

**Prospectus Supplement**  
**(To REMIC Prospectus dated May 1, 2002)**

**\$257,997,440**



**FannieMae®**

**Guaranteed REMIC Pass-Through Certificates**  
**Fannie Mae REMIC Trust 2006-124**

**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, and
- principal to the extent available for payment on your class.

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

**The Fannie Mae Guaranty**

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

**The Trust and its Assets**

The trust will own Fannie Mae MBS.

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

Class	Group	Original Class Balance	Principal Type	Interest Rate	Interest Type	CUSIP Number	Final Distribution Date
FA .....	1	\$30,000,000	PT	(1)	FLT	31396PFJ5	January 2037
SQ(2) .....	1	30,000,000(3)	NTL	(1)	INV/IO	31396PFK2	January 2037
PO(2) .....	1	5,000,000	PT	(4)	PO	31396PFL0	January 2037
A .....	2	20,000,000	SEQ	5.6250%	FIX	31396PFM8	November 2036
AI .....	2	1,250,000(3)	NTL	6.0000	FIX/IO	31396PFN6	November 2036
B .....	2	473,763	SEQ	6.0000	FIX	31396PFP1	January 2037
FB .....	3	50,000,000	PT	(1)	FLT	31396PFQ9	January 2037
SC .....	3	50,000,000(3)	NTL	(1)	INV/IO	31396PFR7	January 2037
LO .....	3	1,923,077	PT	(4)	PO	31396PFS5	January 2037
FC .....	4	80,000,000	PT	(1)	FLT	31396PFT3	January 2037
SI .....	4	80,000,000(3)	NTL	(1)	INV/IO	31396PFU0	January 2037
UO .....	4	1,538,462	PT	(4)	PO	31396PFV8	January 2037
HD(2) ...	5	25,391,000	PAC	(5)	WAC	31396PFW6	June 2030
IJ(2) ...	5	2,255,886(3)	NTL	6.0363	FIX/IO	31396PFX4	June 2030
HG(2) ...	5	19,499,390	PAC	(5)	WAC	31396PFY2	November 2036
IK(2) ...	5	1,732,441(3)	NTL	6.0363	FIX/IO	31396PFZ9	November 2036
HW .....	5	24,171,748	SUP	(5)	WAC	31396PGA3	November 2036
IH .....	5	946,241(3)	NTL	6.0363	FIX/IO	31396PGB1	November 2036
R .....		0	NPR	0	NPR	31396PGC9	January 2037
RL .....		0	NPR	0	NPR	31396PGD7	January 2037

(1) Based on LIBOR.

(2) Exchangeable classes.

(3) Notional balances. These classes are interest only classes. See pages S-7 and S-8 for a description of how their notional balances are calculated.

(4) Principal only classes.

(5) These classes will bear interest at the variable annual rates described in this prospectus supplement.

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 SA, HC, HA, HE, HB, HL, HK, HJ, and IL Classes are the RCR classes, as further described in this prospectus supplement.

The dealer will offer the certificates from time to time in negotiated transactions at varying prices. We expect the settlement date to be December 29, 2006.

**Carefully consider the risk factors starting on page S-10 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.

**Citigroup**

The date of this Prospectus Supplement is November 22, 2006

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## AVAILABLE INFORMATION

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

- our Prospectus for Fannie Mae Guaranteed REMIC Pass-Through Certificates dated May 1, 2002 (the “REMIC Prospectus”);
- our Prospectus for Fannie Mae Guaranteed Mortgage Pass-Through Certificates (Single-Family Residential Mortgage Loans) dated January 1, 2006 (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](http://www.fanniemae.com).

You also can obtain copies of the REMIC Prospectus and the MBS Prospectus by writing or calling the dealer at:

Citigroup Global Markets Inc.  
Prospectus Department  
Brooklyn Army Terminal  
140 58th Street, Suite 8-G  
Brooklyn, New York 11220  
(telephone 718-765-6732).

## 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, 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, 2004 (“2004 10-K”), which includes consolidated financial statements for 2004 and a restatement of previously issued financial information for 2002, 2003, and the first two quarters of 2004;
- 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 2004 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](http://www.sec.gov). 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**

Our safety and soundness regulator, the Office of Federal Housing Enterprise Oversight (“OFHEO”), announced in July 2003 that it was conducting a special examination of our accounting policies and practices, and in September 2004 issued a preliminary report of its findings to date. OFHEO subsequently identified additional accounting and internal control issues in February 2005, and issued its Report of the Special Examination of Fannie Mae (the “OFHEO Report”) on May 23, 2006.

On December 22, 2004, we reported that the Audit Committee of our Board of Directors (the “Board”) had determined that our previously filed interim and audited financial statements and the independent auditor’s reports thereon for the period from January 2001 through the second quarter of 2004 should no longer be relied upon because such financial statements were prepared using accounting principles that did not comply with U.S. generally accepted accounting principles (“GAAP”). We subsequently initiated an extensive restatement and re-audit of our financial statements with our new independent auditor, Deloitte & Touche LLP.

On December 6, 2006, we filed our 2004 10-K, which includes consolidated financial statements for 2004 and a restatement of previously issued financial information for 2002, 2003, and the first two quarters of 2004. Restatement adjustments relating to periods prior to January 1, 2002 are presented in our 2004 10-K as adjustments to retained earnings as of December 31, 2001.

Our Board and management initiated numerous internal and external reviews of our accounting processes and controls, our financial reporting processes, and our application of GAAP, including an external investigation conducted by the law firm of Paul, Weiss, Rifkind, Wharton & Garrison LLP (“Paul Weiss”), under the direction of former U.S. Senator Warren Rudman. On February 23, 2006, the Paul Weiss report to the Special Committee of the Board was publicly released, and included numerous findings about Fannie Mae’s accounting policies, practices and systems, compensation practices, corporate governance, and internal controls. On February 24, 2006, we filed a Form 8-K with the U.S. Securities and Exchange Commission (the “SEC”) that includes the Paul Weiss report.

The OFHEO Report presents OFHEO’s findings about Fannie Mae’s corporate culture, executive compensation programs, accounting policies and internal controls, internal and external auditors,

senior management, and the Board. In conjunction with the release of the OFHEO Report, Fannie Mae entered into settlement agreements with both OFHEO and the SEC on May 23, 2006. The settlement agreements require Fannie Mae to pay civil penalties totaling \$400 million. In addition, the settlement agreement with OFHEO requires Fannie Mae to undertake certain remedial actions within a specified time frame to address the recommendations contained in the OFHEO Report, including an undertaking by Fannie Mae not to increase its “mortgage portfolio” assets except as permitted by a plan to be submitted by Fannie Mae for approval by OFHEO. The settlement agreements constitute comprehensive settlements between Fannie Mae and both OFHEO and the SEC relating to the activities of Fannie Mae during the time period in question. Please refer to our Form 8-K filed with the SEC on May 30, 2006 for further information about the OFHEO Report and the settlement agreements. A complete copy of the OFHEO Report is available on OFHEO’s website at [www.ofheo.gov](http://www.ofheo.gov).

On July 20, 2006, the Federal Reserve Board implemented revisions to its payment systems risk policy requiring all government sponsored enterprises, including Fannie Mae, to fully fund their accounts with the Federal Reserve Banks before making payments to debt and mortgage-backed securities investors. Fannie Mae complied with this policy by entering into various funding agreements with market participants. In connection with this policy change, Fannie Mae also entered into a new fiscal agency agreement with the Federal Reserve Bank of New York. In addition, Fannie Mae, as trustee for its mortgage-backed securities, invests collections on mortgage loans underlying our mortgage-backed securities in highly rated financial instruments, which may include Fannie Mae’s senior debt securities or other debt securities if certain rating requirements are satisfied.

On August 24, 2006, we announced that we had been advised by the United States Attorney’s Office for the District of Columbia that it was discontinuing its investigation of Fannie Mae’s accounting policies and practices, and did not plan to file charges against Fannie Mae. Please refer to our Form 8-K filed with the SEC on August 24, 2006 for further information.

We filed our 2004 10-K with the SEC on December 6, 2006. We have not filed Quarterly Reports on Form 10-Q for the first, second and third quarters of 2005 or the first, second and third quarters of 2006, nor have we filed our Annual Report on Form 10-K for the year ended December 31, 2005. Subject to the foregoing, see “Risk Factors—There is a lack of financial information about us available in the market” in the MBS Prospectus.

Forms 8-K that we file with the SEC prior to the completion of the offering of the certificates are incorporated by reference in this 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 this 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
3	Group 3 MBS
4	Group 4 MBS
5	Group 5 MBS

### Assumed Characteristics of the Mortgage Loans Underlying the Fixed-Rate MBS (as of December 1, 2006)

	<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	\$35,000,000	360	354	4	6.578%
Group 2 MBS	\$20,473,763*	360	358	2	6.720%
Group 3 MBS	\$51,923,077	360	357	3	7.060%
Group 4 MBS	\$81,538,462	360	355	3	6.855%

\* As further described in this prospectus supplement, the mortgage loans underlying the Group 2 MBS provide for an interest only payment period of 10 years following origination. The approximate weighted average remaining term to expiration of the interest only payment period for these mortgage loans is assumed to be 118 months.

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

### Assumed Characteristics of the Mortgage Loans Underlying the Group 5 MBS

The table in Exhibit A of this prospectus supplement lists certain assumed characteristics of the mortgage loans underlying the Group 5 MBS as of December 1, 2006. However, the actual characteristics of most of those mortgage loans will differ from the weighted averages in Exhibit A, 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 December 29, 2006.

### 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>
FA .....	5.620%	7.000%	0.30%	LIBOR + 30 basis points
SQ .....	1.380%	6.700%	0.00%	6.70% – LIBOR
FB .....	5.690%	6.750%	0.37%	LIBOR + 37 basis points
SC .....	1.060%	6.380%	0.00%	6.38% – LIBOR
FC .....	5.700%	6.625%	0.35%	LIBOR + 35 basis points
SI .....	0.925%	6.275%	0.00%	6.275% – LIBOR
SA .....	8.280%	40.200%	0.00%	40.2% – (6 × LIBOR)

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

During each interest accrual period, the weighted average coupon classes will bear interest at the variable rates based on the weighted average pass-through rates of the related MBS as further described in this prospectus supplement.

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 current distribution date:

<u>Class</u>	
SQ .....	100% of the FA Class
AI .....	6.25% of the A Class
SC .....	100% of the FB Class

Class

SI .....	100% of the FC Classes
IJ .....	8.8845912187% of the HD Class
IK .....	8.8845912187% of the HG Class
IH .....	3.9146598306% of the HW Class
IL .....	8.8845912187% of the <i>sum</i> of the HD and HG Classes

**Distributions of Principal**

*Group 1 Principal Distribution Amount*

To the FA and PO Classes, pro rata, to zero.

*Group 2 Principal Distribution Amount*

To the A and B Classes, in that order, to zero.

*Group 3 Principal Distribution Amount*

To the FB and LO Classes, pro rata, to zero.

*Group 4 Principal Distribution Amount*

To the FC and UO Classes, pro rata, to zero.

*Group 5 Principal Distribution Amount*

1. To the HW Class, in an amount up to \$500 for each distribution date, to zero.
2. To the Aggregate Group to its Planned Balance.
3. To the HW Class to zero.
4. To the Aggregate Group to zero.

For a description of the Aggregate Group, see “Description of the Certificates—Distributions of Principal—*Group 5 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) \***

		PSA Prepayment Assumption						
<u>Group 1 Classes</u>		<u>0%</u>	<u>100%</u>	<u>300%</u>	<u>500%</u>	<u>700%</u>		
FA, SQ, PO and SA.....		20.8	11.2	5.5	3.6	2.7		
		PSA Prepayment Assumption						
<u>Group 2 Classes</u>		<u>0%</u>	<u>100%</u>	<u>343%</u>	<u>500%</u>	<u>700%</u>		
A and AI.....		22.6	12.1	5.0	3.6	2.7		
B .....		29.9	29.1	19.8	14.1	9.9		
		PSA Prepayment Assumption						
<u>Group 3 Classes</u>		<u>0%</u>	<u>200%</u>	<u>553%</u>	<u>800%</u>	<u>1100%</u>		
FB, SC and LO.....		21.1	7.6	3.4	2.5	1.9		
		PSA Prepayment Assumption						
<u>Group 4 Classes</u>		<u>0%</u>	<u>200%</u>	<u>553%</u>	<u>800%</u>	<u>1100%</u>		
FC, SI and UO .....		21.1	7.5	3.4	2.5	1.9		
		PSA Prepayment Assumption						
<u>Group 5 Classes</u>		<u>0%</u>	<u>100%</u>	<u>150%</u>	<u>250%</u>	<u>300%</u>	<u>400%</u>	<u>600%</u>
HD, IJ, HC and HA .....		12.9	3.9	3.0	3.0	3.0	3.0	2.5
HG, IK, HE and HB .....		22.3	10.8	8.1	8.1	8.1	9.0	6.1
HW and IH.....		27.4	20.9	17.3	9.2	6.6	2.5	1.6
HL, HK, HJ and IL .....		17.0	6.9	5.2	5.2	5.2	5.6	4.1

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

## ADDITIONAL RISK FACTORS

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

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

In the case of the Group 5 MBS, the rate of principal payments also will be affected by the interest rates on those loans, which are subject to annual adjustment.

*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.

*All of the mortgage loans underlying the Group 2 MBS, and approximately 43% of the mortgage loans underlying the Group 5 MBS provide for interest only payments for a lengthy initial period and thus may be more likely to be refinanced than other mortgage loans.* The scheduled monthly payments on the mortgage loans underlying the Group 2 MBS, and approximately 43% of the mortgage loans underlying the Group 5 MBS (by principal balance as of the Issue Date) represent accrued interest only during the first ten years following origination. Thereafter, the scheduled monthly payments

are increased to amounts sufficient to pay current interest and to fully amortize each of these mortgage loans by its maturity date. As a result, borrowers may be more likely to refinance these mortgage loans on or before the dates on which the scheduled monthly payments increase. In addition, absent a refinancing some borrowers may find it increasingly difficult to remain current in their scheduled monthly payments following the increase in monthly payment amounts.

*Hurricanes in the Gulf Coast region may present risk of increased mortgage loan prepayments.* In August and September 2005, Hurricane Katrina and Hurricane Rita resulted in catastrophic damage to the Gulf Coast of the United States, including portions of coastal and inland Alabama, Florida, Louisiana, Mississippi and Texas. Hundreds of thousands of people were displaced and interruptions in the regional economy remain significant. A prolonged economic downturn in the Gulf Coast region could lead to increased borrower defaults on mortgage loans in the affected areas, in turn resulting in early payments of principal of the certificates backed by those mortgage loans. Additionally, casualty losses on mortgage properties with hurricane or flood damage may result in early payments of principal of the related certificates.

**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 September 1, 2006 and a supplement thereto dated as of December 1, 2006 (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 September 1, 2006 and a supplement thereto 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 include five groups of Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the “Group 1 MBS”, “Group 2 MBS,” “Group 3 MBS,” “Group 4 MBS” and “Group 5 MBS” and, together, the “MBS”).

Each Group 1, Group 2, Group 3 and Group 4 MBS (the “Fixed-Rate MBS”) represents a beneficial ownership interest in a pool of first lien, one- to four-family (“single-family”), fixed-rate residential mortgage loans (the “Fixed-Rate Loans”) having the characteristics described in this prospectus supplement.

Each Group 5 MBS represents a beneficial ownership interest in a pool of first lien, single-family, adjustable-rate residential mortgage loans (the “ARM Loans”) having the characteristics described in this prospectus supplement.

We refer to the Fixed-Rate Loans and ARM Loans collectively as the “Mortgage Loans.”

*Fannie Mae Guaranty.* We guarantee that the following amounts will be available for distribution 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 the following amounts will be available for distribution 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, Principal 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.

*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 SQ, PO, HD, IJ, HG and IK Classes 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 Fixed-Rate MBS**

The following table contains certain information about the Fixed-Rate MBS. The Fixed-Rate 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



Fixed-Rate MBS provide that principal and interest on the related Fixed-Rate Loans are passed through monthly.

The Mortgage Loans underlying the Fixed-Rate MBS are conventional, fixed-rate, fully-amortizing mortgage loans secured by first mortgages or deeds of trust on single-family residential properties. These Mortgage Loans have original maturities of up to 30 years.

The Mortgage Loans underlying the Group 2 MBS are conventional, fixed-rate mortgage loans secured by first mortgages or deeds of trust on single-family residential properties. For the first ten years following origination, however, the scheduled monthly payments on these Mortgage Loans represent accrued interest only. Beginning with the 121st monthly payment, the scheduled monthly payment on each of these Mortgage Loans will be increased by an amount sufficient to pay accrued interest and to fully amortize the Mortgage Loan by its scheduled maturity date. These Mortgage Loans have original maturities of up to 30 years.

See “The Mortgage Pools” and “Yield, Maturity, and Prepayment Considerations” in the MBS Prospectus.

We expect the characteristics of the Fixed-Rate MBS and the related Mortgage Loans as of the Issue Date to be as follows:

**Group 1 MBS**

Aggregate Unpaid Principal Balance .....	\$35,000,000
MBS Pass-Through Rate .....	6.00%
Range of WACs (annual percentages) .....	6.25% to 8.50%
Range of WAMs .....	241 months to 360 months
Approximate Weighted Average WAM .....	354 months
Approximate Weighted Average WALA (weighted average loan age) .....	4 months

**Group 2 MBS\***

Aggregate Unpaid Principal Balance .....	\$20,473,763
MBS Pass-Through Rate .....	6.00%
Range of WACs (annual percentages) .....	6.25% to 8.50%
Range of WAMs .....	241 months to 360 months
Approximate Weighted Average WAM .....	358 months
Approximate Weighted Average WALA .....	2 months

**Group 3 MBS**

Aggregate Unpaid Principal Balance .....	\$51,923,077
MBS Pass-Through Rate .....	6.50%
Range of WACs (annual percentages) .....	6.75% to 9.00%
Range of WAMs .....	241 months to 360 months
Approximate Weighted Average WAM .....	357 months
Approximate Weighted Average WALA .....	3 months

**Group 4 MBS**

Aggregate Unpaid Principal Balance .....	\$81,538,462
MBS Pass-Through Rate .....	6.50%
Range of WACs (annual percentages) .....	6.75% to 9.00%
Range of WAMs .....	241 months to 360 months
Approximate Weighted Average WAM .....	355 months
Approximate Weighted Average WALA .....	3 months

\* As described above, the Mortgage Loans underlying the Group 2 MBS provide for an interest only payment period of 10 years following origination. The approximate weighted average remaining term to expiration of the interest only period for these Mortgage Loans is expected to be 118 months.

## **The Group 5 MBS (backed by ARM Loans)**

We expect the Group 5 MBS to have the characteristics listed on Exhibit A to this prospectus supplement and the general characteristics described in the MBS Prospectus. The Group 5 MBS provide that principal and interest on the ARM Loans are passed through monthly, beginning in the month after we issue the MBS. The ARM Loans are conventional, adjustable-rate mortgage loans secured by first mortgages or deeds of trust on single-family residential properties. The ARM Loans have original maturities of up to 30 years. See “Description of the Certificates,” “The Mortgage Pools,” “The Mortgage Loans—Adjustable Rate Mortgages (ARMs)” and “Yield, Maturity and Prepayment Considerations” in the MBS Prospectus.

Finally, we note that all of the Group 5 Loans have a minimum annual servicing fee of 0.125%. See “The Mortgage Loans—Adjustable-Rate Mortgages (ARMs)—*Minimum servicing fee on ARM pools*” in the MBS Prospectus.

### **Characteristics of the ARM Loans**

#### *Mortgage Interest Rates*

During initial fixed-rate periods, the Mortgage Loans will bear interest at fixed rates. Thereafter, they bear interest at rates that adjust annually based on the One-Year Treasury Index or the One-Year WSJ LIBOR Index, in each case as available 20, 30 or 45 days, as set forth in the related mortgage note, prior to the related interest rate change date. See “The Mortgage Loans—Adjustable Rate Mortgages (ARMs)” in the MBS Prospectus for descriptions of these indices. If any of these indices becomes unavailable, an alternative index will be determined in accordance with the terms of the related mortgage note (the “Mortgage Note”).

Following its initial fixed-rate period and subject to the applicable interest rate caps, the interest rate on each Mortgage Loan (a “Mortgage Interest Rate”) at any time generally will be equal to the sum of a specified percentage, or “Mortgage Margin,” and the index level then applicable to that loan, which sum then may be rounded to the nearest or next highest one-eighth of 1%.

#### *Interest Rate Change Caps*

On the first interest rate change date for a Mortgage Loan, the Mortgage Interest Rate will be adjusted to equal the sum of the related Mortgage Margin and the then applicable index level (and rounded as provided above), *provided* that the Mortgage Interest Rate as adjusted generally may not be more than five percentage points (5%) greater or less than the initial Mortgage Interest Rate. On each interest rate change date thereafter, the Mortgage Interest Rate as adjusted generally may not be more than two percentage points (2%) greater or less than the Mortgage Interest Rate in effect immediately prior to that date.

#### *Maximum and Minimum Mortgage Interest Rates*

The maximum Mortgage Interest Rate of each Mortgage Loan is generally equal to its initial Mortgage Interest Rate *plus* five percentage points (5%). The minimum Mortgage Interest Rate of each Mortgage Loan is equal to its Mortgage Margin.

#### *Monthly Payments*

The amount of a borrower’s monthly payment (the “Monthly Payment Amount”) is subject to change on each anniversary of the date specified in the related Mortgage Note. Each new Monthly Payment Amount will be calculated to equal an amount necessary to pay interest at the new Interest Rate, adjusted as described above, and to fully amortize the outstanding principal balance of the Mortgage Loan on a level debt service basis over the remainder of its term.

## 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 and, in the case of the Group 5 MBS, certain additional information relating to interest on the ARM Loans on an aggregate basis. You may obtain the Final Data Statement by telephoning us at 1-800-237-8627. In addition, the Final Data Statement is available on our corporate Web site at [www.fanniemae.com](http://www.fanniemae.com).

## Distributions of Interest

### *Categories of Classes*

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

<u>Interest Type*</u>	<u>Classes</u>
<b>Group 1 Classes</b>	
Floating Rate	FA
Inverse Floating Rate	SQ
Interest Only	SQ
Principal Only	PO
RCR**	SA
<b>Group 2 Classes</b>	
Fixed	A, AI and B
Interest Only	AI
<b>Group 3 Classes</b>	
Floating Rate	FB
Inverse Floating Rate	SC
Interest Only	SC
Principal Only	LO
<b>Group 4 Classes</b>	
Floating Rate	FC
Inverse Floating Rate	SI
Interest Only	SI
Principal Only	UO
<b>Group 5 Classes</b>	
Fixed Rate	IJ, IK and IH
Weighted Average Coupon	HD, HG and HW
Interest Only	IJ, IK and IH
RCR**	HC, HA, HE, HB, HL, HK, HJ and IL
<b>No Payment Residual</b>	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 described in this prospectus supplement. We calculate interest based on an assumed 360-day year consisting of twelve 30-day months year. We pay interest monthly on each Distribution Date, beginning in the month after the Settlement Date specified in the Reference Sheet.

Interest to be paid on each Certificate on a Distribution Date will consist of one month's interest on the outstanding balance of that Certificate immediately prior to that Distribution Date.

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 (other than the A Class) and the Weighted Average Coupon Classes (collectively, the "Delay Classes")	Calendar month preceding the month in which the Distribution Date occurs
All Floating Rate and Inverse Floating Rate Classes and the A Class (collectively, the "No-Delay 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.

The Dealer will treat the PO, LO and UO Classes as No-Delay Classes for the sole purpose of facilitating trading.

*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.

*The Weighted Average Coupon Classes.* During each Interest Accrual Period, each of the HD, HG and HL Classes will bear interest at an annual rate equal to the *excess* of

- the Weighted Average Group 5 MBS Pass-Through Rate for the related Distribution Date
- over*
- 0.5363006363%.

During the initial Interest Accrual Period, the HD, HG and HL Classes are expected to bear interest at an annual rate of approximately 5.5%.

During each Interest Accrual Period, each of the HW, HC, HE and HK Classes will bear interest at an annual rate equal to the *excess* of

- the Weighted Average Group 5 MBS Pass-Through Rate for the related Distribution Date  
*over*
- 0.2363006363%.

During the initial Interest Accrual Period, the HW, HC, HE and HK Classes are expected to bear interest at an annual rate of approximately 5.80%.

During each Interest Accrual Period, each of the HA, HB and HJ Classes will bear interest at an annual rate equal to the Weighted Average Group 5 MBS Pass-Through Rate for the related Distribution Date. During the initial Interest Accrual Period, the HA, HB and HJ Classes are expected to bear interest at an annual rate of approximately 6.0363%.

The “Weighted Average Group 5 MBS Pass-Through Rate” for any Distribution Date is equal to the weighted average of the Pass-Through Rates of the Group 5 MBS for that Distribution Date, weighted on the basis of the principal balances of the Group 5 MBS on the day immediately preceding that Distribution Date.

## Calculation of LIBOR

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

If we are unable to calculate LIBOR on the initial Index Determination Date, LIBOR for the following Interest Accrual Period will be equal to 5.32% in the case of the FA, SQ, FB, SC and SA Classes; and 5.35% in the case of the FC and SI Classes.

## Distributions of Principal

### *Categories of Classes*

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

<u>Principal Type*</u>	<u>Classes</u>
<b>Group 1 Classes</b>	
Pass-Through	FA and PO
Notional	SQ
RCR**	SA
<b>Group 2 Classes</b>	
Sequential Pay	A and B
Notional	AI
<b>Group 3 Classes</b>	
Pass-Through	FB and LO
Notional	SC
<b>Group 4 Classes</b>	
Pass-Through	FC and UO
Notional	SI

<u>Principal Type*</u>	<u>Classes</u>
<b>Group 5 Classes</b>	
PAC	HD and HG
Support	HW
Notional	IJ, IK and IH
RCR**	HC, HA, HE, HB, HL, HK, HJ and IL
<b>No Payment Residual</b>	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 Principal Distribution Amount”),
- the principal then paid on the Group 2 MBS (the “Group 2 Principal Distribution Amount”),
- the principal then paid on the Group 3 MBS (the “Group 3 Principal Distribution Amount”),
- the principal then paid on the Group 4 MBS (the “Group 4 Principal Distribution Amount”), and
- the principal then paid on the Group 5 MBS (the “Group 5 Principal Distribution Amount”).

### *Group 1 Principal Distribution Amount*

On each Distribution Date, we will pay the Group 1 Principal Distribution Amount, concurrently, as principal to the FA and PO Classes, pro rata (or 85.7142857143% and 14.2857142857%, respectively), until their principal balances are reduced to zero. } Pass-Through Classes

### *Group 2 Principal Distribution Amount*

On each Distribution Date, we will pay the Group 2 Principal Distribution Amount, sequentially, as principal of the A and B Classes, in that order, until their principal balances are reduced to zero. } Sequential Pay Classes

### *Group 3 Principal Distribution Amount*

On each Distribution Date, we will pay the Group 3 Principal Distribution Amount, concurrently, as principal of the FB and LO Classes, pro rata (or 96.2962961536% and 3.7037038464%, respectively), until their principal balances are reduced to zero. } Pass-Through Classes

### *Group 4 Principal Distribution Amount*

On each Distribution Date, we will pay the Group 4 Principal Distribution Amount, concurrently, as principal of the FC and UO Classes, pro rata (or 98.1132069918% and 1.8867930082%, respectively), until their principal balances are reduced to zero. } Pass-Through Classes

### *Group 5 Principal Distribution Amount*

On each Distribution Date, we will pay the Group 5 Principal Distribution Amount as principal of the Group 5 Classes in the following priority:

- (i) to the HW Class, in an amount up to \$500 for each Distribution Date, until its principal balance is reduced to zero; } Support Class



- (ii) to the Aggregate Group (described below), until the Aggregate Balance (described below) is reduced to its Planned Balance for that Distribution Date; } PAC Group
- (iii) to the HW Class, until its principal balance is reduced to zero; and } Support Class
- (iv) to the Aggregate Group, without regard to its Planned Balance and until the Aggregate Balance is reduced to zero. } PAC Group

The “Aggregate Group” consists of the HD and HG Classes. On each Distribution Date, we will apply payments of principal of the Aggregate Group, sequentially, to the HD and HG Classes, in that order, until their principal balances are reduced to zero.

The “Aggregate Balance” is equal to the aggregate principal balance of the Classes included in the 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 (collectively, the “Pricing Assumptions”):

- the Mortgage Loans underlying the Fixed-Rate 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 Fixed-Rate MBS” in this prospectus supplement;
- the ARM Loans underlying the Group 5 MBS have the aggregate characteristics set forth in Exhibit A to this prospectus supplement;
- the One-Year Treasury Index and One-Year WSJ LIBOR Index value are and remain 4.828% and 5.153%, respectively;
- 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 December 29, 2006; and
- each Distribution Date occurs on the 25th day of a month.

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

*Structuring Range.* The Principal Balance Schedule is found beginning on page B-1 of this prospectus supplement. The Principal Balance Schedule has been prepared on the basis of the Pricing

Assumptions and the assumption that the related Mortgage Loans will prepay at a constant PSA rate within the Structuring Range set forth below.

<u>Principal Balance Schedule References</u>	<u>Related Group (1)</u>	<u>Structuring Range</u>
Planned Balances	Aggregate Group	(2)
(1) The Structuring Range for the Aggregate Group is associated with the Aggregate Balance but not with the individual balances of the related Classes.		
(2) The Planned Balances for the Aggregate Group have been structured to hold between 150% and 300% PSA but only hold between 152% and 298% PSA.		

**We cannot assure you that the balance of the Group listed above will conform on any Distribution Date to the specified balance in the Principal Balance Schedule. As a result, we cannot assure you that payments of principal of the Group listed above will begin or end on the Distribution Dates specified in the Principal Balance Schedule.** We will distribute any excess of principal payments over the amount needed to reduce the Group to its scheduled balance on a Distribution Date. Accordingly, the ability to reduce the Group to its scheduled balance will not be improved by the averaging of high and low principal payments from month to month. In addition, even if the related Mortgage Loans prepay at rates falling within the Structuring Range, principal distributions may be insufficient to reduce the 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 Group listed above 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 152% and 298% 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 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 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>
<b>Group 5</b>	
PAC	Support

When the supporting Classes are retired, the Classes they support, if still outstanding, may no longer have Effective Ranges 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 Mortgage Loans prepay at the indicated constant percentages of PSA. Moreover, it is unlikely that

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

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

The information shown in the yield tables has been prepared on the basis of the Pricing Assumptions and the assumption that the aggregate purchase prices of the Principal Only Classes (expressed in each case as a percentage of original principal balance) are as follows:

<u>Class</u>	<u>Price</u>
PO .....	77.6250%
LO .....	80.3125%
UO .....	82.0000%

### Sensitivity of the PO Class to Prepayments

	PSA Prepayment Assumption				
	<u>50%</u>	<u>100%</u>	<u>300%</u>	<u>500%</u>	<u>700%</u>
Pre-Tax Yields to Maturity .....	1.8%	2.4%	5.1%	7.8%	10.3%

### Sensitivity of the LO Class to Prepayments

	PSA Prepayment Assumption				
	<u>50%</u>	<u>200%</u>	<u>553%</u>	<u>800%</u>	<u>1100%</u>
Pre-Tax Yields to Maturity .....	1.6%	3.1%	7.0%	9.5%	12.3%

### Sensitivity of the UO Class to Prepayments

	PSA Prepayment Assumption				
	<u>50%</u>	<u>200%</u>	<u>553%</u>	<u>800%</u>	<u>1100%</u>
Pre-Tax Yields to Maturity .....	1.4%	2.8%	6.3%	8.5%	11.1%

***The Inverse Floating Rate Classes.*** The yields on the Inverse Floating Rate Classes will be sensitive in varying degrees to the rate of principal payments, including prepayments, of the related Mortgage Loans and to the level of the Index. The Mortgage Loans generally can be prepaid at any time without penalty. In addition, the rate of principal payments (including prepayments) of the Mortgage Loans is likely to vary, and may vary considerably, from pool to pool. As illustrated in the applicable tables below, it is possible that investors in the Inverse Floating Rate Classes would lose money on their initial investments under certain Index and prepayment scenarios.

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

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

- the interest rates for the Inverse Floating Rate Classes for the initial Interest Accrual Period are the rates listed in the table under “Reference Sheet—Interest Rates” in this prospectus supplement and for each following Interest Accrual Period will be based on the specified level of each applicable 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>
SQ .....	5.60938%
SC .....	3.90625%
SI .....	3.28125%
SA .....	109.12500%

\* 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 SQ Class to Prepayments and LIBOR  
(Pre-Tax Yields to Maturity)**

<b>LIBOR</b>	<b>PSA Prepayment Assumption</b>				
	<b>50%</b>	<b>100%</b>	<b>300%</b>	<b>500%</b>	<b>700%</b>
1.32% .....	106.7%	104.4%	94.8%	85.0%	74.9%
3.32% .....	62.4%	59.9%	49.9%	39.5%	28.8%
5.32% .....	21.4%	18.7%	7.5%	(4.1)%	(16.4)%
6.32% .....	(0.1)%	(2.9)%	(14.6)%	(27.1)%	(40.6)%
6.70% .....	*	*	*	*	*

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

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

<b>LIBOR</b>	<b>PSA Prepayment Assumption</b>				
	<b>50%</b>	<b>200%</b>	<b>553%</b>	<b>800%</b>	<b>1100%</b>
1.32% .....	152.5%	146.0%	130.3%	118.8%	104.4%
3.32% .....	84.9%	78.0%	61.3%	49.1%	33.8%
5.32% .....	24.5%	16.5%	(3.3)%	(18.0)%	(37.0)%
6.38% .....	*	*	*	*	*

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

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

<b>LIBOR</b>	<b>PSA Prepayment Assumption</b>				
	<b>50%</b>	<b>200%</b>	<b>553%</b>	<b>800%</b>	<b>1100%</b>
1.350% .....	182.0%	175.5%	159.8%	148.5%	134.2%
3.350% .....	98.5%	91.8%	75.4%	63.5%	48.5%
5.350% .....	25.6%	17.7%	(2.0)%	(16.6)%	(35.4)%
6.275% .....	*	*	*	*	*

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

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

<b>LIBOR</b>	<b>PSA Prepayment Assumption</b>				
	<b>50%</b>	<b>100%</b>	<b>300%</b>	<b>500%</b>	<b>700%</b>
1.32% .....	30.5%	30.3%	29.3%	28.4%	27.5%
3.32% .....	18.7%	18.5%	17.6%	16.7%	15.9%
5.32% .....	7.3%	7.1%	6.2%	5.4%	4.6%
6.32% .....	1.6%	1.4%	0.6%	(0.1)%	(0.9)%
6.70% .....	(0.6)%	(0.7)%	(1.5)%	(2.2)%	(3.0)%

*The Fixed Rate Interest Only Classes.* The yields to investors in the Fixed Rate Interest Only Classes 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 each Fixed Rate Interest Only Class would be 0% if prepayments of the related Mortgage Loans were to occur at the applicable constant rate shown in the table below:

<u>Class</u>	<u>% PSA</u>
AI .....	795% PSA
IJ .....	759% PSA
IK .....	660% PSA
IH .....	808% PSA
IL .....	671% PSA

For any Fixed Rate Interest Only Class, 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 applicable Class would lose money on their initial investments.

The information shown in the yield tables has been prepared on the basis of the Pricing Assumptions and the assumption that the aggregate purchase prices of the Fixed Rate Interest Only Classes (expressed in each case as a percentage of original principal balance) are as follows:

<u>Class</u>	<u>Price*</u>
AI .....	14.4375%
IJ .....	13.0000%
IK .....	33.0000%
IH .....	7.0000%
IL .....	22.0000%

\* 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 AI Class to Prepayments

	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>343%</u>	<u>500%</u>	<u>700%</u>
Pre-Tax Yield to Maturity .....	41.4%	38.9%	26.1%	17.4%	5.7%

#### Sensitivity of the IJ Class to Prepayments

	<u>PSA Prepayment Assumption</u>					
	<u>50%</u>	<u>100%</u>	<u>150%</u>	<u>250%</u>	<u>300%</u>	<u>600%</u>
Pre-Tax Yield to Maturity .....	38.8%	28.7%	18.0%	18.0%	18.0%	9.5%

#### Sensitivity of the IK Class to Prepayments

	<u>PSA Prepayment Assumption</u>					
	<u>50%</u>	<u>100%</u>	<u>150%</u>	<u>250%</u>	<u>300%</u>	<u>600%</u>
Pre-Tax Yield to Maturity .....	17.2%	14.2%	10.0%	9.9%	9.9%	2.8%

#### Sensitivity of the IH Class to Prepayments

	<u>PSA Prepayment Assumption</u>					
	<u>50%</u>	<u>100%</u>	<u>150%</u>	<u>250%</u>	<u>300%</u>	<u>600%</u>
Pre-Tax Yield to Maturity .....	96.7%	96.7%	96.6%	85.0%	78.3%	28.4%



## Sensitivity of the IL Class to Prepayments

	PSA Prepayment Assumption						
	<u>50%</u>	<u>100%</u>	<u>150%</u>	<u>250%</u>	<u>300%</u>	<u>400%</u>	<u>600%</u>
Pre-Tax Yield to Maturity . . . . .	22.3%	16.9%	11.1%	11.0%	11.0%	11.9%	3.5%

### 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 Group 2 and Group 5 Classes, and
- in the case of the Group 5 Classes, the payment of principal of certain Classes in accordance with the Principal Balance Schedule.

See “—Distributions of Principal” above.

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

### Decrement Tables

The following tables indicate the percentages of original principal balances of the specified Classes that would be outstanding after each date shown at various constant PSA rates, and the corresponding weighted average lives of the Classes. The tables have been prepared on the basis of the Pricing Assumptions. However, in the case of the information set forth for each Group 1, Group 2, Group 3 and Group 4 Class under 0% PSA, we assumed that the underlying Mortgage Loans have the original and remaining terms to maturity and bear interest at the annual rates specified in the table below.

<u>Mortgage Loans Relating to Trust Assets Specified Below</u>	<u>Original Terms to Maturity</u>	<u>Remaining Terms to Maturity</u>	<u>Interest Rates</u>
Group 1 MBS	360 months	360 months	8.50%
Group 2 MBS	360 months	360 months	8.50%
Group 3 MBS	360 months	360 months	9.00%
Group 4 MBS	360 months	360 months	9.00%

In addition in the case of the information set forth for the Group 2 Classes under 0% PSA, we assumed that the related Mortgage Loans have an original and a remaining interest only period of 120 months.

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 rate.

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, even if the weighted average remaining terms to maturity and the weighted average loan ages of the Mortgage Loans are identical to the weighted averages specified in the Pricing Assumptions. This is the case because pools of loans with identical weighted averages are nonetheless likely to reflect differing dispersions of the related characteristics.

### Percent of Original Principal Balances Outstanding

Date	FA, SQ†, PO and SA Classes					A and AI† Classes					B Class					FB, SC† and LO Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	300%	500%	700%	0%	100%	343%	500%	700%	0%	100%	343%	500%	700%	0%	200%	553%	800%	1100%
Initial Percent .....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
December 2007 .....	99	97	93	88	84	100	98	94	91	88	100	100	100	100	100	99	95	88	84	78
December 2008 .....	98	91	79	68	57	100	94	80	72	62	100	100	100	100	100	99	86	67	54	40
December 2009 .....	98	85	64	47	33	100	88	64	50	35	100	100	100	100	100	98	75	44	28	14
December 2010 .....	97	78	52	32	19	100	83	50	34	19	100	100	100	100	100	97	65	29	14	5
December 2011 .....	95	73	42	22	11	100	78	39	23	10	100	100	100	100	100	96	56	19	7	2
December 2012 .....	94	67	34	15	6	100	73	31	16	5	100	100	100	100	100	95	49	13	4	1
December 2013 .....	93	62	27	11	3	100	69	24	10	2	100	100	100	100	100	94	42	8	2	*
December 2014 .....	92	57	22	7	2	100	64	18	6	*	100	100	100	100	100	92	37	5	1	*
December 2015 .....	90	52	17	5	1	100	60	14	4	0	100	100	100	100	60	91	31	4	1	*
December 2016 .....	89	48	14	3	1	100	56	11	2	0	100	100	100	100	35	89	27	2	*	*
December 2017 .....	87	44	11	2	*	98	51	8	1	0	100	100	100	100	20	88	23	2	*	*
December 2018 .....	85	40	9	2	*	96	47	5	0	0	100	100	100	84	11	86	20	1	*	*
December 2019 .....	83	37	7	1	*	93	42	4	0	0	100	100	100	57	6	84	17	1	*	*
December 2020 .....	81	33	6	1	*	91	38	2	0	0	100	100	100	39	4	82	15	*	*	*
December 2021 .....	78	30	4	*	*	88	35	1	0	0	100	100	100	26	2	79	12	*	*	*
December 2022 .....	75	27	3	*	*	85	31	*	0	0	100	100	100	18	1	77	10	*	*	*
December 2023 .....	72	24	3	*	*	81	27	0	0	0	100	100	87	12	1	74	9	*	*	*
December 2024 .....	69	22	2	*	*	78	24	0	0	0	100	100	65	8	*	71	7	*	*	0
December 2025 .....	66	19	2	*	*	74	21	0	0	0	100	100	49	5	*	67	6	*	*	0
December 2026 .....	62	17	1	*	*	69	18	0	0	0	100	100	36	3	*	64	5	*	*	0
December 2027 .....	58	14	1	*	*	65	16	0	0	0	100	100	27	2	*	59	4	*	*	0
December 2028 .....	53	12	1	*	*	59	13	0	0	0	100	100	19	1	*	55	3	*	*	0
December 2029 .....	49	10	1	*	*	54	11	0	0	0	100	100	14	1	*	50	3	*	*	0
December 2030 .....	43	8	*	*	*	48	8	0	0	0	100	100	10	1	*	45	2	*	*	0
December 2031 .....	37	7	*	*	*	41	6	0	0	0	100	100	7	*	*	39	2	*	*	0
December 2032 .....	31	5	*	*	*	34	4	0	0	0	100	100	4	*	*	32	1	*	*	0
December 2033 .....	24	4	*	*	*	26	2	0	0	0	100	100	3	*	*	25	1	*	0	0
December 2034 .....	17	2	*	*	*	17	1	0	0	0	100	100	1	*	*	18	*	*	0	0
December 2035 .....	9	1	*	*	0	8	0	0	0	0	100	56	1	*	*	9	*	*	0	0
December 2036 .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)** .....	20.8	11.2	5.5	3.6	2.7	22.6	12.1	5.0	3.6	2.7	29.9	29.1	19.8	14.1	9.9	21.1	7.6	3.4	2.5	1.9

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

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

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

Date	FC, SI† and UO Classes					HD, IJ†, HC and HA Classes								HG, IK†, HE and HB Classes							
	PSA Prepayment Assumption					PSA Prepayment Assumption								PSA Prepayment Assumption							
	0%	200%	553%	800%	1100%	0%	100%	150%	250%	300%	400%	600%	0%	100%	150%	250%	300%	400%	600%	0%	100%
Initial Percent . . . . .	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
December 2007 . . . . .	99	95	88	84	78	98	93	91	91	91	91	91	100	100	100	100	100	100	100	100	100
December 2008 . . . . .	99	86	67	54	40	96	80	72	72	72	72	72	100	100	100	100	100	100	100	100	100
December 2009 . . . . .	98	75	44	28	14	94	64	49	49	49	49	36	100	100	100	100	100	100	100	100	100
December 2010 . . . . .	97	65	29	14	5	92	48	27	27	27	27	0	100	100	100	100	100	100	100	100	94
December 2011 . . . . .	96	56	19	7	2	90	33	8	8	8	8	0	100	100	100	100	100	100	100	59	38
December 2012 . . . . .	95	49	13	4	1	88	19	0	0	0	0	0	100	100	87	87	87	87	87	38	24
December 2013 . . . . .	94	42	8	2	*	85	5	0	0	0	0	0	100	100	66	66	66	66	65	24	15
December 2014 . . . . .	92	36	5	1	*	82	0	0	0	0	0	0	100	91	47	47	47	47	49	15	10
December 2015 . . . . .	91	31	4	*	*	79	0	0	0	0	0	0	100	76	32	32	32	32	37	10	6
December 2016 . . . . .	89	27	2	*	*	76	0	0	0	0	0	0	100	61	19	19	19	19	28	6	1
December 2017 . . . . .	88	23	2	*	*	70	0	0	0	0	0	0	100	46	8	8	8	8	20	4	2
December 2018 . . . . .	86	20	1	*	*	63	0	0	0	0	0	0	100	31	0	0	0	0	15	2	1
December 2019 . . . . .	84	17	1	*	*	56	0	0	0	0	0	0	100	18	0	0	0	0	11	1	1
December 2020 . . . . .	82	14	*	*	*	49	0	0	0	0	0	0	100	5	0	0	0	0	8	1	1
December 2021 . . . . .	79	12	*	*	*	41	0	0	0	0	0	0	100	0	0	0	0	0	6	1	1
December 2022 . . . . .	77	10	*	*	*	32	0	0	0	0	0	0	100	0	0	0	0	0	4	*	*
December 2023 . . . . .	74	9	*	*	*	23	0	0	0	0	0	0	100	0	0	0	0	0	3	*	*
December 2024 . . . . .	71	7	*	*	0	13	0	0	0	0	0	0	100	0	0	0	0	0	2	*	*
December 2025 . . . . .	67	6	*	*	0	3	0	0	0	0	0	0	100	0	0	0	0	0	2	*	*
December 2026 . . . . .	64	5	*	*	0	0	0	0	0	0	0	0	89	0	0	0	0	0	1	*	*
December 2027 . . . . .	59	4	*	*	0	0	0	0	0	0	0	0	73	0	0	0	0	0	1	*	*
December 2028 . . . . .	55	3	*	*	0	0	0	0	0	0	0	0	56	0	0	0	0	0	1	*	*
December 2029 . . . . .	50	3	*	*	0	0	0	0	0	0	0	0	38	0	0	0	0	0	*	*	*
December 2030 . . . . .	45	2	*	*	0	0	0	0	0	0	0	0	19	0	0	0	0	0	*	*	*
December 2031 . . . . .	39	1	*	*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	*	*	*
December 2032 . . . . .	32	1	*	*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	*	*	*
December 2033 . . . . .	25	1	*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	*	*	*
December 2034 . . . . .	18	*	*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	*	*	*
December 2035 . . . . .	9	*	*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	*	*	*
December 2036 . . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)** . . . . .	21.1	7.5	3.4	2.5	1.9	12.9	3.9	3.0	3.0	3.0	3.0	2.5	22.3	10.8	8.1	8.1	8.1	9.0	6.1		

Date	HW and IH† Classes							HL, HK, HJ and IL† Classes						
	PSA Prepayment Assumption							PSA Prepayment Assumption						
	0%	100%	150%	250%	300%	400%	600%	0%	100%	150%	250%	300%	400%	600%
Initial Percent . . . . .	100	100	100	100	100	100	100	100	100	100	100	100	100	100
December 2007 . . . . .	100	100	100	95	92	87	76	99	96	95	95	95	95	95
December 2008 . . . . .	100	100	100	84	76	60	30	98	89	84	84	84	84	84
December 2009 . . . . .	100	100	100	71	57	32	0	97	79	71	71	71	71	64
December 2010 . . . . .	100	100	100	62	45	14	0	96	70	59	59	59	59	41
December 2011 . . . . .	100	100	100	55	36	4	0	94	62	48	48	48	48	26
December 2012 . . . . .	100	100	100	51	31	0	0	93	54	38	38	38	38	16
December 2013 . . . . .	100	100	100	49	29	0	0	92	47	29	29	29	28	10
December 2014 . . . . .	100	100	100	48	29	0	0	90	40	21	21	21	21	7
December 2015 . . . . .	100	100	99	47	29	0	0	88	33	14	14	14	16	4
December 2016 . . . . .	100	100	96	45	29	0	0	86	27	8	8	8	12	3
December 2017 . . . . .	100	100	93	44	29	0	0	83	20	3	3	3	9	2
December 2018 . . . . .	100	100	88	41	28	0	0	79	14	0	0	0	7	1
December 2019 . . . . .	100	100	77	34	22	0	0	75	8	0	0	0	5	1
December 2020 . . . . .	100	100	68	28	18	0	0	71	2	0	0	0	4	*
December 2021 . . . . .	100	94	60	23	14	0	0	67	0	0	0	0	3	*
December 2022 . . . . .	100	85	52	19	11	0	0	62	0	0	0	0	2	*
December 2023 . . . . .	100	76	45	15	9	0	0	57	0	0	0	0	1	*
December 2024 . . . . .	100	68	39	12	7	0	0	51	0	0	0	0	1	*
December 2025 . . . . .	100	60	34	10	5	0	0	45	0	0	0	0	1	*
December 2026 . . . . .	100	53	29	8	4	0	0	39	0	0	0	0	1	*
December 2027 . . . . .	99	46	24	6	3	0	0	32	0	0	0	0	*	*
December 2028 . . . . .	99	40	20	5	2	0	0	24	0	0	0	0	*	*
December 2029 . . . . .	99	33	16	4	2	0	0	17	0	0	0	0	*	*
December 2030 . . . . .	99	28	13	3	1	0	0	8	0	0	0	0	*	*
December 2031 . . . . .	98	22	10	2	1	0	0	0	0	0	0	0	*	*
December 2032 . . . . .	79	17	8	1	1	0	0	0	0	0	0	0	*	*
December 2033 . . . . .	60	12	5	1	*	0	0	0	0	0	0	0	*	*
December 2034 . . . . .	39	7	3	*	*	0	0	0	0	0	0	0	*	*
December 2035 . . . . .	17	3	1	*	*	0	0	0	0	0	0	0	*	*
December 2036 . . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)** . . . . .	27.4	20.9	17.3	9.2	6.6	2.5	1.6	17.0	6.9	5.2	5.2	5.2	5.6	4.1

\* Indicates an outstanding balance greater than 0% and less than 0.5% of the original principal balance.  
 \*\* Determined as specified under “—Weighted Average Lives of the Certificates” above.  
 † In the case of a Notional Class, the Decrement Table indicates the percentage of the original notional principal balance outstanding.

## Characteristics of the R and RL Classes

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

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

Treasury Department regulations (the “Regulations”) provide that a transfer of a “noneconomic residual interest” will be disregarded for all federal tax purposes unless no significant purpose of the transfer is to impede the assessment or collection of tax. The R and RL Classes will constitute noneconomic residual interests under the Regulations. Having a significant purpose to impede the assessment or collection of tax means that the transferor of a Residual Certificate knew or should have known that the transferee would be unwilling or unable to pay taxes due on its share of the taxable income of the REMIC trust (that is, the transferor had “improper knowledge”).

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

A transfer satisfies the asset test if (i) the transferee’s gross assets exceed \$100 million and its net assets exceed \$10 million (in each case, at the time of the transfer and at the close of each of the transferee’s two fiscal years preceding the year of 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.

#### **U.S. Treasury Circular 230 Notice**

The tax discussions contained in the REMIC Prospectus (including the sections entitled “Certain Federal Income Tax Consequences” and “ERISA Considerations”) and this prospectus supplement were not intended or written to be used, and cannot be used, for the purpose of avoiding United States federal tax penalties. These discussions were written to support the promotion or marketing of the transactions or matters addressed in this prospectus supplement. You should seek advice based on your particular circumstances from an independent tax advisor.

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

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

<u>Group</u>	<u>Prepayment Assumption</u>
1	300% PSA
2	343% PSA
3	553% PSA
4	553% PSA
5	250% PSA

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

## Taxation of Beneficial Owners of Residual Certificates

Effective generally for Residual Certificates first held on or after August 1, 2006, Temporary Regulations issued by the Treasury Department have modified the general rule that the taxable income of the Trust (or Lower Tier REMIC) is not includible in the income of a foreign person (or, if excess inclusions, subject to withholding tax) until paid or distributed. 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. Under the Temporary Regulations, the amount of taxable income allocable to a foreign partner in a domestic partnership that is the beneficial owner of a Residual Certificate must be taken into account by the foreign partner on the last day of the partnership’s taxable year, except to the extent that some or all of that amount is required to be taken into account at an earlier time as a result of a distribution to the foreign partner or a disposition of the foreign partner’s indirect interest in the Residual Certificate. Similar rules apply to excess inclusions allocable to a foreign person that holds an interest in a real estate investment trust, regulated investment company, common trust fund or certain cooperatives.

For purposes of determining the portion of the taxable income of the Trust (or Lower Tier REMIC) that generally will not be treated as excess inclusions, the rate to be used is 5.77% (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 has 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. 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**

Treasury Department Regulations that are directed at “tax shelters” 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 Citigroup Global 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 Classes in addition to those contemplated as of the date of this prospectus supplement. In this event, we will increase the related MBS in principal balance, but we expect that all these additional MBS will have the same characteristics as described under “Description of the Certificates—The Fixed-Rate MBS” or “—The Group 5 (backed by ARM Loans),” as applicable, in this prospectus supplement. The proportion that the original principal balance of each Group 1, 2, 3, 4 or 5 Class bears to the aggregate original principal balance of all Group 1, 2, 3, 4 or 5 Classes, respectively, will remain the same. In addition, the dollar amounts shown in the Principal Balance Schedule will be increased to correspond to the increase of the principal balances of the applicable Classes.

## LEGAL MATTERS

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

**Assumed Characteristics of the ARM Loans Underlying the Group 5 MBS  
as of December 1, 2006**

Issue Date Unpaid Principal Balance (\$)	Weighted Average Mortgage Rate (%)	Weighted Average Net Mortgage Rate (%)	Weighted Average Original Term (in Months)	Weighted Average Remaining Term to Maturity (in months)	Weighted Average Loan Age (in Months)	Weighted Average Margin (%)	Weighted Average Periodic Cap (%)	Weighted Average Periodic Rate Cap (%)	Weighted Average Lifetime Rate Floor (%)	Weighted Average Months to Rate Change	Rate Reset Frequency (in Months)	Payment Reset Frequency (in Months)	Interest Only Remaining term	Reset Index
17,981,782.00	6.622	6.229	360	356	3	2.357	5	11.229	2.357	116	12	12	N/A	CMT1YR
12,533,026.00	6.751	6.125	360	356	3	1.635	5	11.126	1.635	116	12	12	117	LIBOR1YR
21,289,563.00	6.469	5.824	360	356	3	1.772	5	10.824	1.772	116	12	12	N/A	LIBOR1YR
17,257,767.00	6.748	6.033	360	358	2	1.978	5	11.033	1.978	118	12	12	118	LIBOR1YR

## Available Recombinations ( 1 ) ( 2 )

REMIC Certificates		RCR Certificates						
Classes	Original Principal or Notional Principal Balances	RCR Class	Original Principal or Notional Principal Balance	Interest Rate	Interest Type (3)	Principal Type (3)	CUSIP Number	Final Distribution Date
Recombination 1		SA	\$ 5,000,000	(5)	INV	PT	31396PGE5	January 2037
SQ	\$30,000,000 (4)							
PO	5,000,000							
Recombination 2		HA	25,391,000	(5)	WAC	PAC	31396PGG0	June 2030
HD	25,391,000							
IJ	2,255,886 (4)							
Recombination 3		HC	25,391,000	(5)	WAC	PAC	31396PGF2	June 2030
HD	25,391,000							
IJ	1,261,915 (4)							
Recombination 4		HE	19,499,390	(5)	WAC	PAC	31396PGH8	November 2036
HG	19,499,390							
IK	969,106 (4)							
Recombination 5		HB	19,499,390	(5)	WAC	PAC	31396PGJ4	November 2036
HG	19,499,390							
IK	1,732,441 (4)							
Recombination 6		HL	44,890,390	(5)	WAC	PAC	31396PGK1	November 2036
HD	25,391,000							
HG	19,499,390							
Recombination 7		HK	44,890,390	(5)	WAC	PAC	31396PGL9	November 2036
HD	25,391,000							
IJ	1,261,915 (4)							
HG	19,499,390							
IK	969,106 (4)							

REMIC Certificates			RCR Certificates					
Classes	Original Principal or Notional Principal Balances	RCR Class	Original Principal or Notional Principal Balance	Interest Rate	Interest Type (3)	Principal Type(3)	CUSIP Number	Final Distribution Date
Recombination 8								
HD	\$25,391,000	HJ	\$44,890,390	(5)	WAC	PAC	31396PGM7	November 2036
IJ	2,255,886 (4)							
HG	19,499,390							
IK	1,732,441 (4)							
Recombination 9								
IJ	2,255,886 (4)	IL	3,988,327 (4)	6.0363 %	FIX/IO	NTL	31396PGN5	November 2036
IK	1,732,441 (4)							

- (1) REMIC Certificates and RCR Certificates in Recombinations 1, 2, 3, 4 or 5 may be exchanged only in the proportions shown in this Schedule 1. In any exchange under Recombination 6, 7, 8 or 9, the relative proportions of the REMIC Certificates to be delivered (or if applicable, received) in such exchange will equal the proportions reflected by the outstanding principal balances of the related REMIC Classes at the time of exchange.
- (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 Certificates—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 balances. These Classes are Interest Only Classes. See pages S-7 and S-8 for a description of how their notional balances are calculated.
- (5) For a description of these interest rates, see “Description of the Certificates—Distributions of Interest” in this prospectus supplement.

## 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 .....	\$44,890,390.00	January 2011 .....	\$26,014,311.66	January 2015 .....	\$ 8,955,837.52
January 2007 .....	44,789,196.32	February 2011 .....	25,586,465.04	February 2015 .....	8,679,982.16
February 2007 .....	44,670,505.84	March 2011 .....	25,162,052.50	March 2015 .....	8,408,814.79
March 2007 .....	44,534,355.09	April 2011 .....	24,741,046.95	April 2015 .....	8,142,256.71
April 2007 .....	44,380,793.96	May 2011 .....	24,323,421.51	May 2015 .....	7,880,230.54
May 2007 .....	44,209,885.69	June 2011 .....	23,909,149.52	June 2015 .....	7,622,660.18
June 2007 .....	44,021,706.87	July 2011 .....	23,498,204.52	July 2015 .....	7,369,470.80
July 2007 .....	43,816,347.41	August 2011 .....	23,090,560.27	August 2015 .....	7,120,588.82
August 2007 .....	43,593,910.49	September 2011 .....	22,686,190.72	September 2015 .....	6,875,941.88
September 2007 .....	43,354,512.50	October 2011 .....	22,285,070.03	October 2015 .....	6,635,458.83
October 2007 .....	43,098,282.95	November 2011 .....	21,887,172.57	November 2015 .....	6,399,069.70
November 2007 .....	42,825,364.39	December 2011 .....	21,492,472.90	December 2015 .....	6,166,705.70
December 2007 .....	42,535,912.29	January 2012 .....	21,100,945.79	January 2016 .....	5,938,299.18
January 2008 .....	42,230,094.90	February 2012 .....	20,712,566.20	February 2016 .....	5,713,783.60
February 2008 .....	41,908,093.12	March 2012 .....	20,327,309.30	March 2016 .....	5,493,093.56
March 2008 .....	41,570,100.33	April 2012 .....	19,945,150.44	April 2016 .....	5,276,164.73
April 2008 .....	41,216,322.19	May 2012 .....	19,566,065.16	May 2016 .....	5,062,933.85
May 2008 .....	40,846,976.46	June 2012 .....	19,190,029.21	June 2016 .....	4,853,338.73
June 2008 .....	40,462,292.80	July 2012 .....	18,817,018.51	July 2016 .....	4,647,318.21
July 2008 .....	40,062,512.52	August 2012 .....	18,447,009.19	August 2016 .....	4,444,812.14
August 2008 .....	39,647,888.35	September 2012 .....	18,079,977.55	September 2016 .....	4,246,470.54
September 2008 .....	39,218,684.16	October 2012 .....	17,715,900.09	October 2016 .....	4,047,179.80
October 2008 .....	38,775,174.72	November 2012 .....	17,354,753.48	November 2016 .....	3,845,666.08
November 2008 .....	38,317,645.38	December 2012 .....	16,996,514.58	December 2016 .....	3,647,680.95
December 2008 .....	37,846,391.78	January 2013 .....	16,641,160.44	January 2017 .....	3,453,164.16
January 2009 .....	37,361,719.54	February 2013 .....	16,288,668.28	February 2017 .....	3,262,056.47
February 2009 .....	36,863,943.91	March 2013 .....	15,939,015.50	March 2017 .....	3,074,299.63
March 2009 .....	36,353,389.46	April 2013 .....	15,592,179.67	April 2017 .....	2,889,836.37
April 2009 .....	35,842,687.46	May 2013 .....	15,248,138.56	May 2017 .....	2,708,610.40
May 2009 .....	35,336,072.81	June 2013 .....	14,906,870.09	June 2017 .....	2,530,566.37
June 2009 .....	34,833,513.30	July 2013 .....	14,568,352.36	July 2017 .....	2,355,649.85
July 2009 .....	34,334,976.97	August 2013 .....	14,232,563.65	August 2017 .....	2,183,807.34
August 2009 .....	33,840,432.10	September 2013 .....	13,899,482.40	September 2017 .....	2,014,986.23
September 2009 .....	33,349,847.24	October 2013 .....	13,569,087.22	October 2017 .....	1,849,134.81
October 2009 .....	32,863,191.17	November 2013 .....	13,241,356.90	November 2017 .....	1,686,202.23
November 2009 .....	32,380,432.92	December 2013 .....	12,916,270.39	December 2017 .....	1,526,138.50
December 2009 .....	31,901,541.76	January 2014 .....	12,593,806.80	January 2018 .....	1,368,894.47
January 2010 .....	31,426,487.20	February 2014 .....	12,273,945.40	February 2018 .....	1,214,421.83
February 2010 .....	30,955,239.00	March 2014 .....	11,956,665.64	March 2018 .....	1,062,673.07
March 2010 .....	30,487,767.15	April 2014 .....	11,641,947.12	April 2018 .....	913,601.49
April 2010 .....	30,024,041.87	May 2014 .....	11,329,769.60	May 2018 .....	767,161.17
May 2010 .....	29,564,033.63	June 2014 .....	11,020,113.00	June 2018 .....	623,306.97
June 2010 .....	29,107,713.11	July 2014 .....	10,712,957.40	July 2018 .....	481,994.51
July 2010 .....	28,655,051.24	August 2014 .....	10,408,283.04	August 2018 .....	343,180.16
August 2010 .....	28,206,019.16	September 2014 .....	10,107,759.86	September 2018 .....	206,821.03
September 2010 .....	27,760,588.25	October 2014 .....	9,812,338.60	October 2018 .....	72,874.94
October 2010 .....	27,318,730.11	November 2014 .....	9,521,933.66	November 2018 and thereafter .....	0.00
November 2010 .....	26,880,416.57	December 2014 .....	9,236,460.89		
December 2010 .....	26,445,619.66				



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.

**\$257,997,440**



## Guaranteed REMIC Pass-Through Certificates

**Fannie Mae REMIC Trust 2006-124**

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**Citigroup**

**Prospectus Supplement  
November 22, 2006**