the Inverse Floating Rate Class for the initial Interest Accrual Period is the rate listed in the table under “Reference Sheet—Interest Rates” in this prospectus supplement and for each following Interest Accrual Period will be based on the specified level of the Index, and
- the aggregate purchase price of that Class (expressed as a percentage of original principal balance) is as follows:

<u>Class</u>	<u>Price*</u>
SP	99.5%

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>					
	<u>50%</u>	<u>100%</u>	<u>200%</u>	<u>250%</u>	<u>400%</u>	<u>700%</u>
0.10%	24.6%	24.6%	24.7%	24.7%	24.8%	25.0%
1.10%	20.3%	20.3%	20.4%	20.5%	20.8%	21.2%
3.10%	11.8%	11.8%	12.0%	12.2%	12.8%	13.7%
5.10%	3.5%	3.5%	3.7%	4.1%	4.9%	6.3%
5.95%	0.1%	0.1%	0.3%	0.8%	1.7%	3.2%

Weighted Average Lives of the Certificates

The weighted average life of a Certificate is determined by

- multiplied the amount of the reduction, if any, of the principal balance of the 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,
- summing the results, and
- dividing the sum by the aggregate amount of the reductions in principal balance of the 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 the rate of principal payments,
- the priority sequences of payments of principal of the Classes, and
- in the case of the Group 2 Classes, the payment of principal of the MA Class in accordance with the Principal Balance Schedule.

See “—Distributions of Principal” above.

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 those 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 those 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>
Group 1 MBS	360 months	360 months	8.0%
Group 2 MBS	360 months	360 months	8.5%

It is unlikely

- that all of the underlying Mortgage Loans will have the interest rates, WALAs 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 WALAs of the Mortgage Loans are identical to the dispersion specified in the Pricing Assumptions.

Percent of Original Principal Balances Outstanding

Date	CG Class					AV Class					AW Class					AX Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	200%	400%	600%	800%	0%	200%	400%	600%	800%	0%	200%	400%	600%	800%	0%	200%	400%	600%	800%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
September 2004	99	93	88	83	78	94	94	94	94	94	100	100	100	100	100	106	106	106	106	106
September 2005	98	81	66	52	38	88	88	88	88	88	100	100	100	100	100	112	112	112	112	112
September 2006	96	66	41	21	4	82	82	82	82	82	100	100	100	100	100	118	118	118	118	118
September 2007	95	53	22	1	0	75	75	75	75	0	100	100	100	100	17	125	125	125	125	125
September 2008	93	41	8	0	0	68	68	68	0	0	100	100	100	49	0	132	132	132	132	1
September 2009	92	31	0	0	0	60	60	45	0	0	100	100	100	0	0	139	139	139	44	0
September 2010	90	22	0	0	0	52	52	0	0	0	100	100	38	0	0	147	147	147	0	0
September 2011	88	14	0	0	0	44	44	0	0	0	100	100	0	0	0	155	155	80	0	0
September 2012	86	8	0	0	0	35	35	0	0	0	100	100	0	0	0	164	164	10	0	0
September 2013	84	2	0	0	0	26	26	0	0	0	100	100	0	0	0	173	173	0	0	0
September 2014	81	0	0	0	0	16	0	0	0	0	100	76	0	0	0	183	183	0	0	0
September 2015	78	0	0	0	0	5	0	0	0	0	100	0	0	0	0	193	157	0	0	0
September 2016	76	0	0	0	0	0	0	0	0	0	80	0	0	0	0	204	94	0	0	0
September 2017	72	0	0	0	0	0	0	0	0	0	40	0	0	0	0	216	37	0	0	0
September 2018	69	0	0	0	0	0	0	0	0	0	0	0	0	0	0	227	0	0	0	0
September 2019	65	0	0	0	0	0	0	0	0	0	0	0	0	0	0	214	0	0	0	0
September 2020	61	0	0	0	0	0	0	0	0	0	0	0	0	0	0	200	0	0	0	0
September 2021	57	0	0	0	0	0	0	0	0	0	0	0	0	0	0	186	0	0	0	0
September 2022	52	0	0	0	0	0	0	0	0	0	0	0	0	0	0	171	0	0	0	0
September 2023	47	0	0	0	0	0	0	0	0	0	0	0	0	0	0	155	0	0	0	0
September 2024	42	0	0	0	0	0	0	0	0	0	0	0	0	0	0	138	0	0	0	0
September 2025	36	0	0	0	0	0	0	0	0	0	0	0	0	0	0	120	0	0	0	0
September 2026	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	101	0	0	0	0
September 2027	22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	81	0	0	0	0
September 2028	15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	60	0	0	0	0
September 2029	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	38	0	0	0	0
September 2030	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September 2031	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September 2032	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September 2033	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	17.8	4.6	2.8	2.1	1.7	7.0	6.8	5.0	3.8	3.1	13.8	11.2	7.0	5.0	3.9	22.0	13.1	8.1	5.8	4.5

Date	AY Class					AZ Class					MA Class						FP and SP Classes					
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption						PSA Prepayment Assumption					
	0%	200%	400%	600%	800%	0%	200%	400%	600%	800%	0%	100%	200%	250%	400%	700%	0%	100%	200%	250%	400%	700%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
September 2004	106	106	106	106	106	106	106	106	106	106	99	92	92	92	92	92	100	100	85	77	54	8
September 2005	112	112	112	112	112	112	112	112	112	112	98	82	82	82	82	55	100	100	68	52	9	0
September 2006	118	118	118	118	118	118	118	118	118	118	97	73	73	73	64	31	100	100	54	34	0	0
September 2007	125	125	125	125	125	125	125	125	125	125	95	65	65	65	48	18	100	100	44	20	0	0
September 2008	132	132	132	132	132	132	132	132	132	66	94	57	57	57	36	10	100	100	37	10	0	0
September 2009	139	139	139	139	68	139	139	139	92	34	92	49	49	49	27	6	100	100	31	4	0	0
September 2010	147	147	147	115	34	147	147	147	57	17	90	42	42	42	20	3	100	100	28	1	0	0
September 2011	155	155	155	72	18	155	155	117	36	9	88	35	35	35	15	2	100	100	26	*	0	0
September 2012	164	164	164	45	9	164	164	87	22	4	86	29	29	29	11	1	100	99	25	*	0	0
September 2013	173	173	129	28	5	173	173	65	14	2	84	24	24	24	8	1	100	97	23	*	0	0
September 2014	183	183	95	17	2	183	183	48	9	1	81	20	20	20	6	*	100	94	22	*	0	0
September 2015	193	193	70	11	1	193	175	35	5	1	79	16	16	16	4	*	100	90	20	*	0	0
September 2016	204	204	52	7	1	204	149	26	3	*	76	13	13	13	3	*	100	85	18	*	0	0
September 2017	216	216	38	4	*	216	126	19	2	*	73	11	11	11	2	*	100	79	16	*	0	0
September 2018	228	214	28	3	*	227	107	14	1	*	69	9	9	9	2	*	100	74	14	*	0	0
September 2019	241	180	20	2	*	227	90	10	1	*	65	7	7	7	1	*	100	68	13	*	0	0
September 2020	254	151	15	1	*	227	75	7	*	*	61	6	6	6	1	*	100	62	11	*	0	0
September 2021	269	125	10	1	*	227	63	5	*	*	57	5	5	5	1	*	100	56	10	*	0	0
September 2022	284	104	7	*	*	227	52	4	*	*	52	4	4	4	*	*	100	50	8	*	0	0
September 2023	300	85	5	*	*	227	42	3	*	*	46	3	3	3	*	*	100	44	7	*	0	0
September 2024	317	69	4	*	*	227	34	2	*	*	40	2	2	2	*	*	100	38	6	*	0	0
September 2025	334	55	3	*	*	227	28	1	*	*	34	2	2	2	*	*	100	33	5	*	0	0
September 2026	353	43	2	*	*	227	22	1	*	*	27	1	1	1	*	*	100	27	4	*	0	0
September 2027	373	34	1	*	*	227	17	1	*	*	20	1	1	1	*	*	100	22	3	*	0	0
September 2028	394	25	1	*	*	227	13	*	*	*	12	1	1	1	*	*	100	17	2	*	0	0
September 2029	417	18	*	*	*	227	9	*	*	*	3	*	*	*	*	*	100	12	1	*	0	0
September 2030	426	12	*	*	*	213	6	*	*	*	*	*	*	*	*	*	83	7	1	*	0	0
September 2031	295	7	*	*	*	147	3	*	*	*	*	*	*	*	*	*	58	3	*	*	0	0
September 2032	153	3	*	*	*	77	1	*	*	0	0	0	0	0	0	0	30	0	0	0	0	0
September 2033	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	28.5	19.6	12.4	8.7	6.5	28.5	16.9	10.5	7.4	5.6	17.7	7.0	7.0	7.0	4.8	2.7	28.3	19.1	6.3	2.5	1.1	0.6

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

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

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 that case.

A Residual Certificate will be subject to certain transfer restrictions. We will not permit transfer of record or beneficial ownership of a Residual Certificate to a “disqualified organization.” In addition, we will not permit transfer of record or beneficial ownership of a Residual Certificate to any person that is not a “U.S. Person” or a foreign person subject to United States income taxation on a net basis on income derived from that Certificate. Any transferee of a Residual Certificate must execute and deliver an affidavit and an Internal Revenue Service Form W-9 (or, if applicable, a Form W-8ECI) 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. The affidavit must also state that the transferee is a “U.S. Person” or a foreign person subject to United States income taxation on a net basis on income derived from that Certificate and that, if the transferee is a partnership for U.S. federal income tax purposes, each person or entity that holds an interest (directly, or indirectly through a pass-through entity) in the partnership is a “U.S. Person” or a foreign person subject to United States income taxation on a net basis on income derived from that Certificate. In addition, the transferee must receive an affidavit containing these same representations from any new transferee. Transferors of a Residual Certificate should consult with their own tax advisors for further information regarding such transfers.

Treasury Department regulations (the “Regulations”) provide that a transfer of a “noneconomic residual interest” 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. Having a significant purpose to impede the assessment or collection of tax means that the transferor of a Residual Certificate knew or should have known that the transferee would be unwilling or unable to pay taxes due on its share of the taxable income of the REMIC trust (that is, the transferor had “improper knowledge”).

As discussed under the caption “Special Characteristics of Residual Certificates” in the REMIC Prospectus, the Regulations presume that a transferor does not have improper knowledge if two conditions are met. The Treasury Department has amended the Regulations to provide additional requirements that a transferor must satisfy to avail itself of the safe harbor regarding the presumed lack of improper knowledge. For transfers occurring on or after August 19, 2002, a transferor of a Residual Certificate is presumed not to have improper knowledge if, in addition to meeting the two conditions discussed in the REMIC Prospectus, both (i) the transferee represents that it will not cause income from the Residual Certificate to be attributed to a foreign permanent establishment or fixed base of the transferee or another taxpayer and (ii) the transfer satisfies either the “asset test” or the “formula test.” The representation described in (i) will be included in the affidavit discussed above. 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.

A transfer satisfies the asset test if (i) the transferee’s gross assets exceed \$100 million and its net assets exceed \$10 million (in each case, at the time of the transfer and at the close of each of the transferee’s two fiscal years preceding the year of transfer), (ii) the transferee is an “eligible corporation” and the transferee agrees in writing that any subsequent transfer of the Residual Certificate will be to an eligible corporation and will comply with the safe harbor and satisfy the asset test, and (iii) the facts and circumstances known to the transferor do not reasonably indicate that the taxes associated with the Residual Certificate will not be paid. A transfer satisfies the formula test if the present value of the anticipated tax liabilities associated with holding the Residual Certificate is less than or equal to the present value of the sum of (i) any consideration given to the transferee to

acquire the Residual Certificate, (ii) expected future distributions on the Residual Certificate, and (iii) anticipated tax savings associated with holding the Residual Certificate as the related REMIC trust generates losses. The Regulations contain additional details regarding their application and you should consult your own tax advisor regarding the application of the Regulations to a transfer of a Residual Certificate.

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

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

<u>Group</u>	<u>Prepayment Assumption</u>
1	400% PSA
2	200% PSA

See “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Regular Certificates—Treatment of Original Issue Discount—Daily Portions of Original Issue Discount*” in the

REMIC Prospectus. No representation is made as to whether the Mortgage Loans underlying the MBS will prepay at 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 5.98% (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.

The Treasury Department recently issued proposed regulations providing that, to clearly reflect income, an inducement fee paid to a transferee of a noneconomic residual interest in a REMIC must be included in income over a period that is reasonably related to the period during which the applicable REMIC is expected to generate taxable income or net loss allocable to the transferee. The proposed regulations set forth two safe harbor methods under which a taxpayer’s accounting for the inducement fee will be considered to clearly reflect income for these purposes. The proposed regulations also provide that an inducement fee shall be treated as income from sources within the United States. If finalized as proposed, the regulations would be effective for taxable years ending on or after the publication of the final regulations in the Federal Register. The proposed regulations contain additional details regarding their application and you should consult your own tax advisor regarding the application of the proposed regulations.

Taxation of Beneficial Owners of RCR Certificates

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

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

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

Exchanges. If a beneficial owner exchanges one or more REMIC Certificates for the related RCR Certificate or Certificates in the manner described under “Description of the Certificates—Combination and Recombination” in this prospectus supplement, the exchange will not be taxable. Likewise, if a beneficial owner exchanges one or more RCR Certificates for the related REMIC Certificate or

Certificates in the manner described in that discussion, the exchange will not be a taxable exchange. In each of these cases, the beneficial owner will be treated as continuing to own after the exchange the same combination of interests in the related REMIC Certificates (or the same interest in the related REMIC Certificate) that it owned immediately prior to the exchange.

Tax Return Disclosure Requirements

The Treasury Department recently issued Regulations directed at “tax shelters” that could be read to apply to transactions generally not considered to be tax shelters. These Regulations require that taxpayers that participate in a “reportable transaction” disclose such transaction on their tax returns by attaching IRS Form 8886, and retain information related to the transaction. A transaction may be a “reportable transaction” based upon any of several indicia, one or more of which may be present with respect to the Certificates. You should consult your tax advisor concerning any possible disclosure obligation with respect to your investment in the Certificates.

PLAN OF DISTRIBUTION

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

Increase in Certificates. Before the Settlement Date, we and the Dealer may agree to offer 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 MBS” in this prospectus supplement. The proportion that the original principal balance of each Group 1 or 2 Class bears to the aggregate original principal balance of all Group 1 or 2 Classes, respectively, 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

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

Available Recombination (1)

REMIC Certificates		RCR Certificates					Final Distribution Date
Classes	Principal Balances	RCR Class	Principal Balance	Interest Rate	Interest Type(2)	Principal Type(2)	CUSIP Number
Recombination 1							
AX	\$11,000,000	AZ	\$22,000,000	5.5%	FIX /Z	SEQ	31393E7F0
AY	11,000,000						October 2033

(1) In any exchange under the relative proportions of the REMIC Certificates to be delivered (or, if applicable, received) in such exchange will equal the proportions reflected by the outstanding principal balances or notional principal balances of the related REMIC Classes at the time of exchange.

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

Principal Balance Schedule

MA Class Planned Balances

<u>Distribution Date</u>	<u>Planned Balance</u>	<u>Distribution Date</u>	<u>Planned Balance</u>	<u>Distribution Date</u>	<u>Planned Balance</u>
Initial Balance	\$212,173,000.00	December 2007	\$132,785,328.77	March 2012	\$ 68,026,215.08
October 2003	211,010,112.14	January 2008	131,343,410.06	April 2012	66,976,288.75
November 2003	209,798,408.67	February 2008	129,908,831.63	May 2012	65,941,579.20
December 2003	208,538,400.25	March 2008	128,481,555.69	June 2012	64,921,872.86
January 2004	207,230,622.32	April 2008	127,061,544.69	July 2012	63,916,959.12
February 2004	205,875,634.73	May 2008	125,648,761.22	August 2012	62,926,630.27
March 2004	204,474,021.36	June 2008	124,243,168.12	September 2012	61,950,681.46
April 2004	203,026,389.70	July 2008	122,844,728.37	October 2012	60,988,910.68
May 2004	201,533,370.44	August 2008	121,453,405.16	November 2012	60,041,118.68
June 2004	199,995,617.00	September 2008	120,069,161.89	December 2012	59,107,109.00
July 2004	198,413,805.06	October 2008	118,691,962.11	January 2013	58,186,687.85
August 2004	196,788,632.10	November 2008	117,321,769.58	February 2013	57,279,664.14
September 2004	195,120,816.85	December 2008	115,958,548.26	March 2013	56,385,849.40
October 2004	193,411,098.78	January 2009	114,602,262.26	April 2013	55,505,057.79
November 2004	191,660,237.57	February 2009	113,252,875.89	May 2013	54,637,106.01
December 2004	189,918,306.22	March 2009	111,910,353.67	June 2013	53,781,813.31
January 2005	188,185,258.80	April 2009	110,574,660.25	July 2013	52,939,001.41
February 2005	186,461,049.60	May 2009	109,245,760.51	August 2013	52,108,494.51
March 2005	184,745,633.14	June 2009	107,923,619.49	September 2013	51,290,119.26
April 2005	183,038,964.18	July 2009	106,608,202.40	October 2013	50,483,704.66
May 2005	181,340,997.72	August 2009	105,299,474.66	November 2013	49,689,082.11
June 2005	179,651,688.97	September 2009	103,997,401.82	December 2013	48,906,085.33
July 2005	177,970,993.40	October 2009	102,701,949.66	January 2014	48,134,550.34
August 2005	176,298,866.70	November 2009	101,413,084.10	February 2014	47,374,315.41
September 2005	174,635,264.76	December 2009	100,130,771.25	March 2014	46,625,221.07
October 2005	172,980,143.73	January 2010	98,854,977.38	April 2014	45,887,110.05
November 2005	171,333,459.97	February 2010	97,585,668.96	May 2014	45,159,827.25
December 2005	169,695,170.08	March 2010	96,322,812.61	June 2014	44,443,219.71
January 2006	168,065,230.86	April 2010	95,066,375.12	July 2014	43,737,136.61
February 2006	166,443,599.35	May 2010	93,816,323.47	August 2014	43,041,429.20
March 2006	164,830,232.80	June 2010	92,572,624.80	September 2014	42,355,950.78
April 2006	163,225,088.69	July 2010	91,335,246.41	October 2014	41,680,556.70
May 2006	161,628,124.71	August 2010	90,104,155.78	November 2014	41,015,104.31
June 2006	160,039,298.77	September 2010	88,879,320.55	December 2014	40,359,452.93
July 2006	158,458,569.00	October 2010	87,660,708.54	January 2015	39,713,463.83
August 2006	156,885,893.75	November 2010	86,448,287.71	February 2015	39,077,000.20
September 2006	155,321,231.56	December 2010	85,242,026.21	March 2015	38,449,927.12
October 2006	153,764,541.21	January 2011	84,041,892.34	April 2015	37,832,111.57
November 2006	152,215,781.68	February 2011	82,847,854.56	May 2015	37,223,422.34
December 2006	150,674,912.17	March 2011	81,659,881.52	June 2015	36,623,730.04
January 2007	149,141,892.08	April 2011	80,477,941.99	July 2015	36,032,907.11
February 2007	147,616,681.02	May 2011	79,302,004.93	August 2015	35,450,827.71
March 2007	146,099,238.80	June 2011	78,132,039.45	September 2015	34,877,367.79
April 2007	144,589,525.46	July 2011	76,968,014.82	October 2015	34,312,404.98
May 2007	143,087,501.23	August 2011	75,809,900.46	November 2015	33,755,818.65
June 2007	141,593,126.54	September 2011	74,657,665.96	December 2015	33,207,489.80
July 2007	140,106,362.04	October 2011	73,511,784.15	January 2016	32,667,301.13
August 2007	138,627,168.56	November 2011	72,382,464.63	February 2016	32,135,136.93
September 2007	137,155,507.15	December 2011	71,269,475.30	March 2016	31,610,883.11
October 2007	135,691,339.05	January 2012	70,172,587.24	April 2016	31,094,427.16
November 2007	134,234,625.71	February 2012	69,091,574.72	May 2016	30,585,658.16

MA Class (Continued)

<u>Distribution Date</u>	<u>Planned Balance</u>	<u>Distribution Date</u>	<u>Planned Balance</u>	<u>Distribution Date</u>	<u>Planned Balance</u>
June 2016	\$ 30,084,466.68	November 2020	\$ 11,981,778.99	April 2025	\$ 4,094,844.35
July 2016	29,590,744.85	December 2020	11,762,769.53	May 2025	4,002,192.70
August 2016	29,104,386.30	January 2021	11,547,174.99	June 2025	3,911,091.91
September 2016	28,625,286.12	February 2021	11,334,945.62	July 2025	3,821,518.65
October 2016	28,153,340.86	March 2021	11,126,032.39	August 2025	3,733,449.93
November 2016	27,688,448.52	April 2021	10,920,386.95	September 2025	3,646,863.06
December 2016	27,230,508.52	May 2021	10,717,961.63	October 2025	3,561,735.71
January 2017	26,779,421.66	June 2021	10,518,709.43	November 2025	3,478,045.85
February 2017	26,335,090.14	July 2021	10,322,584.02	December 2025	3,395,771.79
March 2017	25,897,417.51	August 2021	10,129,539.72	January 2026	3,314,892.11
April 2017	25,466,308.68	September 2021	9,939,531.50	February 2026	3,235,385.74
May 2017	25,041,669.86	October 2021	9,752,514.94	March 2026	3,157,231.88
June 2017	24,623,408.57	November 2021	9,568,446.27	April 2026	3,080,410.04
July 2017	24,211,433.64	December 2021	9,387,282.34	May 2026	3,004,900.04
August 2017	23,805,655.16	January 2022	9,208,980.59	June 2026	2,930,681.97
September 2017	23,405,984.45	February 2022	9,033,499.08	July 2026	2,857,736.20
October 2017	23,012,334.09	March 2022	8,860,796.44	August 2026	2,786,043.41
November 2017	22,624,617.88	April 2022	8,690,831.91	September 2026	2,715,584.53
December 2017	22,242,750.81	May 2022	8,523,565.28	October 2026	2,646,340.78
January 2018	21,866,649.06	June 2022	8,358,956.93	November 2026	2,578,293.66
February 2018	21,496,229.98	July 2022	8,196,967.79	December 2026	2,511,424.90
March 2018	21,131,412.07	August 2022	8,037,559.35	January 2027	2,445,716.53
April 2018	20,772,114.98	September 2022	7,880,693.62	February 2027	2,381,150.82
May 2018	20,418,259.46	October 2022	7,726,333.18	March 2027	2,317,710.31
June 2018	20,069,767.38	November 2022	7,574,441.13	April 2027	2,255,377.77
July 2018	19,726,561.70	December 2022	7,424,981.07	May 2027	2,194,136.25
August 2018	19,388,566.46	January 2023	7,277,917.14	June 2027	2,133,969.00
September 2018	19,055,706.75	February 2023	7,133,213.99	July 2027	2,074,859.56
October 2018	18,727,908.72	March 2023	6,990,836.75	August 2027	2,016,791.68
November 2018	18,405,099.53	April 2023	6,850,751.06	September 2027	1,959,749.34
December 2018	18,087,207.39	May 2023	6,712,923.05	October 2027	1,903,716.78
January 2019	17,774,161.49	June 2023	6,577,319.31	November 2027	1,848,678.44
February 2019	17,465,892.01	July 2023	6,443,906.93	December 2027	1,794,619.00
March 2019	17,162,330.13	August 2023	6,312,653.44	January 2028	1,741,523.36
April 2019	16,863,407.96	September 2023	6,183,526.86	February 2028	1,689,376.63
May 2019	16,569,058.59	October 2023	6,056,495.65	March 2028	1,638,164.14
June 2019	16,279,216.02	November 2023	5,931,528.70	April 2028	1,587,871.45
July 2019	15,993,815.20	December 2023	5,808,595.38	May 2028	1,538,484.30
August 2019	15,712,791.98	January 2024	5,687,665.46	June 2028	1,489,988.67
September 2019	15,436,083.10	February 2024	5,568,709.17	July 2028	1,442,370.70
October 2019	15,163,626.19	March 2024	5,451,697.13	August 2028	1,395,616.78
November 2019	14,895,359.77	April 2024	5,336,600.41	September 2028	1,349,713.46
December 2019	14,631,223.20	May 2024	5,223,390.47	October 2028	1,304,647.50
January 2020	14,371,156.70	June 2024	5,112,039.19	November 2028	1,260,405.87
February 2020	14,115,101.33	July 2024	5,002,518.84	December 2028	1,216,975.69
March 2020	13,862,998.98	August 2024	4,894,802.10	January 2029	1,174,344.31
April 2020	13,614,792.35	September 2024	4,788,862.02	February 2029	1,132,499.24
May 2020	13,370,424.94	October 2024	4,684,672.04	March 2029	1,091,428.16
June 2020	13,129,841.05	November 2024	4,582,206.00	April 2029	1,051,118.97
July 2020	12,892,985.76	December 2024	4,481,438.08	May 2029	1,011,559.72
August 2020	12,659,804.92	January 2025	4,382,342.85	June 2029	972,738.62
September 2020	12,430,245.15	February 2025	4,284,895.23	July 2029	934,644.08
October 2020	12,204,253.80	March 2025	4,189,070.52	August 2029	897,264.68

MA Class (Continued)

<u>Distribution Date</u>	<u>Planned Balance</u>	<u>Distribution Date</u>	<u>Planned Balance</u>	<u>Distribution Date</u>	<u>Planned Balance</u>
September 2029.....	\$ 860,589.14	September 2030.....	\$ 471,502.72	August 2031	\$ 187,732.17
October 2029	824,606.38	October 2030	443,024.43	September 2031.....	164,966.29
November 2029	789,305.44	November 2030	415,108.60	October 2031	142,670.69
December 2029	754,675.57	December 2030	387,746.23	November 2031	120,837.69
January 2030	720,706.13	January 2031	360,928.43	December 2031	99,459.75
February 2030	687,386.67	February 2031	334,646.44	January 2032	78,529.46
March 2030	654,706.88	March 2031	308,891.62	February 2032	58,039.48
April 2030.....	622,656.60	April 2031.....	283,655.49	March 2032	37,982.61
May 2030	591,225.83	May 2031	258,929.67	April 2032.....	18,351.74
June 2030	560,404.70	June 2031	234,705.91	May 2032 and	
July 2030	530,183.50	July 2031	210,976.07	thereafter	0.00
August 2030	500,552.65				

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.

\$500,000,000



Guaranteed
REMIC Pass-Through
Certificates

Fannie Mae REMIC Trust 2003-105

PROSPECTUS SUPPLEMENT

LEHMAN BROTHERS

September 4, 2003

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