

**\$290,700,000**



**Guaranteed REMIC Pass-Through Certificates  
Fannie Mae REMIC Trust 2003-121**

**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, and
- Fannie Mae Stripped MBS.

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

<i>Class</i>	<i>Group</i>	<i>Original Class Balance</i>	<i>Principal Type</i>	<i>Interest Rate</i>	<i>Interest Type</i>	<i>CUSIP Number</i>	<i>Final Distribution Date</i>
AB .....	1	\$101,750,000	TAC / AD	4.5%	FIX	31393UCU5	August 2027
ZB .....	1	10,750,000	SUP / AD	4.5	FIX / Z	31393UCV3	February 2028
FC .....	1	112,500,000	SEQ / AD	(1)	FLT	31393UCW1	February 2028
SC .....	1	112,500,000 (2)	NTL	(1)	INV / IO	31393UCX9	February 2028
ZA .....	1	25,000,000	SEQ	6.0	FIX / Z	31393UCY7	December 2033
FD .....	2	40,700,000	PT	(1)	FLT	31393UCZ4	December 2033
SD .....	2	40,700,000 (2)	NTL	(1)	INV / IO	31393UDA8	December 2033
R .....		0	NPR	0	NPR	31393UDB6	December 2033
RL .....		0	NPR	0	NPR	31393UDC4	December 2033

(1) Based on LIBOR.

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

The dealer will offer the certificates from time to time in negotiated transactions at varying prices. We expect the settlement date to be November 28, 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.

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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”);
- if you are purchasing any Group 2 Class or the R or RL Class, our Prospectus for Fannie Mae Stripped Mortgage-Backed Securities dated May 1, 2002 (the “SMBS 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).

In addition, the Disclosure Documents, together with the class factors, are available on our corporate Web site at [www.fanniemae.com](http://www.fanniemae.com).

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

Deutsche Bank Securities Inc.  
Syndicate Operations  
Prospectus Department  
31 West 52nd Street  
New York, New York 10019  
(telephone 212-469-5000).

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](http://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 the Web 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

<u>Group</u>	<u>Assets</u>
1	Group 1 MBS
2	Group 2 SMBS

### Assumed Characteristics of the Mortgage Loans Underlying the Group 1 MBS and the Group 2 SMBS (as of November 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	\$250,000,000	360	348	10	6.450%
Group 2 SMBS*	\$ 40,700,000	360	346	12	6.017%

\* The Group 2 SMBS will represent ownership of (i) interest payments at a pass-through rate of 5.5% on an initial notional principal amount of \$62,900,000 and (ii) principal payments on an initial principal amount of \$40,700,000 of MBS. See "Description of the Certificates—The Group 2 SMBS" in this prospectus supplement.

The actual remaining terms to maturity, weighted average loan ages and 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 November 28, 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, 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 and RL Classes	R and RL Classes

## 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.

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>
FC .....	1.51%	7.5%	0.4%	LIBOR + 40 basis points
SC .....	5.99%	7.1%	0.0%	7.1% – LIBOR
FD .....	1.50%	8.5%	0.4%	LIBOR + 40 basis points
SD .....	7.00%	8.1%	0.0%	8.1% – LIBOR

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

## Notional Classes

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

<u>Class</u>	
SC .....	100% of the FC Class
SD .....	100% of the FD Class

## Distributions of Principal

### *Group 1 Principal Distribution Amount*

#### *ZA Accrual Amount*

- (a) 50% of that amount as follows:
    - first*, to the AB Class to its Targeted Balance;
    - second*, to the ZB Class to zero; and
    - third*, to the AB Class to zero, and
  - (b) 50% of that amount to the FC Class to zero.
- Thereafter to the ZA Class.

#### *ZB Accrual Amount*

To the AB Class to its Targeted Balance, and thereafter to the ZB Class.

### *Group 1 Cash Flow Distribution Amount*

- (a) 50% of that amount as follows:
  - first*, to the AB Class to its Targeted Balance;
  - second*, to the ZB Class to zero; and
  - third*, to the AB Class to zero, and
- (b) 50% of that amount to the FC Class to zero.

2. To the ZA Class to zero.

*Group 2 Principal Distribution Amount*

To the FD Class to zero.

**Weighted Average Lives (years) \***

<u>Group 1 Classes</u>	<u>PSA Prepayment Assumption</u>					
	<u>0%</u>	<u>100%</u>	<u>175%</u>	<u>409%</u>	<u>600%</u>	<u>850%</u>
AB .....	13.1	6.1	4.4	3.1	2.2	1.7
ZB .....	22.7	14.3	11.0	0.7	0.4	0.3
FC and SC .....	15.6	7.4	5.3	2.8	2.1	1.5
ZA .....	27.4	21.7	17.9	10.2	7.1	4.9
<u>Group 2 Classes</u>	<u>PSA Prepayment Assumption</u>					
	<u>0%</u>	<u>100%</u>	<u>247%</u>	<u>350%</u>	<u>500%</u>	
FD and SD .....	20.5	10.6	5.9	4.4	3.1	

\* 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 interest only certificates and certificates purchased at a premium, you could lose money on your investment if prepayments occur at a rapid rate.

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

*Weighted average lives and yields on the certificates are affected by actual characteristics of the underlying mortgage loans.* We have assumed that the mortgage loans underlying the Group 1 MBS and the Group 2 SMBS have certain characteristics. However, the actual mortgage loans probably will have different characteristics from those we assumed. As a result, your yields could be lower than you expect, even if the mortgage loans prepay at the indicated constant prepayment rates. In addi-

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

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

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

*Reinvestment of certificate payments may not achieve same yields as certificates.* The rate of principal payments 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 mar-



ket. 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”) and a separate trust (the “Lower Tier REMIC”) pursuant to a trust agreement (the “Trust Agreement”) dated as of November 1, 2003 (the “Issue Date”). We will issue the Guaranteed REMIC Pass-Through Certificates (the “Certificates”) pursuant to 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.

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

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

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

The assets of the Lower Tier REMIC will consist of

- certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the “Group 1 MBS”) and
- certain Fannie Mae Stripped Mortgage-Backed Securities (the “Group 2 SMBS”).

The Group 2 SMBS represent beneficial ownership interests in certain interest and principal distributions on 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 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 Certificates—The Fannie Mae Guaranty” in the REMIC Prospectus, “Description of the Certificates—Fannie Mae Guaranty” in the MBS Prospectus and “The SMBS Certificates—Fannie Mae Obligations” in the SMBS Prospectus.

*Characteristics of Certificates.* We will issue the Certificates (except the R and RL Classes) in book-entry form on the book-entry system of the U.S. Federal Reserve Banks. Entities whose names appear on the book-entry records of a Federal Reserve Bank as having had Certificates deposited in their accounts are “Holders” or “Certificateholders.” 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 and RL Certificates in fully registered, certificated form. The “Holder” or “Certificateholder” of the R or RL Certificate is its registered owner. The R or RL Certificate can be transferred at the corporate trust office of the Transfer Agent, or at the office of the Transfer Agent in New York, New York. U.S. Bank National Association in Boston, Massachusetts (“US Bank”) will be the initial Transfer Agent. We may impose a service charge for any registration of transfer of the R or RL Certificate and may require payment to cover any tax or other governmental charge. See also “—Characteristics of the R and RL Classes” below.

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

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

*Distribution Dates.* We will make monthly payments on the 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 factor is multiplied by the original principal balance (or notional principal balance) of a Certificate of any Class, the product will equal the current principal balance (or notional principal balance) of that Certificate after taking into account payments on the Distribution Date in the same month (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 Lower Tier REMIC or 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.

*Voting the Group 2 SMBS.* Holders of the Group 2 SMBS may be asked to vote on issues arising under the related trust indenture. If so, the Trustee will vote the Group 2 SMBS as instructed by Holders of Certificates of the related Classes. The Trustee must receive instructions from Holders of

Certificates having principal balances totaling at least 51% of the aggregate principal balance of the related Classes. 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 provides that principal and interest on the related Mortgage Loans are passed through monthly. The Mortgage Loans underlying the Group 1 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 Group 1 MBS and the related Mortgage Loans as of the Issue Date to be as follows:

Aggregate Unpaid Principal Balance .....	\$250,000,000
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 .....	348 months
Approximate Weighted Average WALA (weighted average loan age) .....	10 months

### **The Group 2 SMBS**

The general characteristics of the Group 2 SMBS are described in the SMBS Prospectus. The Group 2 SMBS provide that certain payments on the related MBS are passed through monthly. The general characteristics of the MBS are described in the MBS Prospectus. Each MBS evidences beneficial ownership interests in a pool of conventional fixed rate, fully amortizing mortgage loans secured by first mortgages or deed of trust on single-family residential properties, as described under “The Mortgage Pools” and “Yield, Maturity, and Prepayment Considerations” in the MBS Prospectus.

The Group 2 SMBS represent ownership of

- interest payments at a pass-through rate of 5.5% on an initial notional principal amount of \$62,900,000, and
- principal payments on an initial principal amount of \$40,700,000 of MBS.

We expect the characteristics of the Mortgage Loans underlying the Group 2 SMBS as of the Issue Date to be as follows:

Range of WACs (annual percentages) .....	5.75% to 8.00%
Approximate Weighted Average WAM .....	346 months
Approximate Weighted Average WALA .....	12 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 Group 1 MBS and the Group 2 SMBS 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 Group 1 MBS and the Group 2 SMBS as of the Issue Date. You may obtain the Final Data Statement by telephoning us at 1-800-237-8627. In addition, the Final Data Statement is available on our corporate Web site at [www.fanniemae.com](http://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>
<b>Group 1 Classes</b>	
Fixed Rate	AB, ZA and ZB
Floating Rate	FC
Inverse Floating Rate	SC
Interest Only	SC
Accrual	ZA and ZB
<b>Group 2 Classes</b>	
Floating Rate	FD
Inverse Floating Rate	SD
Interest Only	SD
<b>No Payment Residual</b>	R and RL

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

*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.

*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 ZA and ZB 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.

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

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

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

## 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 1.11% in the case of the FC and SC Classes, and 1.10% in the case of the FD and SD Classes.

## 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>
<b>Group 1 Classes</b>	
TAC	AB
Support	ZB
Sequential Pay	FC and ZA
Accretion Directed	AB, ZB and FC
Notional	SC
<b>Group 2 Classes</b>	
Pass-Through	FD
Notional	SD
<b>No Payment Residual</b>	R and RL

\* 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 ZB Classes (the “ZA Accrual Amount” and the “ZB 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 SMBS (the “Group 2 Principal Distribution Amount”).

### *Group 1 Principal Distribution Amount*

#### *ZA Accrual Amount*

On each Distribution Date, we will pay the ZA Accrual Amount as principal of the Group 1 Classes specified below as follows:

- (i) (a) 50% of that amount as follows:
- |  |                        |                              |
|--|------------------------|------------------------------|
| <i>first</i> , to the AB Class, until its principal balance is reduced to its Targeted Balance for that Distribution Date;     | } TAC Class            | } Accretion-Directed Classes |
| <i>second</i> , to the ZB Class, until its principal balance is reduced to zero; and   | } Support Class        |                              |
| <i>third</i> , to the AB Class, without regard to its Targeted Balance and until its principal balance is reduced to zero, and | } TAC Class            |                              |
| (b) 50% of that amount to the FC Class, until its principal balance is reduced to zero; and                                    | } Sequential Pay Class |                              |
- (ii) thereafter to the ZA Class. } Accrual Class

#### *ZB Accrual Amount*

On each Distribution Date, we will pay the ZB Accrual Amount as principal of the AB Class, until its principal balance is reduced to its Targeted Balance for that Distribution Date. Thereafter, we will pay the ZB Accrual Amount as principal of the ZB Class. } Accretion-Directed / TAC Class and Accrual Class

### *Group 1 Cash Flow Distribution Amount*

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

- (i) (a) 50% of that amount as follows:
- |  |                 |
|--|-----------------|
| <i>first</i> , to the AB Class, until its principal balance is reduced to its Targeted Balance for that Distribution Date; | } TAC Class     |
| <i>second</i> , to the ZB Class, until its principal balance is reduced to zero; and                                       | } Support Class |

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

} TAC Class

(b) 50% of that amount to the FC Class, until its principal balance is reduced to zero; and

} Sequential Pay Class

(ii) to the ZA Class, until its principal balance is reduced to zero.

} Sequential Pay Class

#### Group 2 Principal Distribution Amount

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

} 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 following assumptions (collectively, the “Pricing Assumptions”):

- the Mortgage Loans underlying the Group 1 MBS and the Group 2 SMBS have the original terms to maturity, remaining terms to maturity, WALAs and interest rates specified under “Reference Sheet—Assumed Characteristics of the Mortgage Loans Underlying the Group 1 MBS and the Group 2 SMBS” 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 November 28, 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 Rate.* The Principal Balance Schedule is found beginning on page A-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 the applicable rate set forth below.

<u>Principal Balance Schedule Reference</u>	<u>Related Class</u>	<u>Structuring Rate</u>
Targeted Balances	AB	175% 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. 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 balances, even if prepayments occur at the rate 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 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 the assumed streams of cash flows to equal the assumed aggregate purchase prices of those Classes, 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 prices of the applicable Certificates will be as assumed.

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

- the Mortgage Loans will prepay at a constant PSA rate until maturity,
- all of the Mortgage Loans will prepay at the same rate, or
- the level of the 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 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. As illustrated in the tables below, it is possible that investors in the Inverse Floating Rate Classes would lose money on their initial investments under certain Index and prepayment scenarios.**

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

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

- the interest rates for the Inverse Floating Rate Classes for the initial Interest Accrual Period are the rates listed in the table under “Reference Sheet—Interest Rates” 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 prices of those Classes (expressed in each case as a percentage of original principal balance) are as follows:

<u>Class</u>	<u>Price*</u>
SC .....	7.5%
SD .....	15.0%

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>					
	<u>50%</u>	<u>100%</u>	<u>175%</u>	<u>409%</u>	<u>600%</u>	<u>850%</u>
0.11% .....	105.4%	101.9%	96.5%	78.3%	62.1%	39.1%
1.11% .....	87.9%	84.4%	79.0%	60.7%	44.1%	20.9%
3.11% .....	54.4%	50.8%	45.2%	25.8%	8.1%	(16.1)%
5.11% .....	22.3%	18.3%	11.8%	(11.1)%	(31.2)%	(57.3)%
7.10% .....	*	*	*	*	*	*

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

### Sensitivity of the SD 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>247%</u>	<u>350%</u>	<u>500%</u>
0.1% .....	54.3%	51.2%	41.8%	35.0%	24.7%
1.1% .....	46.5%	43.4%	34.1%	27.3%	17.0%
3.1% .....	31.2%	28.1%	18.8%	12.1%	1.9%
5.1% .....	16.0%	13.0%	3.8%	(2.8)%	(13.0)%
7.1% .....	(0.6)%	(3.6)%	(12.5)%	(19.0)%	(29.0)%
8.1% .....	*	*	*	*	*

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

### Weighted Average Lives of the Certificates

The weighted average life of a Certificate is determined by

- multiplying 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 Group 1 Classes, and
- in the case of the Group 1 Classes, the payment of principal of the AB 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 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>
Group 1 MBS	360 months	360 months	8.50%
Group 2 SMBS	360 months	360 months	8.00%

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	AB Class						ZB Class						FC and SC† Classes					
	PSA Prepayment Assumption						PSA Prepayment Assumption						PSA Prepayment Assumption					
	0%	100%	175%	409%	600%	850%	0%	100%	175%	409%	600%	850%	0%	100%	175%	409%	600%	850%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
November 2004	98	93	90	90	84	74	105	105	105	15	0	0	98	94	92	83	76	67
November 2005	96	84	76	66	50	31	109	109	109	0	0	0	97	86	80	60	45	28
November 2006	93	75	63	45	26	7	114	114	114	0	0	0	95	78	68	41	23	7
November 2007	90	66	51	29	10	0	120	120	120	0	0	0	93	71	58	26	9	0
November 2008	88	57	40	16	0	0	125	125	125	0	0	0	91	63	48	15	0	0
November 2009	84	49	30	7	0	0	131	131	131	0	0	0	89	56	40	6	0	0
November 2010	81	41	21	0	0	0	137	137	137	0	0	0	87	50	32	0	0	0
November 2011	78	33	12	0	0	0	143	143	143	0	0	0	84	43	25	0	0	0
November 2012	74	25	4	0	0	0	150	150	150	0	0	0	81	37	18	0	0	0
November 2013	70	18	0	0	0	0	157	157	128	0	0	0	78	31	12	0	0	0
November 2014	66	11	0	0	0	0	164	164	71	0	0	0	75	26	7	0	0	0
November 2015	61	4	0	0	0	0	171	171	18	0	0	0	72	20	2	0	0	0
November 2016	56	0	0	0	0	0	179	156	0	0	0	0	68	15	0	0	0	0
November 2017	51	0	0	0	0	0	188	101	0	0	0	0	64	10	0	0	0	0
November 2018	45	0	0	0	0	0	196	48	0	0	0	0	59	5	0	0	0	0
November 2019	39	0	0	0	0	0	205	0	0	0	0	0	55	0	0	0	0	0
November 2020	32	0	0	0	0	0	215	0	0	0	0	0	50	0	0	0	0	0
November 2021	25	0	0	0	0	0	224	0	0	0	0	0	44	0	0	0	0	0
November 2022	18	0	0	0	0	0	235	0	0	0	0	0	38	0	0	0	0	0
November 2023	10	0	0	0	0	0	246	0	0	0	0	0	32	0	0	0	0	0
November 2024	1	0	0	0	0	0	257	0	0	0	0	0	25	0	0	0	0	0
November 2025	0	0	0	0	0	0	187	0	0	0	0	0	18	0	0	0	0	0
November 2026	0	0	0	0	0	0	104	0	0	0	0	0	10	0	0	0	0	0
November 2027	0	0	0	0	0	0	14	0	0	0	0	0	1	0	0	0	0	0
November 2028	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November 2029	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November 2030	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November 2031	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November 2032	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November 2033	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	13.1	6.1	4.4	3.1	2.2	1.7	22.7	14.3	11.0	0.7	0.4	0.3	15.6	7.4	5.3	2.8	2.1	1.5

Date	ZA Class						FD and SD† Classes				
	PSA Prepayment Assumption						PSA Prepayment Assumption				
	0%	100%	175%	409%	600%	850%	0%	100%	247%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100
November 2004	106	106	106	106	106	106	99	95	90	86	80
November 2005	113	113	113	113	113	113	98	88	76	68	56
November 2006	120	120	120	120	120	120	97	82	64	53	39
November 2007	127	127	127	127	127	86	96	76	53	41	27
November 2008	135	135	135	135	130	41	95	70	45	32	18
November 2009	143	143	143	143	82	20	94	64	37	25	13
November 2010	152	152	152	147	51	10	92	59	31	19	9
November 2011	161	161	161	108	32	5	91	54	26	15	6
November 2012	171	171	171	80	20	2	89	50	21	11	4
November 2013	182	182	182	59	13	1	88	46	18	9	3
November 2014	193	193	193	43	8	1	86	42	15	7	2
November 2015	205	205	205	31	5	*	84	38	12	5	1
November 2016	218	218	191	23	3	*	82	34	10	4	1
November 2017	231	231	165	17	2	*	79	31	8	3	1
November 2018	245	245	141	12	1	*	77	28	7	2	*
November 2019	261	258	121	9	1	*	74	25	5	2	*
November 2020	277	230	103	6	*	*	71	22	4	1	*
November 2021	294	204	87	4	*	*	68	20	3	1	*
November 2022	312	179	72	3	*	*	64	17	3	1	*
November 2023	331	156	60	2	*	*	60	15	2	*	*
November 2024	351	134	49	2	*	*	56	13	2	*	*
November 2025	373	114	40	1	*	*	52	11	1	*	*
November 2026	396	94	31	1	*	*	47	9	1	*	*
November 2027	421	76	24	*	*	*	42	7	1	*	*
November 2028	375	59	18	*	*	*	36	5	*	*	*
November 2029	312	43	12	*	*	*	30	4	*	*	*
November 2030	244	28	8	*	*	0	23	2	*	*	*
November 2031	169	13	4	*	*	0	16	1	*	*	*
November 2032	88	0	0	0	0	0	8	0	0	0	0
November 2033	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	27.4	21.7	17.9	10.2	7.1	4.9	20.5	10.6	5.9	4.4	3.1

\* 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.

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

## Characteristics of the R and RL Classes

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

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

## **CERTAIN ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES**

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

### **REMIC Elections and Special Tax Attributes**

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

Because the Lower Tier REMIC and the Trust will qualify as REMICs, the 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 and RL Classes, as “qualified mortgages” for other REMICs. See “Certain Federal Income Tax Consequences—*REMIC Election and Special Tax Attributes*” in the REMIC Prospectus.

### **Taxation of Beneficial Owners of Regular Certificates**

The Notional Classes and the Accrual Classes 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>Certificate Group</u>	<u>PSA Prepayment Assumption</u>
1	409%
2	247%

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 either 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 (or the Lower Tier REMIC) that generally will not be treated as excess inclusions, the rate to be used is 5.88% (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.

### **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 Deutsche Bank Securities Inc. (the “Dealer”) in exchange for the Group 1 MBS and the Group 2 SMBS. 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 Group 1 MBS or Group 2 SMBS in principal balance, but we expect that all these additional Group 1 MBS or Group 2 SMBS, as applicable, will have the same characteristics as described under “Description of the Certificates—The Group 1 MBS” and “—The Group 2 SMBS” 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 Schedule 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. McKee Nelson LLP will provide legal representation for the Dealer.



## Principal Balance Schedule

### *AB Class Targeted Balances*

<u>Distribution Date</u>	<u>Targeted Balance</u>	<u>Distribution Date</u>	<u>Targeted Balance</u>	<u>Distribution Date</u>	<u>Targeted Balance</u>
Initial Balance .....	\$101,750,000.00	February 2007 .....	\$ 61,023,257.51	May 2010 .....	\$ 25,585,695.35
December 2003 .....	101,116,217.85	March 2007 .....	59,973,659.61	June 2010 .....	24,806,206.40
January 2004 .....	100,445,790.49	April 2007 .....	58,932,468.96	July 2010 .....	24,032,252.11
February 2004 .....	99,739,088.77	May 2007 .....	57,899,598.85	August 2010 .....	23,263,770.94
March 2004 .....	98,996,516.14	June 2007 .....	56,874,963.38	September 2010 .....	22,500,701.89
April 2004 .....	98,218,508.18	July 2007 .....	55,858,477.37	October 2010 .....	21,742,984.48
May 2004 .....	97,405,532.17	August 2007 .....	54,850,056.42	November 2010 .....	20,990,558.73
June 2004 .....	96,558,086.61	September 2007 .....	53,849,616.88	December 2010 .....	20,243,365.20
July 2004 .....	95,676,700.65	October 2007 .....	52,857,075.83	January 2011 .....	19,501,344.95
August 2004 .....	94,761,933.47	November 2007 .....	51,872,351.07	February 2011 .....	18,764,439.55
September 2004 .....	93,814,373.66	December 2007 .....	50,895,361.16	March 2011 .....	18,032,591.05
October 2004 .....	92,834,638.51	January 2008 .....	49,926,025.35	April 2011 .....	17,305,742.02
November 2004 .....	91,823,373.28	February 2008 .....	48,964,263.60	May 2011 .....	16,583,835.50
December 2004 .....	90,781,250.39	March 2008 .....	48,009,996.61	June 2011 .....	15,866,815.03
January 2005 .....	89,708,968.64	April 2008 .....	47,063,145.75	July 2011 .....	15,154,624.61
February 2005 .....	88,607,252.30	May 2008 .....	46,123,633.09	August 2011 .....	14,447,208.74
March 2005 .....	87,476,850.23	June 2008 .....	45,191,381.38	September 2011 .....	13,744,512.38
April 2005 .....	86,318,534.91	July 2008 .....	44,266,314.05	October 2011 .....	13,046,480.95
May 2005 .....	85,133,101.49	August 2008 .....	43,348,355.22	November 2011 .....	12,353,060.34
June 2005 .....	83,921,366.73	September 2008 .....	42,437,429.65	December 2011 .....	11,664,196.89
July 2005 .....	82,684,167.99	October 2008 .....	41,533,462.79	January 2012 .....	10,979,837.41
August 2005 .....	81,457,283.53	November 2008 .....	40,636,380.71	February 2012 .....	10,299,929.14
September 2005 .....	80,240,609.66	December 2008 .....	39,746,110.16	March 2012 .....	9,624,419.77
October 2005 .....	79,034,043.59	January 2009 .....	38,862,578.51	April 2012 .....	8,953,257.44
November 2005 .....	77,837,483.49	February 2009 .....	37,985,713.77	May 2012 .....	8,286,390.71
December 2005 .....	76,650,828.41	March 2009 .....	37,115,444.59	June 2012 .....	7,623,768.58
January 2006 .....	75,473,978.32	April 2009 .....	36,251,700.22	July 2012 .....	6,965,340.47
February 2006 .....	74,306,834.08	May 2009 .....	35,394,410.55	August 2012 .....	6,311,056.24
March 2006 .....	73,149,297.44	June 2009 .....	34,543,506.07	September 2012 .....	5,660,866.16
April 2006 .....	72,001,271.02	July 2009 .....	33,698,917.89	October 2012 .....	5,014,720.89
May 2006 .....	70,862,658.31	August 2009 .....	32,860,577.69	November 2012 .....	4,372,571.55
June 2006 .....	69,733,363.68	September 2009 .....	32,028,417.78	December 2012 .....	3,734,369.63
July 2006 .....	68,613,292.32	October 2009 .....	31,202,371.03	January 2013 .....	3,100,067.02
August 2006 .....	67,502,350.29	November 2009 .....	30,382,370.91	February 2013 .....	2,469,616.04
September 2006 .....	66,400,444.48	December 2009 .....	29,568,351.45	March 2013 .....	1,842,969.38
October 2006 .....	65,307,482.61	January 2010 .....	28,760,247.28	April 2013 .....	1,220,080.12
November 2006 .....	64,223,373.22	February 2010 .....	27,957,993.56	May 2013 .....	600,901.75
December 2006 .....	63,148,025.66	March 2010 .....	27,161,526.05	June 2013 and thereafter .....	0.00
January 2007 .....	62,081,350.11	April 2010 .....	26,370,781.03		



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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.

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**\$290,700,000**



**Guaranteed  
REMIC Pass-Through Certificates  
Fannie Mae REMIC Trust 2003-121**

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**PROSPECTUS SUPPLEMENT**

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**October 20, 2003**

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