

\$509,000,000



**Guaranteed REMIC Pass-Through Certificates
Fannie Mae REMIC Trust 2005-18**

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 and partial 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.

<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>
EK(1)	1	\$187,500,000	SEQ/AD	4.5%	FIX	31394CRZ7	July 2021
EB(1)	1	37,500,000	SEQ/AD	5.0	FIX	31394CSA1	April 2023
EC(1)	1	12,500,000	SEQ/AD	5.0	FIX	31394CSB9	March 2025
EZ(1)	1	12,500,000	SEQ	5.0	FIX/Z	31394CSC7	March 2025
EI(1)	1	18,750,000(2)	NTL	5.0	FIX/IO	31394CSD5	July 2021
DA	2	90,832,800	PAC	4.5	FIX	31394CSE3	March 2035
FK	2	60,555,200	PAC	(3)	FLT	31394CSF0	March 2035
SK	2	60,555,200(2)	NTL	(3)	INV/IO	31394CSG8	March 2035
SL(1)	2	8,967,667	SUP	(3)	INV	31394CSH6	March 2035
FL	2	98,644,333	SUP	(3)	FLT	31394CSJ2	March 2035
SC(1)	2	69,947,800(2)	NTL	(3)	INV/IO	31394CSK9	March 2035
R		0	NPR	0	NPR	31394CSL7	March 2035
RL		0	NPR	0	NPR	31394CSM5	March 2035

(1) Exchangeable classes.

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

(3) Based on LIBOR.

The Fannie Mae Guaranty

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

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 ED, EG, EL, E and SM Classes are the RCR classes, as further described in this prospectus supplement.

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.

The dealer will offer the certificates from time to time in negotiated transactions at varying prices. We expect the settlement date to be February 28, 2005.

Carefully consider the risk factors starting on page S-9 of this prospectus supplement and on page 10 of the REMIC prospectus. Unless you understand and are able to tolerate these risks, you should not invest in the certificates.

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

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

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

RBS Greenwich Capital

January 27, 2005

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
AVAILABLE INFORMATION	S- 3	<i>Group 2 Principal Distribution</i>	
INCORPORATION BY		<i>Amount</i>	S-16
REFERENCE	S- 3	STRUCTURING ASSUMPTIONS	S-17
RECENT DEVELOPMENTS	S- 4	<i>Pricing Assumptions</i>	S-17
REFERENCE SHEET	S- 6	<i>Prepayment Assumptions</i>	S-17
ADDITIONAL RISK FACTORS	S- 9	<i>Structuring Range</i>	S-17
DESCRIPTION OF THE		<i>Initial Effective Range</i>	S-17
CERTIFICATES	S-10	YIELD TABLES	S-18
GENERAL	S-10	<i>General</i>	S-18
<i>Structure</i>	S-10	<i>The Inverse Floating Rate Classes</i> ..	S-18
<i>Fannie Mae Guaranty</i>	S-11	<i>The Fixed Rate Interest Only</i>	
<i>Characteristics of Certificates</i>	S-11	<i>Class</i>	S-20
<i>Authorized Denominations</i>	S-11	WEIGHTED AVERAGE LIVES OF THE	
<i>Distribution Dates</i>	S-11	CERTIFICATES	S-21
<i>Record Date</i>	S-11	DECREMENT TABLES	S-22
<i>Class Factors</i>	S-11	CHARACTERISTICS OF THE R AND	
<i>No Optional Termination</i>	S-12	RL CLASSES	S-24
COMBINATION AND RECOMBINATION ..	S-12	CERTAIN ADDITIONAL	
<i>General</i>	S-12	FEDERAL INCOME TAX	
<i>Procedures</i>	S-12	CONSEQUENCES	S-25
<i>Additional Considerations</i>	S-12	REMIC ELECTIONS AND SPECIAL	
THE MBS	S-13	TAX ATTRIBUTES	S-25
FINAL DATA STATEMENT	S-13	TAXATION OF BENEFICIAL OWNERS OF	
DISTRIBUTIONS OF INTEREST	S-14	REGULAR CERTIFICATES	S-25
<i>Categories of Classes</i>	S-14	TAXATION OF BENEFICIAL OWNERS OF	
<i>General</i>	S-14	RESIDUAL CERTIFICATES	S-26
<i>Interest Accrual Periods</i>	S-14	TAXATION OF BENEFICIAL OWNERS OF	
<i>Accrual Class</i>	S-14	RCR CERTIFICATES	S-26
<i>Partial Accrual Class</i>	S-15	<i>General</i>	S-26
<i>Notional Classes</i>	S-15	<i>Combination RCR Classes</i>	S-26
<i>Floating Rate and Inverse Floating</i>		<i>Exchanges</i>	S-27
<i>Rate Classes</i>	S-15	TAX RETURN DISCLOSURE	
CALCULATION OF LIBOR	S-15	REQUIREMENTS	S-27
DISTRIBUTIONS OF PRINCIPAL	S-15	PLAN OF DISTRIBUTION	S-27
<i>Categories of Classes</i>	S-15	<i>General</i>	S-27
<i>Principal Distribution Amount</i>	S-16	<i>Increase in Certificates</i>	S-27
<i>Group 1 Principal Distribution</i>		LEGAL MATTERS	S-27
<i>Amount</i>	S-16	SCHEDULE 1	A- 1
<i>EZ Accrual Amount</i>	S-16	PRINCIPAL BALANCE	
<i>Group 1 Cash Flow Distribution</i>		SCHEDULE	B- 1
<i>Amount</i>	S-16		

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 July 1, 2004 (the “MBS Prospectus”); and
- any information incorporated by reference in this prospectus supplement as discussed below under the heading “Incorporation by Reference.”

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.

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

Greenwich Capital Markets, Inc.
Prospectus Department
600 Steamboat Road
Greenwich, Connecticut 06830
(telephone 203-618-2318).

INCORPORATION BY REFERENCE

In this prospectus supplement, we are incorporating by reference the MBS Prospectus described above. In addition, we are incorporating by reference the documents listed below. This means that we are disclosing information to you by referring you to these documents. These documents are considered part of this prospectus supplement, so you should read this prospectus supplement, and any applicable supplements or amendments, together with these documents.

You should rely only on the information provided or incorporated by reference in this prospectus supplement, the REMIC Prospectus and the MBS Prospectus and any applicable supplements or amendments.

We incorporate by reference the following documents we have filed, or may file, with the Securities and Exchange Commission (“SEC”):

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2003 (“Form 10-K”);
- all other reports we have filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 since the end of the fiscal year covered by the Form 10-K until the date of this prospectus supplement, excluding any information “furnished” to the SEC on Form 8-K; and
- all proxy statements that we file with the SEC and all documents that we file with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 subsequent to the date of this prospectus supplement and prior to the completion of the offering of the certificates, excluding any information we “furnish” to the SEC on Form 8-K.

Any information incorporated by reference in this prospectus supplement is deemed to be modified or superseded for purposes of this prospectus supplement to the extent information contained or incorporated by reference in this prospectus supplement modifies or supersedes such information. In such case, the information will constitute a part of this prospectus supplement only as so modified or superseded.

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You can obtain copies of the periodic reports we file with the SEC without charge by calling or writing our Office of Investor Relations, Fannie Mae, 3900 Wisconsin Avenue, NW, Washington, DC 20016, telephone: (202) 752-7115. The periodic and current reports that we file with the SEC are also available on our Web site. Information appearing on our Web site is not incorporated in this prospectus supplement except as specifically stated in this prospectus supplement.

In addition, you may read our SEC filings and other information about Fannie Mae at the offices of the New York Stock Exchange, the Chicago Stock Exchange and the Pacific Exchange. Our SEC filings are also available at the SEC's Web site at www.sec.gov. You also may read and copy any document we file with the SEC by visiting the SEC's Public Reference Room at 450 Fifth Street, NW, Washington, DC 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. Information appearing on the SEC's Web site is not incorporated in this prospectus supplement except as specifically stated in this prospectus supplement.

RECENT DEVELOPMENTS

On December 21, 2004, our Board of Directors announced the retirement of Chairman and Chief Executive Officer Franklin D. Raines and the resignation of Vice Chairman and Chief Financial Officer J. Timothy Howard. A member of our Board of Directors (the "Board"), Stephen B. Ashley, currently is serving as the non-executive chairman of the Board, Vice Chairman and Chief Operating Officer Daniel H. Mudd currently is serving as interim chief executive officer, and Executive Vice President Robert Levin currently is serving as interim chief financial officer. The Board further announced that the audit committee on the Board dismissed KPMG LLP as the company's independent auditors. On January 4, 2005, the Audit Committee of the Board approved the engagement of Deloitte & Touche LLP ("Deloitte") as our independent auditor. Deloitte will serve as our auditor for each of the fiscal years 2001, 2002, 2003 and 2004.

On December 21, 2004, the Office of Federal Housing Enterprise Oversight ("OFHEO") issued a letter (the "Letter") to our Board stating that we were significantly undercapitalized at September 30, 2004. In accordance with the provisions of the Federal Housing Enterprise Financial Safety and Soundness Act of 1992, we must submit a capital restoration plan proposal to OFHEO for review and approval, and we are prohibited from making any capital distribution that would result in Fannie Mae being reclassified as critically undercapitalized. In addition, even if a capital distribution would not cause the company to become critically undercapitalized, we are prohibited from making the capital distribution unless OFHEO provides prior approval of the distribution after it finds that the distribution (i) will enhance the ability of the company to meet its capital requirements promptly; (ii) will contribute to long term safety and soundness; or (iii) is otherwise in the public interest. The Letter further states that the reclassification to significantly undercapitalized may lead to structural changes, restrictions on growth as well as OFHEO directives to terminate or modify any business activities that pose excessive risk. On January 18, 2005, the Board decided to reduce the first quarter 2005 dividend on our common stock by 50 percent in order to accelerate an increase in our capital.

On December 15, 2004, the Office of the Chief Accountant of the Securities and Exchange Commission (the "SEC") issued a statement (the "Statement") regarding certain accounting issues relating to Fannie Mae, including determinations by the SEC that Fannie Mae should (i) restate its financial statements to eliminate the use of hedge accounting under Financial Accounting Standard No. 133, Accounting for Derivative Instruments and Hedging Activities ("FAS 133"), (ii) evaluate

the accounting under Financial Accounting Standard No. 91, Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases (“FAS 91”) and restate its financial statements filed with the SEC if the amounts required for correction are material, and (iii) re-evaluate the information prepared under generally accepted accounting principles (“GAAP”) and non-GAAP information that we previously provided to investors. On December 16, 2004, we filed a Current Report on Form 8-K with the SEC that includes a copy of the Statement.

As a result of the SEC’s findings, we will restate our financial results from 2001 through June 30, 2004 to comply fully with the SEC’s determination. In a Form 12b-25 filed with the SEC on November 15, 2004, Fannie Mae estimated that a loss of hedge accounting under FAS 133 for all derivatives could result in its recording into earnings a net cumulative loss on derivative transactions of approximately \$9.0 billion as of September 30, 2004. We also stated that there would be a corresponding decrease to retained earnings and, accordingly, regulatory capital. We are working to determine the effect of the restatement, including the effect on each prior reporting period. We expect that the impact will be material to our reported GAAP and core business results for many, if not all, periods and will vary substantially from period to period based on the amount and types of derivatives held and fluctuations in interest rates and volatility. Our restated financial statements also will reflect corrections as a result of our misapplication of FAS 91 for each prior reporting period described above. We also will consider the impact, if any, of the SEC’s decision on FAS 91 for periods prior to those described above.

Accordingly, on December 17, 2004, the Audit Committee of our Board concluded that our previously filed interim and audited financial statements and the independent auditors’ reports thereon for the periods from January 2001 through the second quarter of 2004 should no longer be relied upon because such financial statements were prepared applying accounting practices that did not comply with GAAP. We have not yet filed our quarterly report on Form 10-Q for the quarter ended September 30, 2004. The financial information regarding our anticipated results of operations for the quarter ended September 30, 2004 that was contained in our Form 12b-25 filed on November 15, 2004 and in a Form 8-K filed on November 16, 2004 was prepared applying the same policies and practices, and should also not be relied upon. The Audit Committee has discussed the matters described above and in a Form 8-K filed with the SEC on December 22, 2004 with KPMG LLP, our independent auditor through December 21, 2004.

On September 20, 2004, OFHEO delivered its report to Fannie Mae’s Board of Directors of its findings to date of the agency’s special examination. Among other matters, the OFHEO report raises a number of questions and concerns about our accounting policies and practices with respect to FAS 91 and FAS 133.

Forms 8-K that we file with the SEC prior to the completion of the offering of the certificates are incorporated by reference in our prospectus supplement. This means that we are disclosing information to you by referring you to those documents. You should refer to “Incorporation by Reference” above for further details on the information that we incorporate by reference in our prospectus supplement and where to find it.

REFERENCE SHEET

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

Assets Underlying Each Group of Classes

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

Assumed Characteristics of the Mortgage Loans Underlying the MBS (as of February 1, 2005)

	<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	240	237	3	5.480%
Group 2 MBS	\$259,000,000	360	357	3	5.973%

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 February 28, 2005.

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

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 combinations of the certificates eligible for exchange and the related RCR certificates.

Interest Rates

During each interest accrual period, the fixed rate classes will bear interest at the applicable annual interest rates listed on the cover 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>
FK	2.840%	7.00%	0.25%	LIBOR + 25 basis points
SK	4.160%	6.75%	0.00%	6.75% – LIBOR
SL	6.592%	14.88%	0.00%	14.88% – (3.2 × LIBOR)
FL	3.940%	6.00%	1.35%	LIBOR + 135 basis points
SC	2.060%	4.65%	0.00%	4.65% – LIBOR
SM	22.66%	51.15%	0.00%	51.15% – (11 × 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.

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>	
EI	10% of the EK Class
SK	100% of the FK Class
SC	65% of the FL Class
	65% of the SL Class

Distributions of Principal

Group 1 Principal Distribution Amount

EZ Accrual Amount

1. To the EK and EB Classes, in that order, to zero.
2. Thereafter to the EC and EZ Classes, in proportion to their then current principal balances.

Group 1 Cash Flow Distribution Amount

1. To the EK and EB Classes, in that order, to zero.
2. To the EC and EZ Classes, in proportion to their then current principal balances, to zero.

Group 2 Principal Distribution Amount

1. To the Aggregate Group to its Planned Balance.
2. To the FL and SL Classes, pro rata, to zero.
3. To the Aggregate Group to zero.

For a description of the Aggregate Group, see “Description of the Certificates—Distributions of Principal—*Group 2 Principal Distribution Amount*” in this prospectus supplement.

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>100%</u>	<u>274%</u>	<u>350%</u>	<u>600%</u>
EK, EI and E	9.7	5.5	3.2	2.8	2.0	
EB	17.2	13.1	8.2	6.9	4.5	
EC	19.1	17.0	12.7	11.1	7.4	
EZ	19.1	17.2	13.1	11.5	7.5	
ED	12.2	8.0	4.9	4.2	2.8	
EG	17.7	14.1	9.3	8.0	5.3	
EL	18.3	15.3	10.5	9.0	5.8	
<u>Group 2 Classes</u>		<u>PSA Prepayment Assumption</u>				
		<u>0%</u>	<u>100%</u>	<u>150%</u>	<u>220%</u>	<u>250%</u>
DA, FK and SK	15.7	5.6	4.3	4.3	4.3	4.6
SL, FL, SC and SM	27.3	19.0	15.6	10.7	9.2	2.3

* 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 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 understand and can tolerate the risk that the value of your certificates will vary over time and that your certificates may not be easily sold.

Terrorist activities and related military and political actions by the U.S. government could cause reductions in investor confidence and substantial market volatility in real estate and securities markets. It is impossible to predict the extent to which terrorist activities may occur or, if they do occur, the extent of the effect on the certificates. Moreover, it is uncertain what effects any past or future terrorist activities or any related military or political actions on the part of the United States government and others will

have on the United States and world financial markets, local, regional and national economies, real estate markets across the United States, or particular business sectors, including those affecting the performance of mortgage loan borrowers. Among other things, reduced investor confidence could result in substantial volatility in securities markets and a decline in real estate-related investments. In addition, defaults on the mortgage loans could increase, causing early payments of principal to you and, regardless of the performance of the underlying mortgage loans, the liquidity and market value of the certificates may be impaired.

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 dated as of February 1, 2005 (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 and the Lower Tier REMIC each will constitute a “real estate mortgage investment conduit” (“REMIC”) under the Internal Revenue Code of 1986, as amended (the “Code”).

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

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

The assets of the Lower Tier REMIC will consist of 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 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 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 (“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 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 in the following denominations:

<u>Classes</u>	<u>Denomination</u>
The Interest Only and Inverse Floating Rate Classes	\$100,000 minimum plus whole dollar increments
All other Classes (except the R and RL Classes)	\$1,000 minimum plus 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 applicable class 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 Class and Partial Accrual Class).

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.

Combination and Recombination

General. You are permitted to exchange all or a portion of the EK, EI, EB, EC, EZ, SL and SC Classes of REMIC Certificates for a proportionate interest in the related RCR Certificates in the combinations shown on Schedule 1. You also may exchange all or a portion of the RCR Certificates for the related REMIC Certificates in the same manner. This process may occur repeatedly.

Holders of RCR Certificates will be the beneficial owners of a proportionate interest in the related REMIC Certificates and will receive a proportionate share of the 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 (or notional 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 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 (exclusive of any notional 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.
- If, as a result of a proposed exchange, a Certificateholder would hold a REMIC Certificate or RCR Certificate of a Class in an amount less than the applicable minimum denomination for that Class, the Certificateholder will be unable to effect the proposed exchange.
- 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 combinations listed on Schedule 1 are 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 20 years in the case of the Group 1 MBS and up to 30 years in the case of the Group 2 MBS. 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	\$250,000,000
MBS Pass-Through Rate	5.00%
Range of WACs (annual percentages)	5.25% to 7.50%
Range of WAMs	181 months to 240 months
Approximate Weighted Average WAM	237 months
Approximate Weighted Average WALA (weighted average loan age)	3 months

Group 2 MBS

Aggregate Unpaid Principal Balance	\$259,000,000
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	3 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. 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	EK, EB, EC, EZ and EI
Accrual	EZ
Interest Only	EI
RCR**	ED, EG, EL and E
Group 2 Classes	
Fixed Rate	DA
Floating Rate	FK and FL
Inverse Floating Rate	SK, SL and SC
Interest Only	SK and SC
RCR**	SM
No Payment Residual	R and RL

* 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 Classes.

General. We will pay interest on the Certificates at the applicable annual interest rates specified on the cover or Schedule 1 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 and Partial 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 and Partial 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 and Partial Accrual Classes, see “—*Accrual Class*” and “—*Partial Accrual Class*” 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>
The Fixed Rate Classes (collectively, the “Delay Classes”)	Calendar month preceding the month in which the Distribution Date occurs
The 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 Class. The EZ Class is the Accrual Class. Interest will accrue on the Accrual Class at the applicable annual rate specified on the cover of this prospectus supplement. However, we will not pay any interest on the Accrual Class. Instead, interest accrued on the Accrual Class will be added as principal to its principal balance on each Distribution Date. We will pay principal on the Accrual Class as described under “—Distributions of Principal” below.

Partial Accrual Class. The EL Class is an RCR Class that is a Partial Accrual Class. On each Distribution Date for so long as the EK Class remains outstanding,

- interest in an amount equal to the EZ Accrual Amount for that date will not be paid to Holders of the EL Class but will instead be added as principal to the principal balance of the EL Class and
- interest accrued on the principal balance of the EL Class in excess of the EZ Accrual Amount for that date will be paid as interest to the Holders of the EL Class.

On each Distribution Date following the Distribution Date on which the principal balance of the EK Class is reduced to zero, all interest accrued on the principal balance of the EL Class will be paid as interest to Holders of the EL Class.

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 2.59%.

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	EK, EB, EC and EZ
Accretion Directed	EK, EB and EC
Notional	EI
RCR**	ED, EG, EL and E

<u>Principal Type*</u>	<u>Classes</u>
Group 2 Classes	
PAC	DA and FK
Support	SL and FL
Notional	SK and SC
RCR**	SM
No Payment Residual	R and RL

* 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 Classes.

Principal Distribution Amount

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

- the principal then paid on the Group 1 MBS (the “Group 1 Cash Flow Distribution Amount”) plus any interest then accrued and added to the principal balance of the EZ Class (the “EZ Accrual Amount, 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

EZ Accrual Amount

On each Distribution Date, we will pay the EZ Accrual Amount, sequentially, as principal of the EK and EB Classes, in that order, until their principal balances are reduced to zero. Thereafter, we will pay the EZ Accrual Amount, concurrently, as principal of the EC and EZ Classes in proportion to their then current principal balances.

} 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 as principal of the Group 1 Classes in the following priority:

- (i) sequentially, to the EK and EB Classes, in that order, until their principal balances are reduced to zero; and
- (ii) concurrently, to the EC and EZ Classes, in proportion to their then current principal balances, 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 Aggregate Group (described below), until the Aggregate Balance (described below) is reduced to its Planned Balance for that Distribution Date;
- (ii) concurrently, to the FL and SL Classes; pro rata (or 91.6666666636% and 8.3333333364%, respectively), until their principal balances are reduced to zero; and
- (iii) to the Aggregate Group, without regard to its Planned Balance and until the Aggregate Balance is reduced to zero.

} PAC
Group

} Support
Classes

} PAC
Group

The “Aggregate Group” consists of the DA and FK Classes. On each Distribution Date, we will apply payments of principal of the Aggregate Group, concurrently, to the DA and FK Classes, pro rata (or 60% and 40%, respectively), until their principal balances are reduced to zero.

The “Aggregate Balance” is equal to the aggregate of the principal balances of the Classes in Aggregate Group.

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 terms 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 February 28, 2005; 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 for the Aggregate Group 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 Group (1)</u>	<u>Structuring Range</u>
Planned Balances	Aggregate Group	Between 150% and 250% PSA

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

We cannot assure you that the balance of the Aggregate Group 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 Aggregate Group 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 the Aggregate Group to its scheduled balance on a Distribution Date. Accordingly, the ability to reduce the Aggregate Group to its scheduled balances 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 Aggregate Group to its scheduled balances 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 Aggregate Group may not be reduced to its scheduled balances, even if prepayments occur at a *constant* rate within the Structuring Range specified above.

Initial Effective Range. The Effective Range for the Aggregate Group is the range of prepayment rates (measured by *constant* PSA rates) which would reduce that Group 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>Group</u>	<u>Initial Effective Range</u>
Aggregate Group	Between 150% 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 Aggregate Group might not be reduced to its scheduled balances 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 this range. In addition, even if prepayments occur at rates falling within the actual Effective Range, principal distributions may be insufficient to reduce the Aggregate Group to its scheduled balances 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 Classes specified below will be supported by the corresponding supporting Classes as indicated in the follow table:

<u>Classes</u>	<u>Supporting Classes</u>
PAC	Support

When the supporting Classes are retired, the Classes they support, if still outstanding, may no longer have an Effective Range and will be more sensitive to prepayments.

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 of the Mortgage Loans prepay at the indicated constant percentages of PSA. Moreover, it is unlikely that

- all of 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 yield 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 applicable tables below, it is possible that

investors in the SK and SC 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>
SK	10.000%
SL	85.000%
SC	2.125%
SM	101.500%

* 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 SK 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>150%</u>	<u>220%</u>	<u>250%</u>	<u>500%</u>
0.59%	61.8%	57.1%	52.0%	52.0%	52.0%	52.2%
2.59%	37.5%	32.0%	25.9%	25.9%	25.9%	26.7%
4.59%	13.2%	5.9%	(2.2)%	(2.2)%	(2.2)%	0.3%
6.59%	(24.9)%	(39.3)%	(53.9)%	(53.9)%	(53.9)%	(38.9)%
6.75%	*	*	*	*	*	*

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

Sensitivity of the SL 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>150%</u>	<u>220%</u>	<u>250%</u>	<u>500%</u>
0.59%	15.8%	15.9%	16.1%	16.9%	17.3%	22.7%
2.59%	8.2%	8.3%	8.5%	9.2%	9.6%	15.3%
4.59%	0.9%	1.1%	1.3%	1.8%	2.1%	8.0%
4.65%	0.7%	0.9%	1.1%	1.6%	1.9%	7.8%

**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>150%</u>	<u>220%</u>	<u>250%</u>	<u>500%</u>
0.59%	265.6%	265.6%	265.6%	258.5%	255.4%	227.3%
2.59%	119.5%	119.5%	119.5%	112.8%	109.8%	79.5%
4.59%	(2.8)%	(4.8)%	(7.2)%	(11.5)%	(13.4)%	(34.1)%
4.65%	*	*	*	*	*	*

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

**Sensitivity of the SM 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>150%</u>	<u>220%</u>	<u>250%</u>	<u>500%</u>
0.59%	47.5%	47.5%	47.5%	47.4%	47.3%	46.4%
2.59%	23.4%	23.4%	23.4%	23.3%	23.3%	22.9%
4.59%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
4.65%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%

The Fixed Rate Interest Only Class. The yield to investors in the Fixed Rate Interest Only Class will be very sensitive to the rate of principal payments (including prepayments) of the related Mortgage Loans. The Mortgage Loans generally can be prepaid at any time without penalty. On the basis of the assumptions described below, the yield to maturity on the Fixed Rate Interest Only Class would be 0% if prepayments of the related Mortgage Loans were to occur at the constant rate shown in the table below:

<u>Class</u>	<u>% PSA</u>
EI	398% PSA

If the actual prepayment rate of the related Mortgage Loans were to exceed the level specified for as little as one month while equaling that level for the remaining months, the investors in the EI Class would lose money on their initial investments.

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

<u>Class</u>	<u>Price*</u>
EI	12.5%

* 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 EI Class to Prepayments

	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>274%</u>	<u>350%</u>	<u>600%</u>
Pre-Tax Yields to Maturity	32.0%	27.9%	11.9%	4.6%	(18.5)%

Weighted Average Lives of the Certificates

The weighted average life of a Certificate is determined by

- (a) multiplying the amount of the reduction, if any, of the principal balance of 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,
- (b) summing the results, and
- (c) 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 certain Classes in accordance with the Principal Balance Schedules.

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	240 months	240 months	7.50%
Group 2 MBS	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	EK, EI† and E Classes					EB Class					EC Class					EZ Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	274%	350%	600%	0%	100%	274%	350%	600%	0%	100%	274%	350%	600%	0%	100%	274%	350%	600%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
February 2006	97	93	89	87	81	100	100	100	100	100	100	100	100	100	100	105	105	105	105	105
February 2007	93	84	71	65	48	100	100	100	100	100	100	100	100	100	100	110	110	110	110	110
February 2008	89	73	50	42	17	100	100	100	100	100	100	100	100	100	100	116	116	116	116	116
February 2009	85	62	33	23	0	100	100	100	100	83	100	100	100	100	100	122	122	122	122	122
February 2010	81	52	19	9	0	100	100	100	100	20	100	100	100	100	100	128	128	128	128	128
February 2011	76	43	8	0	0	100	100	100	87	0	100	100	100	100	75	135	135	135	135	102
February 2012	71	34	0	0	0	100	100	92	43	0	100	100	100	100	44	142	142	142	142	63
February 2013	65	25	0	0	0	100	100	53	9	0	100	100	100	100	26	149	149	149	149	39
February 2014	59	18	0	0	0	100	100	21	0	0	100	100	100	80	15	157	157	157	125	24
February 2015	53	10	0	0	0	100	100	0	0	0	100	100	94	57	9	165	165	155	94	14
February 2016	46	3	0	0	0	100	100	0	0	0	100	100	70	40	5	173	173	121	69	9
February 2017	39	0	0	0	0	100	82	0	0	0	100	100	52	28	3	182	182	94	51	5
February 2018	31	0	0	0	0	100	51	0	0	0	100	100	37	19	2	191	191	71	36	3
February 2019	22	0	0	0	0	100	21	0	0	0	100	100	26	13	1	201	201	53	26	2
February 2020	13	0	0	0	0	100	0	0	0	0	100	93	18	8	*	211	198	38	17	1
February 2021	3	0	0	0	0	100	0	0	0	0	100	69	12	5	*	222	153	26	11	*
February 2022	0	0	0	0	0	61	0	0	0	0	100	47	7	3	*	234	110	17	7	*
February 2023	0	0	0	0	0	4	0	0	0	0	100	28	4	1	*	246	69	9	4	*
February 2024	0	0	0	0	0	0	0	0	0	0	52	11	1	*	*	134	29	3	1	*
February 2025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2027	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2028	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2029	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2030	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2031	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2032	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2033	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2034	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2035	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	9.7	5.5	3.2	2.8	2.0	17.2	13.1	8.2	6.9	4.5	19.1	17.0	12.7	11.1	7.4	19.1	17.2	13.1	11.5	7.5

* 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.

Date	ED Class					EG Class					EL Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	274%	350%	600%	0%	100%	274%	350%	600%	0%	100%	274%	350%	600%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
February 2006	98	96	93	91	87	100	100	100	100	100	101	101	101	101	101
February 2007	95	89	80	77	65	100	100	100	100	100	102	102	102	102	102
February 2008	93	82	67	61	44	100	100	100	100	100	103	103	103	103	103
February 2009	90	75	55	49	28	100	100	100	100	87	104	104	104	104	94
February 2010	87	68	46	39	7	100	100	100	100	40	106	106	106	106	58
February 2011	84	62	38	29	0	100	100	100	90	19	107	107	107	99	35
February 2012	80	56	31	14	0	100	100	94	57	11	108	108	104	74	22
February 2013	77	50	18	3	0	100	100	65	32	7	110	110	82	55	13
February 2014	73	45	7	0	0	100	100	41	20	4	111	111	64	41	8
February 2015	68	40	0	0	0	100	100	24	14	2	113	113	50	30	5
February 2016	64	35	0	0	0	100	100	18	10	1	115	115	38	22	3
February 2017	59	27	0	0	0	100	87	13	7	1	116	106	29	16	2
February 2018	54	17	0	0	0	100	63	9	5	*	118	89	22	11	1
February 2019	48	7	0	0	0	100	41	7	3	*	120	73	16	8	1
February 2020	42	0	0	0	0	100	23	5	2	*	122	58	11	5	*
February 2021	35	0	0	0	0	100	17	3	1	*	124	44	8	3	*
February 2022	20	0	0	0	0	71	12	2	1	*	104	31	5	2	*
February 2023	1	0	0	0	0	28	7	1	*	*	72	19	3	1	*
February 2024	0	0	0	0	0	13	3	*	*	*	37	8	1	*	*
February 2025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2027	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2028	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2029	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2030	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2031	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2032	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2033	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2034	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2035	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	12.2	8.0	4.9	4.2	2.8	17.7	14.1	9.3	8.0	5.3	18.3	15.3	10.5	9.0	5.8

Date	DA, FK and SK† Classes						SL, FL, SC† and SM Classes					
	PSA Prepayment Assumption						PSA Prepayment Assumption					
	0%	100%	150%	220%	250%	500%	0%	100%	150%	220%	250%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100
February 2006	99	95	93	93	93	93	100	100	100	97	95	84
February 2007	97	85	80	80	80	80	100	100	100	90	86	53
February 2008	95	74	65	65	65	65	100	100	100	83	76	24
February 2009	94	63	51	51	51	51	100	100	100	78	69	8
February 2010	92	53	38	38	38	38	100	100	100	74	64	1
February 2011	89	43	26	26	26	26	100	100	100	71	61	*
February 2012	87	34	16	16	16	18	100	100	100	70	59	*
February 2013	85	26	6	6	6	12	100	100	100	69	59	*
February 2014	82	18	0	0	0	8	100	100	97	66	56	*
February 2015	79	11	0	0	0	6	100	100	86	56	47	*
February 2016	76	4	0	0	0	4	100	100	76	47	38	*
February 2017	72	0	0	0	0	2	100	96	67	40	32	*
February 2018	69	0	0	0	0	2	100	87	59	34	26	*
February 2019	65	0	0	0	0	1	100	79	52	28	21	*
February 2020	60	0	0	0	0	1	100	71	45	23	17	*
February 2021	56	0	0	0	0	*	100	64	39	19	14	*
February 2022	50	0	0	0	0	*	100	57	34	16	11	*
February 2023	45	0	0	0	0	0	100	51	29	13	9	*
February 2024	39	0	0	0	0	0	100	45	25	11	7	*
February 2025	32	0	0	0	0	0	100	39	21	9	6	*
February 2026	25	0	0	0	0	0	100	34	18	7	5	*
February 2027	18	0	0	0	0	0	100	29	15	5	4	*
February 2028	9	0	0	0	0	0	100	25	12	4	3	*
February 2029	1	0	0	0	0	0	100	20	10	3	2	*
February 2030	0	0	0	0	0	0	87	16	7	2	1	*
February 2031	0	0	0	0	0	0	72	12	5	2	1	*
February 2032	0	0	0	0	0	0	56	9	4	1	1	*
February 2033	0	0	0	0	0	0	39	5	2	1	*	*
February 2034	0	0	0	0	0	0	20	2	1	*	*	*
February 2035	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	15.7	5.6	4.3	4.3	4.3	4.6	27.3	19.0	15.6	10.7	9.2	2.3

* 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 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 REMIC Certificates, other than the R and RL Classes, will be designated as the “regular interests,” and the R Class will be designated as the “residual interest,” in the REMIC constituted by the Trust. The Lower Tier Regular Interests will be designated as the “regular interests” and the RL Class will be designated as the “residual interest” in the Lower Tier REMIC.

Because the Lower Tier REMIC and the Trust will qualify as REMICs, the REMIC Certificates and any related RCR Certificates generally will be treated as “regular or residual interests in a REMIC” for domestic building and loan associations, 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, the Accrual Class and the SL Class 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	274% PSA
2	220% 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 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 5.56% (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 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 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. In addition, under the Regulations an inducement fee shall be treated as income from sources within the United States. The Regulations, which are effective for taxable years ending on or after May 11, 2004, contain additional details regarding their application. You should consult your own tax advisor regarding the application of the Regulations to the transfer of a Residual Certificate.

Taxation of Beneficial Owners of RCR Certificates

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

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

Combination RCR Classes. A beneficial owner of a Combination RCR Certificate will be treated as the beneficial owner of a proportionate interest in the REMIC Certificates underlying that Combination RCR Certificate. 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 own 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 Greenwich Capital Markets, 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 Certificates 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 Group 2 Class bears to the aggregate original principal balance of all Group 1 or Group 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. Sidley Austin Brown & Wood LLP will provide legal representation for the Dealer.

Available Recombinations (1) (2)

REMIC Certificates		RCR Certificates						
Classes	Original Principal or Notional Principal Balances	RCR Classes	Original Principal Balances	Interest Rate	Interest Type (3)	Principal Type (3)	CUSIP Number	Final Distribution Date
Recombination 1								
EK	\$ 75,500,000	ED	\$113,000,000	5.00%	FIX	SEQ	31394CSN3	April 2023
EI	7,550,000 (4)							
EB	37,500,000							
Recombination 2								
EB	37,500,000	EL (5)	62,500,000	5.00	FIX/PZ	SEQ	31394CSQ6	March 2025
EC	12,500,000							
EZ	12,500,000							
Recombination 3								
EB	37,500,000	EG	50,000,000	5.00	FIX	SEQ/AD	31394CSP8	March 2025
EC	12,500,000							
Recombination 4								
EK	187,500,000	E	187,500,000	5.00	FIX	SEQ/AD	31394CSR4	July 2021
EI	18,750,000 (4)							
Recombination 5								
SL	8,967,667	SM	8,967,667	(3)	INV	SUP	31394CSS2	March 2035
SC	69,947,800 (4)							

(1) In any exchange under Recombination 1, 2 or 3, 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 or notional principal balances of the related REMIC Classes at the time of exchange. REMIC Certificates and RCR Certificates in Recombination 4 or 5 may be exchanged only in the proportions shown in this Schedule 1.

(2) If, as a result of a proposed exchange, a Certificateholder would hold a REMIC Certificate or RCR Certificate of a Class in an amount less than the applicable minimum denomination for that Class, the Certificateholder will be unable to effect the proposed exchange. See "Description of the Certificate—General—Authorized Denominations" in this prospectus supplement.

(3) 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.

(4) Notional principal balance.

(5) For a description of the interest distributions on the EL Class, see "Description of the Certificates—Distributions of Interest—Partial Accrual Class."

Principal Balance Schedule

Aggregate Group 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	\$151,388,000.00	February 2008	\$ 98,156,402.46	February 2011	\$ 39,712,174.81
March 2005	150,863,974.12	March 2008	96,286,492.14	March 2011	38,325,423.46
April 2005	150,274,067.40	April 2008	94,431,968.94	April 2011	36,950,202.78
May 2005	149,618,526.09	May 2008	92,592,710.25	May 2011	35,586,420.56
June 2005	148,897,647.23	June 2008	90,768,594.40	June 2011	34,233,985.31
July 2005	148,111,778.61	July 2008	88,959,500.71	July 2011	32,892,806.26
August 2005	147,261,318.49	August 2008	87,165,309.42	August 2011	31,562,793.37
September 2005	146,346,715.43	September 2008	85,385,901.75	September 2011	30,243,857.29
October 2005	145,368,467.94	October 2008	83,621,159.81	October 2011	28,935,909.38
November 2005	144,327,124.11	November 2008	81,870,966.68	November 2011	27,638,861.71
December 2005	143,223,281.20	December 2008	80,135,206.35	December 2011	26,352,627.04
January 2006	142,057,585.08	January 2009	78,413,763.70	January 2012	25,077,118.82
February 2006	140,830,729.70	February 2009	76,706,524.56	February 2012	23,812,251.17
March 2006	139,543,456.45	March 2009	75,013,375.62	March 2012	22,557,938.89
April 2006	138,196,553.45	April 2009	73,334,204.48	April 2012	21,314,097.48
May 2006	136,790,854.81	May 2009	71,668,899.64	May 2012	20,080,643.08
June 2006	135,327,239.78	June 2009	70,017,350.46	June 2012	18,857,492.49
July 2006	133,806,631.92	July 2009	68,379,447.17	July 2012	17,644,563.19
August 2006	132,229,998.11	August 2009	66,755,080.88	August 2012	16,441,773.28
September 2006	130,598,347.58	September 2009	65,144,143.55	September 2012	15,249,041.53
October 2006	128,912,730.82	October 2009	63,546,527.99	October 2012	14,066,287.35
November 2006	127,174,238.55	November 2009	61,962,127.86	November 2012	12,893,430.78
December 2006	125,384,000.46	December 2009	60,390,837.65	December 2012	11,730,577.81
January 2007	123,543,184.06	January 2010	58,832,552.70	January 2013	10,584,546.90
February 2007	121,652,993.41	February 2010	57,287,169.15	February 2013	9,455,101.68
March 2007	119,714,667.76	March 2010	55,754,583.99	March 2013	8,342,009.06
April 2007	117,729,480.25	April 2010	54,234,694.98	April 2013	7,245,039.15
May 2007	115,698,736.47	May 2010	52,727,400.73	May 2013	6,163,965.27
June 2007	113,684,660.87	June 2010	51,232,600.63	June 2013	5,098,563.83
July 2007	111,687,120.73	July 2010	49,750,194.85	July 2013	4,048,614.38
August 2007	109,705,984.40	August 2010	48,280,084.37	August 2013	3,013,899.47
September 2007	107,741,121.23	September 2010	46,822,170.95	September 2013	1,994,204.69
October 2007	105,792,401.63	October 2010	45,376,357.10	October 2013	989,318.58
November 2007	103,859,697.02	November 2010	43,942,546.12	November 2013 and thereafter	0.00
December 2007	101,942,879.83	December 2010	42,520,642.08		
January 2008	100,041,823.50	January 2011	41,110,549.79		

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.

TABLE OF CONTENTS

	Page
Table of Contents.....	S- 2
Available Information	S- 3
Incorporation by Reference.....	S- 3
Recent Developments	S- 4
Reference Sheet	S- 6
Additional Risk Factors.....	S- 9
Description of the Certificates	S-10
Certain Additional Federal Income Tax Consequences	S-25
Plan of Distribution	S-27
Legal Matters	S-27
Schedule 1	A- 1
Principal Balance Schedule.....	B- 1

\$509,000,000



**Guaranteed REMIC
Pass-Through Certificates
Fannie Mae REMIC Trust 2005-18**

PROSPECTUS SUPPLEMENT

✱ RBS Greenwich Capital

January 27, 2005
