

\$414,768,966 (Approximate)



FannieMae®

Guaranteed REMIC Pass-Through Certificates Fannie Mae REMIC Trust 2006-W3

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

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 of its agencies or instrumentalities 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.

The Certificates

We, the Federal National Mortgage Association (Fannie Mae), will issue and guarantee the certificates listed in the chart on this page. The certificates will represent beneficial ownership interests in the trust assets.

Payments to Certificateholders

You, the investor, will receive monthly payments on your certificates, including

- interest to the extent accrued as described in this prospectus, and
- principal to the extent available for payment as described in this prospectus.

The Fannie Mae Guaranty

We will guarantee that the payments of monthly interest and principal described above are available for distribution to investors on time and that an amount equal to any outstanding principal balance of each class of certificates is available for distribution on the final distribution date.

The Trust and Its Assets

The trust assets will be divided into three groups.

- Group 1 and Group 2 each will consist of first lien, one- to four-family, fully amortizing, fixed-rate mortgage loans insured by the Federal Housing Administration (FHA) or partially guaranteed by the U.S. Department of Veterans Affairs (VA) or the Rural Housing Service of the U.S. Department of Agriculture (RHS) and having the characteristics described in this prospectus.
- Group 3 will consist of first lien, one- to four-family, fully amortizing, adjustable-rate mortgage loans insured by the FHA or partially guaranteed by the VA and having the characteristics described in this prospectus.

Class	Group	Original Class Balance (1)	Principal Type (2)	Interest Rate (3)	Interest Type (2)	CUSIP Number	Assumed Maturity Date (4)
1-A-F1	1	\$236,552,483	PT	(5)	FLT	31396L5A4	October 2036
1-A-F2	1	75,000,000	PT	(5)	FLT	31396L7C8	October 2036
1-A-S	1	311,552,483 (6)	NTL	(5)	INV/IO	31396L7D6	October 2036
2-A	2	52,794,563	PT	6.0%	FIX	31396L7E4	September 2036
2-A-IO	2	52,794,563 (6)	NTL	(7)	WAC/IO	31396L7F1	September 2036
3-A	3	50,421,920	PT	(8)	WAC	31396L7G9	August 2036
R		0	NPR	0	NPR	31396L7H7	October 2036
RL		0	NPR	0	NPR	31396L7J3	October 2036

(1) Approximate. May vary by plus or minus 5%.

(2) See "Description of the Certificates—Class Definitions and Abbreviations."

(3) Subject to uncovered prepayment interest shortfalls as described in this prospectus.

(4) The Assumed Maturity Date is calculated assuming the maturity dates of the mortgage loans are not modified. Fannie Mae does not guarantee that an amount equal to the principal balances of the certificates will be available for distribution on the related Assumed Maturity Date. Fannie Mae will guarantee that the principal balances of the certificates will be available for distribution no later than the distribution date in October 2046 for the Group 1 Classes, September 2046 for the Group 2 Classes and August 2046 for the Group 3 Class.

(5) Based on One-Month LIBOR as further described in this prospectus.

(6) Notional principal balances. These classes are interest only classes. See page 8 for a description of how their notional balances are calculated.

(7) The 2-A-IO Class will bear interest at the variable annual rate described in this prospectus. During the initial interest accrual period, the 2-A-IO Class is expected to bear interest at an annual rate of approximately 0.28140%.

(8) The 3-A Class will bear interest at the variable annual rate described in this prospectus. During the initial interest accrual period, the 3-A Class is expected to bear interest at an annual rate of approximately 5.79271%.

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



TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
Available Information	4	<i>Calculation Method</i>	36
Incorporation By Reference	4	Principal Payments on the Certificates...	37
Recent Developments	5	<i>Categories of Classes—Principal</i>	37
Reference Sheet	7	<i>General</i>	37
Risk Factors	10	Principal Distribution Amount	37
General	14	<i>Group 1 Principal Distribution</i>	
<i>Structure</i>	14	<i>Amount</i>	37
<i>Authorized Denominations</i>	15	<i>Group 2 Principal Distribution</i>	
<i>Characteristics of Certificates</i>	15	<i>Amount</i>	37
<i>Fannie Mae Guaranty</i>	16	<i>Group 3 Principal Distribution</i>	
<i>Distribution Dates</i>	16	<i>Amount</i>	37
<i>Record Date</i>	16	Certain Definitions Relating to	
<i>Class Factors</i>	16	Payments on the Certificates	37
<i>Optional Termination by the Servicer</i>	16	Class Definitions and Abbreviations	39
The Mortgage Loans	16	The Cap Contracts	39
General	16	<i>General</i>	39
Group 1 Loans	18	<i>1-A-F1 Cap Corridor Contract</i>	40
Group 2 Loans	22	<i>1-A-F2 Cap Contract</i>	43
Group 3 Loans	25	Special Characteristics of the R and	
Fannie Mae Mortgage Purchase		RL Classes	46
Program	31	Structuring Assumptions	48
Selling and Servicing Guides	31	<i>Pricing Assumptions</i>	48
Mortgage Loan Eligibility Standards—		<i>Prepayment Assumptions</i>	49
Government Insured Loans	31	Yield Tables	49
<i>Dollar Limitations</i>	31	<i>General</i>	49
<i>Loan-to-Value Ratios</i>	31	<i>The 1-A-S Class</i>	50
<i>Underwriting Guidelines</i>	32	<i>The 2-A-IO Class</i>	51
Description of the Certificates	32	Weighted Average Lives of the	
Book-Entry Procedures	32	Certificates	51
<i>DTC</i>	32	Decrement Tables	52
<i>Title to DTC Certificates</i>	32	The Trust Agreement	53
<i>Method of Payment</i>	32	Transfer of Mortgage Loans to the	
Interest Payments on the Certificates	33	Trust	53
<i>Categories of Classes—Interest</i>	33	Servicing Through Lenders	53
<i>Interest Calculation</i>	33	Distributions on Mortgage Loans;	
<i>Interest Accrual Periods</i>	33	Deposits in the Certificate Account...	54
<i>Notional Classes</i>	33	Reports to Certificateholders	54
<i>The 1-A-F1 Class</i>	34	Servicing Compensation and Payment	
<i>The 1-A-F2 Class</i>	34	of Certain Expenses by Fannie Mae ..	54
<i>The 1-A-S Class</i>	35	Collection and Other Servicing	
<i>The 2-A Class</i>	35	Procedures	54
<i>The 2-A-IO Class</i>	35	Certain Matters Regarding Fannie Mae ..	55
<i>The 3-A Class</i>	35	Repurchase of Mortgage Loans	56
<i>Uncovered Prepayment Interest</i>		Events of Default	56
<i>Shortfalls</i>	35	Rights Upon Event of Default	56
Calculation of One-Month LIBOR	36	Voting Rights	56
<i>General</i>	36	Amendment	56
		Termination	57

	<u>Page</u>		<u>Page</u>
U.S. Treasury Circular 230 Notice . . .	57	Basis Rules and Distributions	67
Certain Federal Income Tax		Treatment of Excess Inclusions	67
Consequences	57	Pass-Through of Servicing and	
REMIC Elections and Special Tax		Guaranty Fees to Individuals	68
Attributes	58	Sales and Other Dispositions of a	
<i>Allocations</i>	59	Residual Certificate	68
<i>Tax Attributes</i>	60	<i>Residual Certificate Transferred to or</i>	
Taxation of Beneficial Owners of		<i>Held by Disqualified Organizations</i>	68
Regular Certificates	60	<i>Other Transfers of a Residual</i>	
Treatment of Original Issue Discount . .	60	<i>Certificate</i>	69
<i>Definition of Original Issue</i>		Termination	69
<i>Discount</i>	60	Taxes on the REMICs	69
<i>Daily Portions of Original Issue</i>		Prohibited Transactions	70
<i>Discount</i>	61	Contributions to a REMIC after the	
Subsequent Holders' Treatment of		Startup Day	70
Original Issue Discount	62	Net Income from Foreclosure	
Regular Certificates Purchased at a		Property	70
Premium	62	Reporting and Other Administrative	
Regular Certificates Purchased with		Matters	70
Market Discount	62	Backup Withholding	71
Special Election	63	Foreign Investors	71
Sales and Other Dispositions of		Regular Certificates	71
Regular Certificates	63	Residual Certificates	71
Termination	64	Legal Investment Considerations	71
Taxation of the 1-A-F1 and 1-A-F2 Net		Legal Opinion	72
WAC Carryover Amounts	64	ERISA Considerations	72
<i>Treatment of Payments under the</i>		<i>General</i>	72
<i>Cap Contracts</i>	64	<i>Additional Considerations Relating to</i>	
<i>Disposition of the Cap Contracts . . .</i>	65	<i>the 1-A-F1 and 1-A-F2 Classes</i>	72
Taxation of Beneficial Owners of a		Plan of Distribution	73
Residual Certificate	65	Legal Matters	73
Amounts Paid to a Transferee of a		Index of Defined Terms	74
Residual Certificate	65	Exhibit A	A-1
Daily Portions	66		
Taxable Income or Net Loss of the			
REMICs	66		

AVAILABLE INFORMATION

You should purchase the certificates only if you have read and understood this prospectus and any information incorporated by reference in this prospectus as discussed below under the heading “Incorporation by Reference” (the “Disclosure Documents”).

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

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

The Disclosure Documents and the class factors are available on our corporate Web site located at www.fanniemae.com.

You also can obtain additional copies of this prospectus by writing or calling the dealers at:

Countrywide Securities Corporation
Prospectus Department
4500 Park Granada
Calabasas, California 91302
(telephone 800-669-6091)

or

RBC Dain Rauscher Inc.
One Liberty Plaza, 2nd Floor
New York, New York 10006
(telephone 212-428-7982).

INCORPORATION BY REFERENCE

In this prospectus, 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, so you should read this prospectus, 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 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 (the “2004 10-K”), which includes consolidated financial statements for 2004 and 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, 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 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 is deemed to be modified or superseded for purposes of this prospectus to the extent information contained or incorporated by reference in this prospectus modifies or supersedes such information. In such case, the information will constitute a part of this prospectus 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 except as specifically stated in this prospectus.

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. 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 except as specifically stated in this prospectus.

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.

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—Fannie Mae Guaranty Considerations—*There is a lack of current financial information about us available in the market*” in this 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. 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 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 in its entirety and each of the additional disclosure documents referred to on page 4.

The Certificates

- The certificates will represent beneficial ownership interests in Fannie Mae Trust 2006-W3.
- The trust assets will be divided into three mortgage loan groups. All of the mortgage loans were previously repurchased from Ginnie Mae pools as a result of past delinquency.
- Group 1 and Group 2 each will consist of first lien, one- to four-family, fully amortizing, fixed-rate mortgage loans insured by the Federal Housing Administration (FHA) or partially guaranteed by the U.S. Department of Veterans Affairs (VA) or the Rural Housing Service of the U.S. Department of Agriculture (RHS).
- Group 3 will consist of first lien, one- to four-family, fully amortizing, adjustable-rate mortgage loans insured by the FHA or partially guaranteed by the VA.

Certain Characteristics of the Mortgage Loans

Each of the mortgage loans was originated in accordance with the underwriting guidelines of the FHA, VA or RHS and included in a Ginnie Mae pool. Generally, each mortgage loan was subsequently repurchased from a Ginnie Mae pool after a delinquency on the loan was not cured for at least 90 days. The mortgage loans are now reperforming as and to the extent described in the section of this prospectus entitled “The Mortgage Loans.”

The table appearing in Exhibit A sets forth certain summary information regarding the assumed characteristics of the mortgage loans.

Class Factors

The class factors are numbers that, when multiplied by the initial principal balance or notional balance of a certificate, can be used to calculate the current principal balance or notional balance of that certificate (after taking into account distributions in the same month). We will publish the class factors for the certificates on or shortly after the 23rd 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 the next business day if the 25th day is not a business day, beginning in January 2007.

Book-Entry Certificates

We will issue the book-entry certificates through DTC, 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:

DTC Book-Entry

All classes other than the R and RL Classes

Physical

R and RL Classes

Interest Rates

During each interest accrual period, the classes will bear interest at the applicable rates described in this prospectus.

Notional Class

The 1-A-S and 2-A-IO Classes are notional classes. A notional class will not receive principal. Its notional principal balance is the balance used to calculate interest. See “Description of the Certificates—Interest Payments on the Certificates—*Notional Classes*,” “—Yield Tables—*The 1-A-S Class*” and “—*The 2-A-IO Class*” in this prospectus.

The notional principal balances will equal the percentages of the principal balances specified below immediately before the related distribution date:

Class

1-A-S	100% of the <i>sum</i> of the 1-A-F1 and 1-A-F2 Classes
2-A-IO	100% of the 2-A Class

Payments of Principal

Group 1 Principal Distribution Amount

On each distribution date, we will pay the Group 1 Principal Distribution Amount as principal of the 1-A-F1 and 1-A-F2 Classes, pro rata, to zero.

For a description of the Group 1 Principal Distribution Amount, see “Description of the Certificates—Certain Definitions Relating to Payments on the Certificates” in this prospectus.

Group 2 Principal Distribution Amount

On each distribution date, we will pay the Group 2 Principal Distribution Amount as principal of the 2-A Class to zero.

For a description of the Group 2 Principal Distribution Amount, see “Description of the Certificates—Certain Definitions Relating to Payments on the Certificates” in this prospectus.

Group 3 Principal Distribution Amount

On each distribution date, we will pay the Group 3 Principal Distribution Amount as principal of the 3-A Class to zero.

For a description of the Group 3 Principal Distribution Amount, see “Description of the Certificates—Certain Definitions Relating to Payments on the Certificates” in this prospectus.

Guaranty Payments

We guarantee that (i) all required installments of principal and interest on the certificates are available for distribution to investors on time and (ii) the remaining principal balance of each class of certificates is available for distribution to investors no later than the distribution date in October 2046 for the Group 1 Classes, September 2046 for the Group 2 Classes, and August 2046 for the Group 3 Class.

Weighted Average Lives (years) *

<u>Group 1 Classes</u>	<u>CPR Prepayment Assumption</u>						
	<u>10%</u>	<u>15%</u>	<u>20%</u>	<u>25%</u>	<u>30%</u>	<u>35%</u>	<u>40%</u>
1-A-F1, 1-A-F2 and 1-A-S	7.1	5.3	4.1	3.3	2.7	2.3	1.9

<u>Group 2 Classes</u>	<u>CPR Prepayment Assumption</u>						
	<u>10%</u>	<u>15%</u>	<u>20%</u>	<u>25%</u>	<u>30%</u>	<u>35%</u>	<u>40%</u>
2-A and 2-A-IO	7.1	5.3	4.1	3.3	2.7	2.3	1.9

<u>Group 3 Class</u>	<u>CPR Prepayment Assumption</u>						
	<u>10%</u>	<u>15%</u>	<u>20%</u>	<u>25%</u>	<u>30%</u>	<u>35%</u>	<u>40%</u>
3-A	7.0	5.2	4.0	3.2	2.7	2.2	1.9

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

RISK FACTORS

We describe below some of the risks associated with an investment in the certificates. Because each investor has different investment needs and a different risk tolerance, you should consult your own financial and legal advisors to determine whether the certificates are a suitable investment for you.

Suitability

The certificates may not be a suitable investment. The certificates are not a suitable investment for every investor. Before investing, you should consider carefully the following:

- You should have sufficient knowledge and experience to evaluate the merits and risks of the certificates and the information contained in this prospectus and the other disclosure documents described on page 4.
- You should thoroughly understand the terms of the certificates.
- You should be able to evaluate (either alone or with the help of a financial advisor) the economic, interest rate and other factors that may affect your investment.
- You should have sufficient financial resources and liquidity to bear all risks associated with the certificates.
- You should investigate any legal investment restrictions that may apply to you.
- You should exercise particular caution if your circumstances do not permit you to hold the certificates until maturity.

Investors whose investment activities are subject to legal investment laws and regulations, or to review by regulatory authorities, may be unable to buy certain certificates. You should get legal advice to determine whether your purchase of the certificates is a legal investment for you or is subject to any investment restrictions.

Yield Considerations

A variety of factors can affect your yield. Your effective yield on the certificates will depend upon:

- in the case of the 1-A-F1, 1-A-F2 and 1-A-S Classes, monthly changes in the

one-month LIBOR index and the effect of the fixed interest rates of the Group 1 Loans;

- in the case of the 3-A Class, the effect of interest rate adjustments of the Group 3 Loans;
- the price you paid for the certificates;
- how quickly or slowly borrowers prepay the mortgage loans;
- the extent of any uncovered prepayment interest shortfalls;
- if and when any mortgage loans are liquidated due to borrower defaults, casualties or condemnations affecting the properties securing those loans;
- if and when any mortgage loans are repurchased;
- the actual characteristics of the mortgage loans; and
- fluctuations in the weighted average of the net mortgage rates of the related mortgage loans.

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

- if you own interest only certificates or if you buy your certificates at a premium and principal payments on the related mortgage loans are faster than you expect, or
- if you buy your certificates at a discount and principal payments on the related mortgage loans are slower than you expect.

Even if the mortgage loans are prepaid at a rate that on average is consistent with your expectations, variations in the prepayment rate over time could significantly affect your yield. Generally, the earlier the payment of principal,

the greater the effect on the yield to maturity. As a result, if the rate of principal prepayment during any period is faster or slower than you expect, a corresponding reduction or increase in the prepayment rate during a later period may not fully offset the impact of the earlier prepayment rate on your yield.

We used certain assumptions concerning the mortgage loans in preparing certain tabular information in this prospectus. If the actual mortgage loan characteristics differ even slightly from those assumptions, the weighted average life and yield of the certificates will be affected.

You must make your own decision as to the assumptions, including the principal prepayment assumptions, you will use in deciding whether to purchase the certificates.

Unpredictable timing of last payment affects yield on certificates. The actual final payment on the certificates may occur earlier, and could occur much earlier, than the distribution date occurring in October 2046 for the Group 1 Classes, September 2046 for the Group 2 Classes, and August 2046 for the Group 3 Class. If you assume the actual final payment would occur on the distribution date occurring in October 2046 for the Group 1 Classes, September 2046 for the Group 2 Classes, and August 2046 for the Group 3 Class, your yield may be lower than you expect.

Delayed payments reduce yield and market value. Because the certificates do not receive interest immediately following each interest accrual period, the certificates have lower yields and lower market values than they would if there were no such delay.

Additional Risk Factors Relating to Certain Classes

Application of the net WAC cap to the 1-A-F1 Class may adversely affect its yield. The interest rate on the 1-A-F1 Class is subject to an interest rate cap based on the net WAC of the Group 1 Loans. As a result, interest payments to the 1-A-F1 Class may be reduced. The amount of such reduction (up to the maximum rate of the 1-A-F1 Class) will be paid to the related certificateholders on the current distribution date or future distribution dates to the

extent of proceeds received under the related cap corridor contract. However, we cannot assure you that funds from the related cap corridor contract will be adequate to cover the 1-A-F1 Class net WAC carryover amount. **The Fannie Mae guaranty does not cover any 1-A-F1 Class net WAC carryover amounts or any failure of the trust to receive payments under the cap corridor contract.**

Application of the net WAC cap to the 1-A-F2 Class may adversely affect its yield. The interest rate on the 1-A-F2 Class is subject to an interest rate cap based on the net WAC of the Group 1 Loans. As a result, interest payments to the 1-A-F2 Class may be reduced. The amount of such reduction will be paid to the related certificateholders on the current distribution date or future distribution dates to the extent of proceeds received under the related cap contract. However, we cannot assure you that funds from the related cap contract will be adequate to cover the 1-A-F2 Class net WAC carryover amounts. **The Fannie Mae guaranty does not cover any 1-A-F2 Class net WAC carryover amounts or any failure of the trust to receive payments under the cap contract.**

Absence of correlation between one-month LIBOR and the Group 1 Loans may adversely affect the yields on the 1-A-F1 and 1-A-F2 Classes. The interest rates on the 1-A-F1 and 1-A-F2 Classes adjust monthly and are based on one-month LIBOR. The interest rates on the Group 1 Loans are fixed. As a result, the Group 1 Classes may be more likely to be affected by the application of the net WAC cap.

Prepayment Considerations

The rate of principal payments on the certificates depends on numerous factors and cannot be predicted. The rate of principal payments on the certificates of a particular class generally will depend on the rate of principal payments on the related mortgage loans. Principal payments on the mortgage loans may occur as a result of scheduled amortization or prepayments. The rate of principal payments is likely to vary considerably from time to time as a result of the liquidation of foreclosed mortgage loans, FHA insurance payments and VA and

RHS guarantee payments, as well as because borrowers generally may prepay the mortgage loans at any time without penalty. Prepayment rates also may be influenced by changes in FHA, VA or RHS program guidelines.

In general, prepayment rates may be influenced by:

- the level of current interest rates relative to the rates borne by the mortgage loans,
- homeowner mobility,
- existence of any prepayment premiums or prepayment restrictions,
- the general creditworthiness of the borrowers,
- repurchases of mortgage loans from the pools, and
- general economic conditions.

It is highly unlikely that the mortgage loans will prepay:

- at the rates we assume,
- at any constant prepayment rate until maturity, or
- at the same rate.

Because so many factors affect the prepayment rate of the mortgage loans, we cannot estimate the prepayment experience of the mortgage loans.

In general FHA, VA and RHS mortgage loans may be assumed by creditworthy purchasers of mortgaged properties from the original borrowers. In this way, property sales by borrowers can affect the rate of prepayment. In addition, if borrowers are able to refinance their loans by obtaining new loans secured by the same properties, any refinancing will affect the rate of prepayment. Furthermore, the seller made representations and warranties with respect to the mortgage loans and may have to repurchase the related loans if they materially breach those representations and warranties. Any such repurchases will increase the rate of prepayment.

The servicer will repurchase from the trust any Group 1 Loan or Group 2 Loan whose mortgage interest rate has been modified and any Group 3 Loan whose mortgage interest rate

has been changed to a fixed rate. Any such repurchase will have the same effect on the related certificates as borrower prepayments.

In addition, the servicer has the right under certain circumstances to recast the amortization schedule (based on a 30-year term) and/or extend the scheduled date of final payment on a mortgage loan (but not beyond October 2046 for the Group 1 Loans, September 2046 for the Group 2 Loans and August 2046 for the Group 3 Loans). To the extent that the servicer so recasts the amortization schedule or extends the term of a mortgage loan, the weighted average lives of the related class or classes of certificates could be extended.

Exercise of any optional clean-up calls will have the same effect on the related classes as borrower prepayments of the related loans. The servicer may purchase all the remaining mortgage loans in a loan group once the aggregate balance of the related mortgage loans is reduced to 1% or less of its original level. If the servicer purchases the mortgage loans in a loan group in this way, it would have the same effect as a prepayment in full of all the mortgage loans in that loan group.

Concentration of mortgaged properties in certain states could lead to increased delinquencies, with the same effect as borrower prepayments. As of the issue date, the states with relatively high concentrations of mortgaged properties in each loan group (by issue date principal balance) are as follows:

- Loan Group 1: Texas (17.26%), Georgia (7.31%), Ohio (5.17%) and Michigan (5.14%)
- Loan Group 2: Texas (20.80%), Ohio (7.34%), Georgia (6.70%) and North Carolina (6.38%)
- Loan Group 3: Georgia (14.78%), Illinois (7.35%), Colorado (7.09%), Ohio (5.43%) and Michigan (5.02%)

If the residential real estate markets in those states should experience an overall decline in property values, the rates of loan delinquencies in those states probably will increase and may increase substantially.

Hurricanes in the Gulf Coast region may present risk of increased mortgage loan prepay-

ments. 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 payment of principal of the related certificates.

Reinvestment Risk

Generally, a borrower may prepay a mortgage loan at any time. As a result, we cannot predict the amount of principal payments on the certificates. The certificates may not be an appropriate investment for you if you require a specific amount of principal on a regular basis or on a specific date. Because interest rates fluctuate, you may not be able to reinvest the principal payments on the certificates at a rate of return that is as high as your rate of return on the certificates. You may have to reinvest those funds at a much lower rate of return. You should consider this risk in light of other investments that may be available to you.

Market and Liquidity Considerations

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.

A number of factors may affect the resale of certificates, including:

- the method, frequency and complexity of calculating principal and interest;
- the characteristics of the mortgage loans;

- past and expected prepayment levels of the mortgage loans and comparable loans;
- the outstanding principal amount of the certificates;
- the amount of certificates offered for resale from time to time;
- any legal restrictions or tax treatment limiting demand for the certificates;
- the availability of comparable securities;
- the level, direction and volatility of interest rates generally; and
- general economic conditions.

Terrorist activities and accompanying 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.

Fannie Mae Guaranty Considerations

There is a lack of current financial information about us available in the market. We have announced that previously filed interim and audited financial statements for the periods from January 2001 through the second quarter of 2004 should no longer be relied upon because they were prepared applying accounting practices that did not comply with GAAP. On De-

ember 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.

At this time, it is not known when we will be releasing additional audited financial information for subsequent periods. You should be aware that because current financial information about us may not be available to the public for a substantial period of time, you will be unable to ascertain the accurate financial status of Fannie Mae for the foreseeable future.

There are numerous potential legislative and regulatory developments and proposals that may significantly affect us. The U.S. Congress is currently considering various bills in the House of Representatives and Senate that address our business and regulatory environment. These draft bills address various issues, including our regulatory structure, capital standards, potential receivership, scope of business activities, affordable housing goals, portfolio composi-

tion, and expanded oversight of our officers and directors. We cannot predict whether any legislation will be approved by Congress and signed into law by the President and, if so, the final form and effective date of such legislation. We also cannot predict the effect, if any, that any potential legislation or regulatory developments would have on our credit ratings or on our business.

If we were unable to perform our guaranty obligations, you could be directly affected by delinquencies and defaults on the related mortgage loans. If we were unable to perform our guaranty obligations, certificateholders would receive only borrower payments and other recoveries on the mortgage loans plus, with respect to the 1-A-F1 and 1-A-F2 Classes, payments on the related cap corridor contract or cap contract, as applicable. If that happened, delinquencies and defaults on the related mortgage loans could directly affect the amounts that certificateholders would receive each month.

GENERAL

The material under this heading summarizes certain features of the Certificates and is not complete. You will find additional information about the Certificates in the other sections of this prospectus, as well as in the additional Disclosure Documents and the Trust Agreement. If we use a capitalized term in this prospectus without defining it, you will find the definition of that term in the Trust Agreement.

Structure. We, the Federal National Mortgage Association (“Fannie Mae”), a corporation organized and existing under the laws of the United States, under the authority contained in Section 304(d) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 *et seq.*), will create the Fannie Mae Trust specified on the cover of this prospectus (the “Trust”) pursuant to a trust agreement dated as of December 1, 2006 (the “Issue Date”). We will issue the Guaranteed REMIC Pass-Through Certificates (the “Certificates”) pursuant to that trust agreement (the “Trust Agreement”). We will execute the Trust Agreement in our corporate capacity and as trustee (the “Trustee”).

The assets of the Trust will consist of three groups of mortgage loans (the “Group 1 Loans,” “Group 2 Loans” and “Group 3 Loans,” and together, the “Mortgage Loans”) and will evidence the entire beneficial ownership interest in the payments of principal and interest on the Mortgage Loans. The Mortgage Loans are insured by the Federal Housing Administration (“FHA”) or partially guaranteed by the U.S. Department of Veterans Affairs (“VA”) or by the Rural Housing Service of the U.S. Department of Agriculture (“RHS”) and, as a result of past delinquency, have been repurchased from Ginnie Mae pools.

We will designate portions of the Trust (the “Upper Tier REMIC” and the “Lower Tier REMIC”) as “real estate mortgage investment conduits” (each, a “REMIC”) under the Internal Revenue Code of 1986, as amended (the “Code”).

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

The assets of the Lower Tier REMIC will consist of the Mortgage Loans. The Cap Contracts (described under “Description of the Certificates—The Cap Contracts” in this prospectus) will not be included in either REMIC.

Authorized Denominations. We will issue the Certificates in the following denominations:

<u>Classes</u>	<u>Denominations</u>
The 1-A-S and 2-A-IO Class	\$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 a single Certificate (the “Combined Residual Certificate”) with no principal balance.

Characteristics of Certificates. The Certificates (except the R and RL Classes) will be represented by one or more certificates (the “DTC Certificates”) to be registered at all times in the name of the nominee of The Depository Trust Company (“DTC”), a New York-chartered limited purpose trust company, or any successor or depository selected or approved by us. We refer to the nominee of DTC as the “Holder” or “Certificateholder” of the DTC Certificates. DTC will maintain the DTC Certificates through its book-entry facilities. 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 the Certificates—Book-Entry Procedures” in this prospectus.

The holder of the Combined Residual Certificate will have the right to exchange the Combined Residual Certificate for two separate residual certificates (each, a “Separate Residual Certificate”) relating to each of the R and RL Classes.

We will issue the Combined or any Separate Residual Certificate (a “Residual Certificate”) in fully registered, certificated form. The “Holder” or “Certificateholder” of a Residual Certificate is its registered owner. A Residual 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 a Residual Certificate and may require payment to cover any tax or other governmental charge. In addition, the Combined Residual Certificate may be exchanged for the Separate Residual Certificates at the corporate trust office of the Transfer Agent or at the office of the Transfer Agent in New York, New York.

The Holder of the R Class will receive the proceeds of any remaining assets of the Upper Tier REMIC 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. See “Description of the Certificates—Special Characteristics of the R and RL Classes” in this prospectus.

Fannie Mae Guaranty. We guarantee that the following amounts will be available for distribution to the Holders of Certificates:

- required installments of principal and interest on the Certificates on time, and
- the remaining principal balance of each Class of Certificates no later than the Distribution Date in October 2046 for the Group 1 Classes, September 2046 for the Group 2 Classes, and August 2046 for the Group 3 Class, whether or not we have received sufficient payments.

Our guaranty will **not** cover any Uncovered Prepayment Interest Shortfalls as described under the heading “Description of the Certificates—Interest Payments on the Certificates” in this prospectus. Our guaranty will **not** cover your receipt of 1-A-F1 or 1-A-F2 Net WAC Carryover Amounts. Investors will be entitled to receive 1-A-F1 or 1-A-F2 Net WAC Carryover Amounts only to the extent available as described under the heading “Description of the Certificates—Interest Payments on the Certificates” in this prospectus. Furthermore, our guaranty will **not** cover the failure to receive amounts due to the Holders of the 1-A-F1 and 1-A-F2 Classes under the related Cap Contract described under the heading “Description of the Certificates—The Cap Contracts” in this prospectus.

If we were unable to perform these guaranty obligations, Certificateholders would receive only the amounts paid or advanced and other recoveries on the Mortgage Loans and, in the case of the 1-A-F1 and 1-A-F2 Classes, amounts paid under the related Cap Contract. If that happened, delinquencies and defaults on the Mortgage Loans would directly affect the amounts that Certificateholders would receive each month. Our guaranty is not backed by the full faith and credit of the United States.

Distribution Dates. We will make monthly payments on the 25th day of each calendar month, or the next business day if the 25th is not a business day. We refer to each such date as a “Distribution Date.” We will make the first payments to Certificateholders in January 2007.

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 23rd calendar day of each month, we will publish a class factor (carried to eight decimal places) for each Class of Certificates. When the factor is multiplied by the original principal balance (or notional principal balance) of a Certificate of that Class, the product will equal the remaining principal balance (or notional principal balance) of that Certificate after taking into account payments on the Distribution Date in the same month.

Optional Termination by the Servicer. The Servicer may effect an early termination of the Trust as described under “The Trust Agreement—Termination” in this prospectus. We have no option to effect an early termination of the Lower Tier REMIC or the Trust. Further, we will not repurchase any of the Mortgage Loans in a “clean-up call.”

THE MORTGAGE LOANS

General

We expect that the Trust will consist of approximately 4,470 Mortgage Loans having an aggregate principal balance of approximately \$414,768,968 as of the Issue Date. This aggregate amount may vary by plus or minus 5%. Fannie Mae, as purchaser, Countrywide Home Loans, Inc., as seller of the Mortgage Loans (the “Seller” or “Countrywide”), and Countrywide Home Loans Servicing LP (“Countrywide Servicing”), an affiliate of the Seller, as master servicer of the Mortgage Loans (the “Servicer”), will be parties to a sale and servicing agreement dated as of the Issue Date (the “Sale and Servicing Agreement”).

The Mortgage Loans consist of three groups (“Loan Group 1,” “Loan Group 2” and “Loan Group 3”) of first lien, one- to four-family, fully amortizing loans. All of the Group 1 Loans and Group 2 Loans bear fixed rates of interest. All of the Group 3 Loans bear adjustable rates of interest. All of

the Mortgage Loans are FHA-insured or partially guaranteed by the VA or the RHS. Each Mortgage Loan is evidenced by a promissory note or similar evidence of indebtedness (a “Mortgage Note”) that is secured by a first mortgage or deed of trust on a one- to four-family residential property. Each Mortgage Note requires the borrower to make monthly payments of principal and interest. We refer to the property that secures repayment of a Mortgage Loan as the “Mortgaged Property.”

Each Mortgage Loan provides that the obligor on the related Mortgage Note (the “borrower”) must make payments by a scheduled day of each month. This day is fixed at the time of origination. In addition, each Mortgage Loan provides that each borrower must pay interest on its outstanding principal balance at the rate specified or described in the related Mortgage Note (the “Mortgage Interest Rate”). Interest is calculated on the basis of a 360-day year consisting of twelve 30-day months. If a borrower makes a payment earlier or later than the scheduled due date, the amortization schedule will not change, nor will the relative application of such payment to principal and interest.

The information shown on Exhibit A summarizes certain assumed characteristics of the Mortgage Loans as of the Issue Date. The information in the tables is presented in aggregated form, on the basis of the characteristics specified in the tables, and does not reflect actual or assumed characteristics of any individual Mortgage Loan. The information in the tables does not give effect to prepayments received on the Mortgage Loans on or after the Issue Date.

Each of the Mortgage Loans was originated in accordance with the underwriting guidelines of FHA, VA or RHS, as the case may be. Generally, the regulations applicable to FHA loans permit borrowers to finance up to 97% of the outstanding principal balance of the purchase price, although certain special FHA loan programs permit borrowers to finance 100% of the purchase price plus closing costs. The VA loan programs generally permit borrowers to finance 100% of the purchase price plus closing costs. If closing costs are financed, then the related loan-to-value ratio may exceed 100%.

Each Mortgage Loan was eligible to be included in a Ginnie Mae pool at the time of origination as permitted by the rules of the Government National Mortgage Association (“Ginnie Mae”). Substantially all the Mortgage Loans were previously pooled with Ginnie Mae and then purchased from Ginnie Mae pools when each such Mortgage Loan had a delinquency that was not cured for at least 90 days.

Certain of the Mortgage Loans to be transferred to the Lower Tier REMIC are subject to arrearages arising from unreimbursed interest, principal and servicing advances made on or prior to the Issue Date. These arrearages will not be the property of the Lower Tier REMIC and any collections of such arrearage amounts will be paid to the advancing party. Additionally, any arrearage amounts not paid as described above will be paid out of recoveries on the Mortgage Loans (including collections, insurance proceeds and liquidation proceeds) prior to the deposit of any such recoveries into the Lower Tier REMIC. The following table describes the arrearages with respect to the Mortgage Loans as of the Issue Date:

	<u>No. of Mortgage Loans</u>	<u>Approximate Aggregate Principal Balance of Mortgage Loans</u>	<u>Approximate Aggregate Amount of Arrearages*</u>
Group 1	3,323	\$311,552,484	\$13,416,042
Group 2	603	\$ 52,794,563	\$ 1,606,679
Group 3	544	\$ 50,421,920	\$ 2,220,465

* The numbers representing the aggregate arrearage amounts are approximations only and are based on estimates that include (i) principal and interest payments on the related Mortgage Loans advanced by servicers on or prior to the Issue Date, *plus* (ii) the aggregate amount of outstanding servicing advances with respect to those loans as of the Issue Date. These estimates do not include certain related expenses incurred but not paid by servicers prior to the Issue Date that, if paid, would constitute servicing advances.

Group 1 Loans

The Group 1 Loans are fixed-rate mortgage loans. The following tables set forth certain information, as of the Issue Date, as to the Group 1 Loans. References to “Principal Balance Outstanding” mean the aggregate of the Stated Principal Balances of the related Mortgage Loans as of the Issue Date. The sum of the percentage columns in the following tables may not equal 100% due to rounding.

The table immediately below shows the contractual delinquency rates of the Group 1 Loans. A Mortgage Loan is “contractually delinquent” as of the Issue Date if delinquencies that occurred at any time during the term of the loan have not been cured. Neither the Servicer nor Fannie Mae has the right to repurchase a Group 1 Loan based upon the Issue Date contractual delinquency of that loan.

Contractual Delinquency

Contractual Delinquency (days)	Number of Mortgage Loans	Principal Balance Outstanding	Percent of Principal Balance of Group 1 Loans	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
0	910	\$ 88,788,000	28.50%	6.417%	300	33	6.4	8.9
30	702	62,423,997	20.04	6.789	295	52	4.0	6.7
60	512	47,477,633	15.24	6.810	296	50	3.5	6.2
90	180	17,764,681	5.70	6.976	296	55	2.7	6.1
120	163	15,353,334	4.93	7.089	288	64	3.1	6.4
150 or more	856	79,744,839	25.60	7.146	285	69	3.3	6.7
Total	<u>3,323</u>	<u>\$311,552,484</u>	<u>100.00%</u>					

Number of Payments Made in Last 3 Months (1)

Number of Payments Made in Last 3 Months	Number of Mortgage Loans	Principal Balance Outstanding	Percent of Principal Balance of Group 1 Loans	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
1	174	\$ 17,999,336	5.78%	6.834%	302	44	1.0	5.2
2	468	44,330,958	14.23	6.895	292	58	2.0	5.6
3 or more	2,681	249,222,190	79.99	6.784	293	51	5.0	7.6
Total	<u>3,323</u>	<u>\$311,552,484</u>	<u>100.00%</u>					

(1) As of the Issue Date, the balance weighted number of payments on the Group 1 Loans (based on their Issue Date Principal Balances) made in the last three months is approximately 4.3 payments.

Number of Payments Made in Last 6 Months (1)

Number of Payments Made in Last 6 Months	Number of Mortgage Loans	Principal Balance Outstanding	Percent of Principal Balance of Group 1 Loans	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
3	108	\$ 11,027,766	3.54%	6.789%	304	46	1.7	3.0
4	268	25,367,363	8.14	6.826	296	52	2.4	4.0
5	532	46,740,053	15.00	6.979	288	62	2.9	5.0
6 or more	2,415	228,417,302	73.32	6.765	294	50	5.0	8.2
Total	<u>3,323</u>	<u>\$311,552,484</u>	<u>100.00%</u>					

(1) As of the Issue Date, the balance weighted number of payments made on the Group 1 Loans (based on their Issue Date Principal Balances) made in the last six months is approximately 7.2 payments.

Issue Date Mortgage Loan Principal Balances (1)

Issue Date Mortgage Loan Principal Balances (\$)	Number of Mortgage Loans	Principal Balance Outstanding	Percent of Principal Balance of Group 1 Loans	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance- Weighted # of Payments Last 3 Months	Balance- Weighted # of Payments Last 6 Months
0.01- 25,000 . . .	52	\$ 925,588	0.30%	8.705%	123	159	3.8	6.3
25,000.01- 50,000 . . .	385	15,607,770	5.01	7.524	237	100	3.6	6.3
50,000.01- 75,000 . . .	810	51,157,417	16.42	7.248	271	75	3.9	6.8
75,000.01-100,000 . . .	797	69,136,762	22.19	6.923	289	58	4.2	7.0
100,000.01-150,000 . . .	952	115,323,502	37.02	6.651	304	42	4.5	7.5
150,000.01-200,000 . . .	259	43,494,837	13.96	6.366	314	29	4.9	7.6
200,000.01-250,000 . . .	52	11,413,146	3.66	6.327	325	23	4.3	7.4
250,000.01-300,000 . . .	13	3,496,954	1.12	6.564	328	22	3.8	6.7
Greater than or equal to 300,000.01	3	996,509	0.32	5.570	332	18	5.1	8.3
Total	<u>3,323</u>	<u>\$311,552,484</u>	<u>100.00%</u>					

(1) As of the Issue Date, the average principal balance for the Group 1 Loans is expected to be approximately \$93,756.

Mortgage Interest Rates (1)

Mortgage Interest Rates (%)	Number of Mortgage Loans	Principal Balance Outstanding	Percent of Principal Balance of Group 1 Loans	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance- Weighted # of Payments Last 3 Months	Balance- Weighted # of Payments Last 6 Months
Less than or equal to								
5.500	138	\$ 17,967,442	5.77%	5.368%	307	10	7.0	9.2
5.501- 6.000	479	55,598,680	17.85	5.930	316	20	5.5	8.1
6.001- 6.500	650	70,932,516	22.77	6.392	313	30	4.4	7.7
6.501- 7.000	696	63,968,840	20.53	6.924	291	60	3.7	6.4
7.001- 7.500	745	60,215,396	19.33	7.397	274	80	3.5	6.5
7.501- 8.000	373	26,717,226	8.58	7.892	264	88	3.4	6.7
8.001- 8.500	137	10,265,581	3.29	8.404	262	91	3.9	7.0
8.501- 9.000	61	4,001,861	1.28	8.907	250	105	3.8	6.9
9.001- 9.500	23	1,229,148	0.39	9.477	211	134	3.0	6.0
9.501-10.000	6	188,211	0.06	10.000	123	206	3.3	5.9
10.001-10.500	6	267,499	0.09	10.500	149	210	5.8	8.8
10.501-11.000	2	63,564	0.02	11.000	127	218	3.8	6.8
11.001-11.500	1	21,240	0.01	11.500	122	232	3.0	6.0
12.001-12.500	2	37,836	0.01	12.500	91	265	3.0	7.4
12.501-13.000	2	35,622	0.01	13.000	64	294	2.6	6.7
13.001-13.500	1	19,475	0.01	13.250	70	269	3.0	6.0
14.001-15.000	1	22,347	0.01	14.500	55	299	3.0	6.0
Total	<u>3,323</u>	<u>\$311,552,484</u>	<u>100.00%</u>					

(1) As of the Issue Date, the weighted average mortgage interest rate of the Group 1 Loans is expected to be approximately 6.803%.

Original Terms to Stated Maturity (1)

Original Terms to Stated Maturity (months)	Number of Mortgage Loans	Principal Balance Outstanding	Percent of Principal Balance of Group 1 Loans	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
1-120	2	\$ 42,322	0.01%	7.209%	104	61	4.2	6.6
121-150	16	1,383,890	0.44	5.423	140	3	8.5	10.2
151-180	66	3,300,704	1.06	6.481	116	59	4.1	6.7
181-210	9	704,999	0.23	6.390	199	5	8.0	11.2
211-240	73	6,058,991	1.94	6.673	197	34	5.1	7.5
241-270	11	951,108	0.31	6.237	246	16	6.2	8.5
271-300	45	4,098,738	1.32	6.731	251	37	3.9	6.9
Greater than or equal to 301	<u>3,101</u>	<u>295,011,732</u>	<u>94.69</u>	6.819	299	52	4.3	7.2
Total	<u>3,323</u>	<u>\$311,552,484</u>	<u>100.00%</u>					

(1) As of the Issue Date, the weighted average original term to stated maturity of the Group 1 Loans is expected to be approximately 347 months.

Remaining Terms to Stated Maturity (1)

Remaining Terms to Stated Maturity (months)	Number of Mortgage Loans	Principal Balance Outstanding	Percent of Principal Balance of Group 1 Loans	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
1-120	71	\$ 2,279,843	0.73%	7.620%	92	126	3.7	6.5
121-150	68	4,232,664	1.36	6.651	135	70	5.1	7.5
151-180	35	1,877,190	0.60	7.953	167	128	4.6	7.4
181-210	165	10,307,882	3.31	7.379	198	116	4.1	7.0
211-240	203	14,393,188	4.62	7.371	226	95	4.1	6.7
241-270	583	45,347,701	14.56	7.270	259	94	3.7	6.9
271-300	717	65,228,315	20.94	7.401	290	66	3.4	6.4
301-360	<u>1,481</u>	<u>167,885,700</u>	<u>53.89</u>	6.340	324	25	4.9	7.7
Total	<u>3,323</u>	<u>\$311,552,484</u>	<u>100.00%</u>					

(1) As of the Issue Date, the weighted average remaining term to stated maturity of the Group 1 Loans is expected to be approximately 294 months.

Mortgage Loan Ages (1)

Mortgage Loan Ages (months)	Number of Mortgage Loans	Principal Balance Outstanding	Percent of Principal Balance of Group 1 Loans	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
0- 14	684	\$ 83,068,900	26.66%	6.098%	321	5	6.7	9.3
15- 24	117	13,293,377	4.27	6.258	323	19	3.3	6.0
25- 36	213	23,691,857	7.60	6.424	324	31	3.5	6.2
37- 60	751	73,386,812	23.56	6.701	302	50	3.4	6.3
61-120	1,231	100,621,251	32.30	7.429	270	83	3.5	6.6
121-180	281	15,829,135	5.08	7.732	208	144	3.8	6.6
181-240	36	1,458,648	0.47	9.287	145	215	3.7	7.0
241-320	9	194,163	0.06	11.340	90	266	2.9	6.5
321-360	<u>1</u>	<u>8,340</u>	<u>0.00</u>	9.500	26	332	3.0	7.0
Total	<u>3,323</u>	<u>\$311,552,484</u>	<u>100.00%</u>					

(1) As of the Issue Date, the weighted average mortgage loan age of the Group 1 Loans is expected to be approximately 51 months.

Geographic Distribution of Mortgaged Properties

State	Number of Mortgage Loans	Principal Balance Outstanding	Percent of Principal Balance of Group 1 Loans	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance- Weighted # of Payments Last 3 Months	Balance- Weighted # of Payments Last 6 Months
Texas	585	\$ 53,770,201	17.26%	6.598%	293	41	5.0	7.8
Georgia.....	229	22,785,219	7.31	6.771	298	54	3.7	6.9
Ohio	172	16,104,653	5.17	6.867	294	55	4.6	7.2
Michigan	176	16,005,391	5.14	6.897	310	45	3.7	6.4
Florida	181	15,342,340	4.92	6.928	290	58	3.7	7.1
North Carolina.....	142	14,876,227	4.77	6.595	306	40	4.7	7.4
Indiana.....	152	13,753,066	4.41	6.788	299	52	4.2	7.1
Tennessee	170	13,630,588	4.38	7.113	279	70	3.7	6.9
New Jersey	113	13,596,408	4.36	7.287	287	67	3.6	6.5
Illinois	126	12,760,249	4.10	6.856	294	54	3.9	7.0
Other	1,277	118,928,141	38.17	6.795	292	53	4.4	7.3
Total.....	<u>3,323</u>	<u>\$311,552,484</u>	<u>100.00%</u>					

Mortgage Loan Type

Mortgage Loan Type	Number of Mortgage Loans	Principal Balance Outstanding	Percent of Principal Balance of Group 1 Loans	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance- Weighted # of Payments Last 3 Months	Balance- Weighted # of Payments Last 6 Months
FHA	2,764	\$256,881,488	82.45%	6.831%	296	49	4.3	7.2
VA.....	526	52,443,374	16.83	6.624	282	61	4.5	7.3
RHS	33	2,227,621	0.72	7.736	264	94	4.1	7.4
Total	<u>3,323</u>	<u>\$311,552,484</u>	<u>100.00%</u>					

Bankruptcy Status

Bankruptcy Status	Number of Mortgage Loans	Principal Balance Outstanding	Percent of Principal Balance of Group 1 Loans	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance- Weighted # of Payments Last 3 Months	Balance- Weighted # of Payments Last 6 Months
Not in Bankruptcy ...	2,182	\$207,381,782	66.56%	6.630%	299	42	4.7	7.3
In Bankruptcy	<u>1,141</u>	<u>104,170,701</u>	<u>33.44</u>	7.148	283	71	3.5	7.0
Total	<u>3,323</u>	<u>\$311,552,484</u>	<u>100.00%</u>					

Group 2 Loans

The Group 2 Loans are fixed-rate mortgage loans. The following tables set forth certain information, as of the Issue Date, as to the Group 2 Loans. References to “Principal Balance Outstanding” mean the aggregate of the Stated Principal Balances of the related Mortgage Loans as of the Issue Date. The sum of the percentage columns in the following tables may not equal 100% due to rounding.

The table immediately below shows the contractual delinquency rates of the Group 2 Loans. A Mortgage Loan is “contractually delinquent” as of the Issue Date if delinquencies that occurred at any time during the term of the loan have not been cured. Neither the Servicer nor Fannie Mae has the right to repurchase a Group 2 Loan based upon the Issue Date contractual delinquency of that loan.

Contractual Delinquency

Contractual Delinquency (days)	Number of Mortgage Loans	Principal Balance Outstanding	Percent of Principal Balance of Group 2 Loans	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
0	184	\$17,925,824	33.95%	6.871%	305	33	5.5	9.1
30	150	12,502,707	23.68	6.882	288	59	4.0	7.0
60	68	5,870,646	11.12	6.851	296	57	2.2	5.7
90	37	4,018,646	7.61	6.797	309	37	2.1	5.3
120	36	3,006,305	5.69	6.817	303	51	2.6	6.0
150 or more	<u>128</u>	<u>9,470,435</u>	<u>17.94</u>	6.888	282	74	3.5	6.8
Total	<u>603</u>	<u>\$52,794,563</u>	<u>100.00%</u>					

Number of Payments Made in Last 3 Months (1)

Number of Payments Made in Last 3 Months	Number of Mortgage Loans	Principal Balance Outstanding	Percent of Principal Balance of Group 2 Loans	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
1	45	\$ 4,488,284	8.50%	6.831%	307	37	1.0	5.1
2	86	7,262,598	13.76	6.847	303	54	2.0	5.8
3 or more	<u>472</u>	<u>41,043,681</u>	<u>77.74</u>	6.873	294	51	4.7	7.9
Total	<u>603</u>	<u>\$52,794,563</u>	<u>100.00%</u>					

(1) As of the Issue Date, the balance weighted number of payments on the Group 2 Loans (based on their Issue Date Principal Balances) made in the last three months is approximately 4.0 payments.

Number of Payments Made in Last 6 Months (1)

Number of Payments Made in Last 6 Months	Number of Mortgage Loans	Principal Balance Outstanding	Percent of Principal Balance of Group 2 Loans	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
3	26	\$ 2,179,034	4.13%	6.797%	309	38	1.4	3.0
4	45	4,255,548	8.06	6.793	305	46	2.2	4.0
5	95	8,071,129	15.29	6.857	292	64	2.7	5.0
6 or more	<u>437</u>	<u>38,288,852</u>	<u>72.52</u>	6.880	295	49	4.6	8.5
Total	<u>603</u>	<u>\$52,794,563</u>	<u>100.00%</u>					

(1) As of the Issue Date, the balance weighted number of payments made on the Group 2 Loans (based on their Issue Date Principal Balances) made in the last six months is approximately 7.3 payments.

Issue Date Mortgage Loan Principal Balances (1)

Issue Date Mortgage Loan Principal Balances (\$)	Number of Mortgage Loans	Principal Balance Outstanding	Percent of Principal Balance of Group 2 Loans	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance- Weighted # of Payments Last 3 Months	Balance- Weighted # of Payments Last 6 Months
0.01- 25,000 . . .	8	\$ 127,609	0.24%	6.962%	114	112	3.6	6.7
25,000.01- 50,000 . . .	73	3,071,616	5.82	6.913	257	86	3.3	6.7
50,000.01- 75,000 . . .	185	11,630,991	22.03	6.924	276	74	3.5	6.6
75,000.01-100,000 . . .	152	12,822,911	24.29	6.873	296	55	3.5	6.9
100,000.01-150,000 . . .	142	17,469,022	33.09	6.836	308	36	4.4	8.0
150,000.01-200,000 . . .	35	5,751,752	10.89	6.810	318	29	5.4	8.2
200,000.01-250,000 . . .	6	1,328,639	2.52	6.791	327	18	3.6	6.9
250,000.01-300,000 . . .	1	266,680	0.51	6.750	331	7	2.0	5.0
Greater than or equal to 300,000.01	<u>1</u>	<u>325,344</u>	<u>0.62</u>	7.000	355	5	3.0	9.0
Total	<u>603</u>	<u>\$52,794,563</u>	<u>100.00%</u>					

(1) As of the Issue Date, the average principal balance for the Group 2 Loans is expected to be approximately \$87,553.

Mortgage Interest Rates (1)

Mortgage Interest Rates (%)	Number of Mortgage Loans	Principal Balance Outstanding	Percent of Principal Balance of Group 2 Loans	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance- Weighted # of Payments Last 3 Months	Balance- Weighted # of Payments Last 6 Months
6.001-6.5	11	\$ 1,112,382	2.11%	6.500%	317	31	3.3	7.3
6.501-7.0	<u>592</u>	<u>51,682,182</u>	<u>97.89</u>	6.874	296	51	4.0	7.3
Total	<u>603</u>	<u>\$52,794,563</u>	<u>100.00%</u>					

(1) As of the Issue Date, the weighted average mortgage interest rate of the Group 2 Loans is expected to be approximately 6.866%.

Original Terms to Stated Maturity (1)

Original Terms to Stated Maturity (months)	Number of Mortgage Loans	Principal Balance Outstanding	Percent of Principal Balance of Group 2 Loans	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance- Weighted # of Payments Last 3 Months	Balance- Weighted # of Payments Last 6 Months
151-180	12	\$ 389,473	0.74%	7.000%	80	98	3.3	6.3
211-240	15	1,243,844	2.36	6.846	198	30	4.7	7.8
241-270	2	146,791	0.28	6.875	252	4	6.7	9.7
271-300	5	556,421	1.05	6.859	271	24	6.7	9.8
Greater than or equal to 301	<u>569</u>	<u>50,458,034</u>	<u>95.57</u>	6.865	301	51	4.0	7.3
Total	<u>603</u>	<u>\$52,794,563</u>	<u>100.00%</u>					

(1) As of the Issue Date, the weighted average original term to stated maturity of the Group 2 Loans is expected to be approximately 349 months.

Remaining Terms to Stated Maturity (1)

Remaining Terms to Stated Maturity (months)	Number of Mortgage Loans	Principal Balance Outstanding	Percent of Principal Balance of Group 2 Loans	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
1-120	13	\$ 403,464	0.76%	7.000%	78	101	3.4	6.4
121-150	1	78,545	0.15	7.000	144	95	3.0	7.0
151-180	8	354,754	0.67	6.901	170	91	4.3	7.4
181-210	20	1,199,433	2.27	6.914	199	111	4.1	7.0
211-240	17	1,302,354	2.47	6.897	223	67	4.1	7.4
241-270	148	9,955,958	18.86	6.928	261	96	3.5	6.6
271-300	122	10,838,006	20.53	6.861	293	57	3.9	6.9
301-360	274	28,662,048	54.29	6.840	322	28	4.3	7.8
Total	603	\$52,794,563	100.00%					

(1) As of the Issue Date, the weighted average remaining term to stated maturity of the Group 2 Loans is expected to be approximately 296 months.

Mortgage Loan Ages (1)

Mortgage Loan Ages (months)	Number of Mortgage Loans	Principal Balance Outstanding	Percent of Principal Balance of Group 2 Loans	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
0-14	116	\$14,111,988	26.73%	6.862%	323	5	5.8	10.1
15-24	12	1,140,707	2.16	6.767	338	19	2.2	5.2
25-36	36	3,698,267	7.01	6.758	323	29	2.6	5.4
37-60	170	15,369,738	29.11	6.850	303	53	3.6	6.5
61-120	243	17,312,618	32.79	6.904	267	86	3.4	6.4
121-180	25	1,147,252	2.17	6.995	196	149	3.8	7.2
181-240	1	13,992	0.03	7.000	28	182	4.0	10.0
Total	603	\$52,794,563	100.00%					

(1) As of the Issue Date, the weighted average mortgage loan age of the Group 2 Loans is expected to be approximately 50 months.

Geographic Distribution of Mortgaged Properties

State	Number of Mortgage Loans	Principal Balance Outstanding	Percent of Principal Balance of Group 2 Loans	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
Texas	129	\$10,982,946	20.80%	6.851%	290	46	4.8	8.2
Ohio	40	3,874,058	7.34	6.848	298	53	4.0	6.4
Georgia	37	3,539,247	6.70	6.883	287	62	3.7	7.3
North Carolina	35	3,366,218	6.38	6.860	309	41	4.4	7.2
Tennessee	34	2,585,793	4.90	6.873	286	72	3.0	6.5
Florida	34	2,517,252	4.77	6.895	287	60	4.7	7.1
Indiana	26	2,319,005	4.39	6.852	306	45	4.8	8.2
Illinois	20	2,084,111	3.95	6.851	306	47	3.9	7.7
Michigan	23	1,978,397	3.75	6.875	314	35	3.3	7.8
New York	20	1,731,531	3.28	6.887	308	47	2.7	6.5
Others	205	17,816,004	33.75	6.872	296	51	3.7	7.1
Total	603	\$52,794,563	100.00%					

Mortgage Loan Type

<u>Mortgage Loan Type</u>	<u>Number of Mortgage Loans</u>	<u>Principal Balance Outstanding</u>	<u>Percent of Principal Balance of Group 2 Loans</u>	<u>Weighted Average Mortgage Interest Rate</u>	<u>WAM (months)</u>	<u>Weighted Average Mortgage Loan Age (months)</u>	<u>Balance- Weighted # of Payments Last 3 Months</u>	<u>Balance- Weighted # of Payments Last 6 Months</u>
FHA	514	\$45,772,835	86.70%	6.863%	299	47	4.1	7.5
VA	82	6,527,830	12.36	6.887	276	75	3.5	6.4
RHS	7	493,898	0.94	6.893	288	71	3.3	7.4
Total	<u>603</u>	<u>\$52,794,563</u>	<u>100.00%</u>					

Bankruptcy Status

<u>Bankruptcy Status</u>	<u>Number of Mortgage Loans</u>	<u>Principal Balance Outstanding</u>	<u>Percent of Principal Balance of Group 2 Loans</u>	<u>Weighted Average Mortgage Interest Rate</u>	<u>WAM (months)</u>	<u>Weighted Average Mortgage Loan Age (months)</u>	<u>Balance- Weighted # of Payments Last 3 Months</u>	<u>Balance- Weighted # of Payments Last 6 Months</u>
Not in Bankruptcy ...	427	\$39,425,151	74.68%	6.857%	301	43	4.2	7.5
In Bankruptcy	<u>176</u>	<u>13,369,413</u>	<u>25.32</u>	6.891	282	74	3.5	6.9
Total	<u>603</u>	<u>\$52,794,563</u>	<u>100.00%</u>	6.866	296	50	4.0	7.3

Group 3 Loans

The Group 3 Loans are adjustable-rate mortgage loans. The following tables set forth certain information, as of the Issue Date, as to the Group 3 Loans. References to “Principal Balance Outstanding” mean the aggregate of the Stated Principal Balances of the related Mortgage Loans as of the Issue Date. The sum of the percentage columns in the following tables may not equal 100% due to rounding.

Each Group 3 Loan has a Mortgage Interest Rate which is subject to adjustment on the dates (each such date, an “Interest Adjustment Date”) specified in the related Mortgage Note to equal the sum of the index, which is the weekly average yield on United States Treasury securities adjusted to a constant maturity of one year (“1 Year CMT”) plus a fixed percentage amount specified in the Mortgage Note (the “Mortgage Loan Margin”), subject to the limitations described in this paragraph. Generally, the index value used will be the value most recently published 30 days prior to the applicable Interest Adjustment Date. The Mortgage Interest Rate on each Group 3 Loan will not increase or decrease by more than 1.00% (the “Mortgage Interest Rate Periodic Cap”) on any Interest Adjustment Date. The Mortgage Interest Rate on each Group 3 Loan over the life of that Mortgage Loan will not exceed a specified maximum mortgage interest rate (the “Mortgage Interest Rate Life Cap”) or be less than (x) a specified minimum Mortgage Interest Rate specified in the Mortgage Note, if any, or (y) the applicable Mortgage Loan Margin (the “Mortgage Interest Rate Life Floor”).

The table immediately below shows the contractual delinquency rates of the Group 3 Loans. A Mortgage Loan is “contractually delinquent” as of the Issue Date if delinquencies that occurred at any time during the term of the loan have not been cured. Neither the Servicer nor Fannie Mae has the right to repurchase a Group 3 Loan based upon the Issue Date contractual delinquency of that loan.

Contractual Delinquency

Contractual Delinquency (days)	Number of Mortgage Loans	Principal Balance Outstanding	Percent of Principal Balance of Group 3 Loans	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
0	115	\$11,597,509	23.00%	5.964%	302	58	3.6	7.3
30	134	11,325,277	22.46	6.503	275	85	3.1	6.0
60	73	7,628,796	15.13	6.234	290	70	2.6	5.8
90	50	5,203,172	10.32	6.256	297	64	2.6	5.8
120	15	1,659,226	3.29	6.732	280	80	3.5	6.8
150 or more	157	13,007,940	25.80	6.454	262	98	3.6	7.1
Total	<u>544</u>	<u>\$50,421,920</u>	<u>100.00%</u>					

Number of Payments Made in Last 3 Months (1)

Number of Payments Made in Last 3 Months	Number of Mortgage Loans	Principal Balance Outstanding	Percent of Principal Balance of Group 3 Loans	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
1	33	\$ 3,450,824	6.84%	6.299%	292	68	1.0	4.4
2	89	8,413,008	16.69	6.350	280	80	2.0	5.5
3 or more	422	38,558,089	76.47	6.299	282	78	3.7	7.0
Total	<u>544</u>	<u>\$50,421,920</u>	<u>100.00%</u>					

(1) As of the Issue Date, the balance weighted number of payments on the Group 3 Loans (based on their Issue Date Principal Balances) made in the last three months is approximately 3.2 payments.

Number of Payments Made in Last 6 Months (1)

Number of Payments Made in Last 6 Months	Number of Mortgage Loans	Principal Balance Outstanding	Percent of Principal Balance of Group 3 Loans	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
3	17	\$ 1,726,937	3.42%	6.376%	289	71	1.7	3.0
4	29	2,961,939	5.87	6.283	293	67	1.8	4.0
5	100	9,636,579	19.11	6.436	281	79	2.7	5.0
6 or more	398	36,096,466	71.59	6.272	282	78	3.6	7.3
Total	<u>544</u>	<u>\$50,421,920</u>	<u>100.00%</u>					

(1) As of the Issue Date, the balance weighted number of payments on the Group 3 Loans (based on their Issue Date Principal Balances) made in the last six months is approximately 6.6 payments.

Issue Date Mortgage Loan Principal Balance (1)

Issue Date Mortgage Loan Principal Balances (\$)	Number of Mortgage Loans	Principal Balance Outstanding	Percent of Principal Balance of Group 3 Loans	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
0.01- 25,000.00	2	\$ 29,471	0.06%	5.804%	107	253	3.4	6.0
25,000.01- 50,000.00	70	2,835,871	5.62	6.391	229	131	3.7	7.1
50,000.01- 75,000.00	150	9,433,207	18.71	6.474	253	107	3.3	6.8
75,000.01-100,000.00	124	10,862,324	21.54	6.444	273	87	3.5	6.9
100,000.01-150,000.00	146	17,476,241	34.66	6.365	294	67	3.1	6.5
150,000.01-200,000.00	38	6,471,963	12.84	5.968	318	42	3.0	6.2
200,000.01-250,000.00	10	2,198,822	4.36	5.607	324	36	2.8	5.5
250,000.01-300,000.00	4	1,114,020	2.21	5.828	312	48	3.2	5.5
Total	<u>544</u>	<u>\$50,421,920</u>	<u>100.00%</u>					

(1) As of the Issue Date, the average principal balance for the Group 3 Loans is expected to be approximately \$92,687.

Current Mortgage Interest Rates (1)

Current Mortgage Interest Rates (%)	Number of Mortgage Loans	Principal Balance Outstanding	Percent of Principal Balance of Group 3 Loans	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
Less than or equal to								
5.500	35	\$ 5,252,401	10.42%	4.737%	331	29	3.0	6.2
5.501-6.000	94	8,082,093	16.03	5.857	281	79	3.2	6.7
6.001-6.500	146	13,254,717	26.29	6.340	278	82	3.3	6.5
6.501-7.000	244	21,532,743	42.71	6.706	275	85	3.2	6.4
7.001-7.500	7	553,379	1.10	7.286	253	107	5.2	9.8
7.501-8.000	18	1,746,588	3.46	7.645	278	82	3.5	7.1
Total	<u>544</u>	<u>\$50,421,920</u>	<u>100.00%</u>					

(1) As of the Issue Date, the weighted average mortgage interest rate of the Group 3 Loans is expected to be approximately 6.308%.

Original Terms to Maturity (1)

Original Terms to Stated Maturity (months)	Number of Mortgage Loans	Principal Balance Outstanding	Percent of Principal Balance of Group 3 Loans	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
301-400	<u>544</u>	<u>\$50,421,920</u>	<u>100.00%</u>	6.308%	283	77	3.2	6.6
Total	<u>544</u>	<u>\$50,421,920</u>	<u>100.00%</u>					

(1) As of the Issue Date, the weighted average original term to stated maturity of the Group 3 Loans is expected to be approximately 360 months.

Remaining Terms to Maturity (1)

Remaining Terms to Stated Maturity (months)	Number of Mortgage Loans	Principal Balance Outstanding	Percent of Principal Balance of Group 3 Loans	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
1-120	4	\$ 80,152	0.16%	5.928%	109	251	3.1	5.4
121-150	6	196,233	0.39	6.411	135	225	3.4	6.5
151-180	4	213,840	0.42	5.833	178	182	2.6	6.0
181-210	37	2,281,762	4.53	6.004	196	164	3.3	6.5
211-240	91	5,870,031	11.64	6.533	229	131	3.6	7.1
241-270	117	9,488,407	18.82	6.678	252	108	3.7	7.3
271-300	95	9,551,543	18.94	6.573	283	77	3.0	6.2
301-360	190	22,739,952	45.10	6.019	321	39	3.1	6.3
Total	544	\$50,421,920	100.00%					

(1) As of the Issue Date, the weighted average remaining term to stated maturity of the Group 3 Loans is expected to be approximately 283 months.

Mortgage Loan Ages (1)

Mortgage Loan Ages (months)	Number of Mortgage Loans	Principal Balance Outstanding	Percent of Principal Balance of Group 3 Loans	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
0- 14	3	\$ 390,081	0.77%	6.752%	355	5	2.1	5.9
15- 24	18	2,359,111	4.68	5.517	340	20	2.9	7.4
25- 36	66	9,476,111	18.79	5.579	329	31	2.9	5.8
37- 60	105	10,754,021	21.33	6.485	308	52	3.3	6.5
61-120	217	19,220,258	38.12	6.633	266	94	3.4	6.8
121-180	122	7,810,167	15.49	6.373	218	142	3.5	6.9
181-240	9	332,020	0.66	6.165	152	208	3.2	6.3
241-320	4	80,152	0.16	5.928	109	251	3.1	5.4
Total	544	\$50,421,920	100.00%					

(1) As of the Issue Date, the weighted average mortgage loan age of the Group 3 Loans is expected to be approximately 77 months.

Mortgage Interest Rate Life Caps (1)

Mortgage Interest Rate Life Caps (%)	Number of Mortgage Loans	Principal Balance Outstanding	Percent of Principal Balance of Group 3 Loans	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
8.501- 9.000	12	\$ 1,422,669	2.82%	5.386%	329	31	3.0	6.0
9.001- 9.500	56	7,644,880	15.16	5.643	328	32	3.1	6.3
9.501-10.000	62	6,981,518	13.85	6.099	311	49	3.3	6.4
10.001-10.500	81	7,770,376	15.41	6.424	285	75	3.0	6.1
10.501-11.000	89	8,030,968	15.93	6.495	275	85	3.4	7.0
11.001-11.500	90	7,081,614	14.04	6.566	253	107	3.4	6.9
11.501-12.000	89	7,035,832	13.95	6.611	253	107	3.3	6.6
12.001-12.500	47	3,553,094	7.05	6.663	258	103	3.6	6.7
12.501-13.000	9	648,637	1.29	6.695	243	117	3.0	5.6
13.001-13.500	4	123,825	0.25	6.425	161	199	3.0	6.2
14.001-15.000	5	128,507	0.25	6.009	127	233	3.4	6.1
Total	544	\$50,421,920	100.00%					

(1) As of the Issue Date, the weighted average mortgage interest rate life cap of the Group 3 Loans is expected to be approximately 10.769%.

Mortgage Interest Rate Life Floors (1) (2)

Mortgage Interest Rate Life Floors (%)	Number of Mortgage Loans	Principal Balance Outstanding	Percent of Principal Balance of Group 3 Loans	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
Less than 1	1	\$ 31,413	0.06%	5.000%	232	128	1.0	6.0
1.501-2.000	62	4,528,025	8.98	5.822	240	120	3.1	6.3
2.001-2.500	125	14,794,442	29.34	5.761	315	46	3.2	6.5
2.501-3.000	342	30,357,144	60.21	6.645	275	85	3.3	6.6
3.001-3.500	4	123,825	0.25	6.425	161	199	3.0	6.2
4.001-4.500	5	128,507	0.25	6.009	127	233	3.4	6.1
4.501-5.000	1	69,126	0.14	6.375	261	99	3.0	8.0
5.001-5.500	1	106,396	0.21	6.375	250	110	1.0	4.0
5.501-6.000	3	283,042	0.56	6.688	238	122	5.9	10.3
Total	<u>544</u>	<u>\$50,421,920</u>	<u>100.00%</u>					

- (1) The Mortgage Interest Rate Life Floor is equal to the greater of (x) the minimum Mortgage Interest Rate specified in the Mortgage Note, if any, or (y) the applicable Mortgage Interest Rate Margin.
- (2) As of the Issue Date, the weighted average Mortgage Interest Rate Life Floor of the Group 3 Loans is expected to be approximately 2.586%, the minimum Mortgage Interest Rate Life Floor of the Group 3 Loans is expected to be approximately 0.790% and the maximum Mortgage Interest Rate Life Floor is expected to be approximately 6.750%.

Next Interest Rate Adjustment Dates

Next Interest Rate Adjustment Dates	Number of Mortgage Loans	Principal Balance Outstanding	Percent of Principal Balance of Group 3 Loans	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
January 2007	82	\$ 6,767,330	13.42%	6.145%	267	93	3.8	7.6
February 2007	15	1,030,106	2.04	5.825	247	113	2.8	6.0
March 2007	1	122,758	0.24	6.625	303	57	3.0	6.0
April 2007	80	6,456,313	12.80	6.351	271	89	3.4	6.4
May 2007	25	2,467,437	4.89	6.360	279	81	3.0	6.3
June 2007	3	305,366	0.61	6.625	281	79	3.5	6.0
July 2007	185	18,841,395	37.37	6.111	292	68	3.0	6.3
August 2007	19	1,591,463	3.16	6.530	273	87	2.8	6.3
September 2007	1	141,667	0.28	6.875	356	4	3.0	7.0
October 2007	106	10,236,672	20.30	6.540	289	71	3.4	6.6
November 2007	24	2,239,405	4.44	7.162	272	88	3.2	6.5
December 2007	3	222,006	0.44	6.518	299	61	2.7	8.2
Total	<u>544</u>	<u>\$50,421,920</u>	<u>100.00%</u>					

Mortgage Loan Margins (1)

Mortgage Loan Margins (%)	Number of Mortgage Loans	Principal Balance Outstanding	Percent of Principal Balance of Group 3 Loans	Weighted Average Mortgage Interest Rate	WAM (months)	Weighted Average Mortgage Loan Age (months)	Balance-Weighted # of Payments Last 3 Months	Balance-Weighted # of Payments Last 6 Months
Less than or equal to 2	80	\$ 5,296,640	10.50%	5.845%	234	126	3.0	6.2
2.001-2.500	117	14,207,148	28.18	5.749	318	42	3.2	6.5
2.501-3.000	347	30,918,133	61.32	6.644	275	85	3.3	6.6
Total	<u>544</u>	<u>\$50,421,920</u>	<u>100.00%</u>					

- (1) As of the Issue Date, the weighted average Mortgage Loan Margin of the Group 3 Loans is expected to be approximately 2.541%.

Mortgage Interest Rate Periodic Cap

<u>Mortgage Interest Rate Periodic Cap (%)</u>	<u>Number of Mortgage Loans</u>	<u>Principal Balance Outstanding</u>	<u>Percent of Principal Balance of Group 3 Loans</u>	<u>Weighted Average Mortgage Interest Rate</u>	<u>WAM (months)</u>	<u>Weighted Average Mortgage Loan Age (months)</u>	<u>Balance-Weighted # of Payments Last 3 Months</u>	<u>Balance-Weighted # of Payments Last 6 Months</u>
1	<u>544</u>	<u>\$50,421,920</u>	<u>100.00%</u>	6.308%	283	77	3.2	6.6
Total	<u>544</u>	<u>\$50,421,920</u>	<u>100.00%</u>					

Geographic Distribution of Mortgaged Properties

<u>State</u>	<u>Number of Mortgage Loans</u>	<u>Principal Balance Outstanding</u>	<u>Percent of Principal Balance of Group 3 Loans</u>	<u>Weighted Average Mortgage Interest Rate</u>	<u>WAM (months)</u>	<u>Weighted Average Mortgage Loan Age (months)</u>	<u>Balance-Weighted # of Payments Last 3 Months</u>	<u>Balance-Weighted # of Payments Last 6 Months</u>
Georgia	69	\$ 7,451,168	14.78%	6.282%	289	71	2.9	6.0
Illinois	40	3,708,092	7.35	6.417	275	85	3.7	7.3
Colorado	26	3,574,593	7.09	5.933	307	53	3.2	6.3
Ohio	31	2,739,768	5.43	6.497	289	71	3.9	7.2
Michigan	27	2,529,353	5.02	6.444	298	62	3.1	5.8
Maryland	29	2,461,261	4.88	6.416	264	96	3.5	7.7
Texas	29	2,432,874	4.83	6.186	302	58	2.8	7.0
North Carolina	25	2,382,207	4.72	6.432	287	75	3.3	7.3
New York	24	2,294,595	4.55	6.509	257	103	3.4	6.3
Tennessee	27	1,818,045	3.61	6.404	256	104	2.8	6.3
Others	<u>217</u>	<u>19,029,965</u>	<u>37.74</u>	6.274	279	81	3.3	6.4
Total	<u>544</u>	<u>\$50,421,920</u>	<u>100.00%</u>					

Mortgage Loan Type

<u>Mortgage Loan Type</u>	<u>Number of Mortgage Loans</u>	<u>Principal Balance Outstanding</u>	<u>Percent of Principal Balance of Group 3 Loans</u>	<u>Weighted Average Mortgage Interest Rate</u>	<u>WAM (months)</u>	<u>Weighted Average Mortgage Loan Age (months)</u>	<u>Balance-Weighted # of Payments Last 3 Months</u>	<u>Balance-Weighted # of Payments Last 6 Months</u>
FHA	502	\$45,255,658	89.75%	6.450%	280	81	3.3	6.6
VA	<u>42</u>	<u>5,166,263</u>	<u>10.25</u>	5.065	309	51	3.1	6.3
Total	<u>544</u>	<u>\$50,421,920</u>	<u>100.00%</u>					

Bankruptcy Status

<u>Bankruptcy Status</u>	<u>Number of Mortgage Loans</u>	<u>Principal Balance Outstanding</u>	<u>Percent of Principal Balance of Group 3 Loans</u>	<u>Weighted Average Mortgage Interest Rate</u>	<u>WAM (months)</u>	<u>Weighted Average Mortgage Loan Age (months)</u>	<u>Balance-Weighted # of Payments Last 3 Months</u>	<u>Balance-Weighted # of Payments Last 6 Months</u>
Not in Bankruptcy ...	338	\$33,590,867	66.62%	6.199%	295	65	3.0	6.1
In Bankruptcy	<u>206</u>	<u>16,831,053</u>	<u>33.38</u>	6.525	258	102	3.7	7.4
Total	<u>544</u>	<u>\$50,421,920</u>	<u>100.00%</u>					

FANNIE MAE MORTGAGE PURCHASE PROGRAM

We summarize below certain aspects of our program for purchasing residential mortgage loans for inclusion in a given pool. We may grant exceptions to the requirements of the program for a particular transaction. In several instances, the characteristics of the Mortgage Loans included in the Trust do not match the criteria described below. For more specific details regarding the Mortgage Loans included in the Trust see “The Mortgage Loans—General” above.

The mortgage loans we purchase must meet standards required by the law under which we were chartered, which we refer to as the Charter Act. These standards require that the mortgage loans be, in our judgment, of a quality, type and class consistent with the purchase standards imposed by private institutional mortgage investors. Consistent with those requirements, and with the purposes for which we were chartered, we establish eligibility criteria and policies for the mortgage loans we purchase, for the sellers from which we purchase loans, and for the servicers that service our mortgage loans.

Selling and Servicing Guides

Our eligibility criteria and policies, summarized below, are set forth in our Selling and Servicing Guides and updates and amendments to these Guides. We amend our Guides and our eligibility criteria and policies from time to time. This means it is possible that not all the mortgage loans in a particular pool will be subject to the same eligibility standards. It also means that the standards described in the Guides may not be the same as the standards that applied when loans in a particular pool were originated. We may also waive or modify our eligibility and loan underwriting requirements or policies when we purchase mortgage loans.

Mortgage Loan Eligibility Standards—Government Insured Loans

Dollar Limitations

The Charter Act sets no maximum dollar limitations on the loans that we can purchase if the loans are government loans.

The maximum loan amount for FHA-insured single-family mortgage loans is established by statute. As of January 2006, the basic maximum loan amount for most FHA-insured single-family mortgage loans is \$200,160 for a one-unit dwelling, \$256,248 for a two-unit dwelling, \$309,744 for a three-unit dwelling, and \$384,936 for a four-unit dwelling. In high-cost areas, as designated by HUD/FHA, the maximum loan amount may be increased up to \$362,790 for a one-unit dwelling, \$464,449 for a two-unit dwelling, \$561,411 for a three-unit dwelling, and \$697,696 for a four-unit dwelling. In addition, the maximum loan amount for FHA-insured mortgages secured by property located in Alaska, Guam, Hawaii, and the Virgin Islands may be adjusted up to 150% of HUD/FHA’s high-cost area limits. We purchase FHA mortgages up to the maximum original principal amount that the FHA will insure for the area in which the property is located.

The VA does not establish a maximum loan amount for VA guaranteed loans secured by single-family one- to four-unit properties. We will purchase VA mortgages up to our current maximum original principal amount for conforming loans secured by similar one- to four-unit properties.

The RHS has no maximum dollar limit for loans it guarantees. We will purchase RHS mortgages up to our current maximum original principal amount for conforming loans secured by similar one- to four-unit properties.

Loan-to-Value Ratios

The maximum loan-to-value ratio for FHA-insured and VA-guaranteed mortgage loans we purchase is the maximum established by the FHA or VA for the particular program under which the mortgage was insured or guaranteed.

The maximum loan-to-value ratio for RHS mortgage loans we purchase is 100%. The value used in calculating the loan-to-value ratio is the appraised value of the related mortgaged property, even if that appraised value exceeds the purchase price of the property.

Underwriting Guidelines

FHA-insured, VA-guaranteed and RHS-guaranteed mortgage loans that we purchase must be originated in accordance with the applicable requirements and underwriting standards of the agency providing the insurance or guaranty. Each insured or guaranteed loan that we purchase must have in effect a valid mortgage insurance certificate or loan guaranty certificate. In the case of VA loans, the unguaranteed portion of the VA loan amount cannot be greater than 75% of the purchase price of the property or 75% of the VA's valuation estimate, whichever is less.

DESCRIPTION OF THE CERTIFICATES

Book-Entry Procedures

DTC. DTC is a limited-purpose trust company organized under the laws of the State of New York and is a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered under Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities for DTC participants and facilitates the clearance and settlement of transactions between DTC participants through electronic book-entry changes to accounts of DTC participants.

Title to DTC Certificates. The DTC Certificates will be registered at all times in the name of the nominee of DTC. Under its normal procedures, DTC will record the amount of Certificates held by each firm which participates in the book-entry system of DTC (each, a "DTC Participant"), whether held for its own account or on behalf of another person. Initially, we will act as paying agent for the Certificates. In addition, US Bank will perform certain administrative functions in connection with the Certificates.

A "beneficial owner" or an "investor" is anyone who acquires a beneficial ownership interest in the DTC Certificates. As an investor, you will not receive a physical certificate. Instead, your interest will be recorded on the records of the brokerage firm, bank, thrift institution or other financial intermediary (a "financial intermediary") that maintains an account for you. In turn, the record ownership of the financial intermediary that holds your DTC Certificates will be recorded by DTC. If the intermediary is not a DTC Participant, the record ownership of the intermediary will be recorded by a DTC Participant acting on its behalf. Therefore, you must rely on these various arrangements to transfer your beneficial ownership interest in the DTC Certificates only under the procedures of your financial intermediary and of DTC Participants. In general, ownership of DTC Certificates will be subject to the prevailing rules, regulations and procedures governing the DTC and DTC Participants.

Method of Payment. We will direct payments on the DTC Certificates to DTC in immediately available funds. In turn, DTC will credit the payments to the accounts of the appropriate DTC Participants, in accordance with the DTC's procedures. These procedures currently provide for payments made in same-day funds to be settled through the New York Clearing House. DTC Participants and financial intermediaries will direct the payments to the investors in DTC Certificates that they represent.

Interest Payments on the Certificates

Categories of Classes—Interest. For the purpose of interest payments, the Classes will be categorized as follows:

<u>Interest Type*</u>	<u>Classes</u>
Group 1 Classes	
Floating Rate	1-A-F1 and 1-A-F2
Inverse Floating Rate	1-A-S
Interest Only	1-A-S
Available Funds	1-A-F1, 1-A-F2 and 1-A-S
Group 2 Classes	
Fixed Rate	2-A
Weighted Average Coupon	2-A-IO
Interest Only	2-A-IO
Available Funds	2-A and 2-A-IO
Group 3 Class	
Weighted Average Coupon	3-A
Available Funds	3-A
No Payment Residual	R and RL

* See “—Class Definitions and Abbreviations” below.

Interest Calculation. We will pay interest on the Certificates at the applicable annual interest rates shown on the cover or described in this prospectus. We will calculate interest based on a 360-day year consisting of twelve 30-day months. We will pay interest monthly on each Distribution Date, beginning in January 2007.

Interest to be paid on each Certificate on each Distribution Date will consist of one month’s interest on the outstanding principal balance of that Certificate immediately prior to that Distribution Date less the amount of any Uncovered Prepayment Interest Shortfalls allocated to that Certificate. See “—Uncovered Prepayment Interest Shortfalls” below.

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

<u>Classes</u>	<u>Interest Accrual Period</u>
The 2-A, 2-A-IO and 3-A Classes (the “Delay Classes”)	Calendar month preceding the month in which the Distribution Date occurs
The Floating Rate and Inverse Floating Rate Classes	One-month period beginning on the 25th day of the month preceding the month in which the Distribution Date occurs

Notional Classes. The Notional Classes will not have principal balances. The notional principal balances of the Notional Classes will be calculated as specified under “Reference Sheet—Notional Classes” in this prospectus.

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

The 1-A-F1 Class. On each Distribution Date, we will pay interest on the 1-A-F1 Class in an amount (the “1-A-F1 Class Current Interest Amount”) equal to one month’s interest at an annual rate equal to the *least* of

- the *sum* of One-Month LIBOR (calculated as described below under “—Calculation of One-Month LIBOR”) *plus* 24 basis points,
- 9.50% (the “1-A-F1 Class Maximum Rate”) and
- the Net WAC of the Group 1 Loans for the related Distribution Date.

In addition, on each Distribution Date we will pay to the 1-A-F1 Class an amount up to the 1-A-F1 Class Net WAC Carryover Amount (defined below), if any, for that Distribution Date from proceeds received in respect of the 1-A-F1 Cap Corridor Contract described under “—The Cap Contracts—*The 1-A-F1 Cap Corridor Contract*” in this prospectus.

The “1-A-F1 Class Net WAC Carryover Amount” means, with respect to the 1-A-F1 Class and any Distribution Date, the *sum* of

- the *excess* of the amount of interest that the 1-A-F1 Class would have been entitled to receive had the interest rate for the 1-A-F1 Class not been calculated based on the Net WAC of the Group 1 Loans for that Distribution Date (but in no event at a rate greater than the 1-A-F1 Class Maximum Rate) *over* the 1-A-F1 Class Current Interest Amount for that Distribution Date

plus

- the unpaid portion of any such excess from prior Distribution Dates (and interest thereon at the then current interest rate for the 1-A-F1 Class, without giving effect to the Net WAC of the Group 1 Loans for that Distribution Date but not in excess of the 1-A-F1 Class Maximum Rate).

The 1-A-F2 Class. On each Distribution Date, we will pay interest on the 1-A-F2 Class in an amount (the “1-A-F2 Class Current Interest Amount”) equal to one month’s interest at an annual rate equal to the *lesser* of

- the *sum* of One-Month LIBOR (calculated as described below under “—Calculation of One-Month LIBOR”) *plus* 22 basis points and
- the Net WAC of the Group 1 Loans for the related Distribution Date.

In addition, on each Distribution Date we will pay to the 1-A-F2 Class an amount up to the 1-A-F2 Class Net WAC Carryover Amount (defined below), if any, for that Distribution Date from proceeds received in respect of the 1-A-F2 Cap Contract described under “—The Cap Contracts—*The 1-A-F2 Cap Contract*” in this prospectus.

The “1-A-F2 Class Net WAC Carryover Amount” means, with respect to the 1-A-F2 Class and any Distribution Date, the *sum* of

- the *excess* of the amount of interest that the 1-A-F2 Class would have been entitled to receive had the interest rate for the 1-A-F2 Class not been calculated based on the Net WAC of the Group 1 Loans for that Distribution Date *over* the 1-A-F2 Class Current Interest Amount for that Distribution Date

plus

- the unpaid portion of any such excess from prior Distribution Dates (and interest thereon at the then current interest rate for the 1-A-F2 Class, without giving effect to the Net WAC of the Group 1 Loans for that Distribution Date).

The 1-A-S Class. On each Distribution Date, we will pay interest on the 1-A-S Class at an annual rate equal to the *sum* of:

- the *product* of

the *excess*, if any, of the Net WAC of the Group 1 Loans for that Distribution Date over the *lesser* of (x) the *sum* of One-Month LIBOR *plus* 24 basis points and (y) 9.50%

multiplied by

a fraction, the numerator of which is equal to the principal balance of the 1-A-F1 Class immediately prior to that Distribution Date and the denominator of which is equal to the aggregate principal balance of the 1-A-F1 and 1-A-F2 Classes immediately prior to that Distribution Date

plus

- the *product* of

the *excess*, if any, of the Net WAC of the Group 1 Loans for that Distribution Date over the *sum* of One-Month LIBOR *plus* 22 basis points

multiplied by

a fraction, the numerator of which is equal to the principal balance of the 1-A-F2 Class immediately prior to that Distribution Date and the denominator of which is equal to the aggregate principal balance of the 1-A-F1 and 1-A-F2 Classes immediately prior to that Distribution Date.

Changes in One-Month LIBOR will affect the yields with respect to the related Classes. These changes will not correspond to the mortgage interest rates of the Group 1 Loans, which are fixed.

The 2-A Class. On each Distribution Date, we will pay interest on the 2-A Class at the annual rate specified on the cover of this prospectus.

The 2-A-IO Class. On each Distribution Date, we will pay interest on the 2-A-IO Class at an annual rate equal to the *excess*, if any, of

- the Net WAC of the Group 2 Loans for that Distribution Date

over

- 6.00%.

The 3-A Class. On each Distribution Date, we will pay interest on the 3-A Class at an annual rate equal to the weighted average of the Net Mortgage Rates of the Group 3 Loans (in effect on, and weighted on the basis of their respective Stated Principal Balances as of, the first day of the month immediately preceding the month in which that Distribution Date occurs).

Uncovered Prepayment Interest Shortfalls. Uncovered Prepayment Interest Shortfalls with respect to the Group 1 Loans will reduce the amount of interest that otherwise would have been payable on the 1-A-F1, 1-A-F2 and 1-A-S Classes in proportion to the amounts of interest that otherwise would have been payable on those Classes without giving effect to such reduction.

Uncovered Prepayment Interest Shortfalls with respect to the Group 2 Loans will reduce the amount of interest payable on the 2-A and 2-A-IO Classes in proportion to the amounts of interest that otherwise would have been payable on those Classes without giving effect to such reduction.

Uncovered Prepayment Interest Shortfalls with respect to the Group 3 Loans will reduce the amount of interest payable on the 3-A Class.

We define certain capitalized terms used in this section under “—Certain Definitions Relating to Payments on the Certificates” below.

Calculation of One-Month LIBOR

General. The “Index Determination Date” for the Floating Rate Classes means the second business day before the first day of each Interest Accrual Period. For purposes of calculating One-Month LIBOR, the term “business day” means a day on which banks are open for dealing in foreign currency and exchange in London and New York City.

We are responsible for calculating One-Month LIBOR on each Index Determination Date using the method described below. The Index value that we calculate on each Index Determination Date and the interest rates that we determine for the Floating Rate Classes for the related Interest Accrual Period will be final and binding, absent manifest error. You may obtain each such interest rate by telephoning us at 800-237-8627.

Calculation Method. We will calculate One-Month LIBOR on each Index Determination Date based on the Interest Settlement Rate of the British Bankers’ Association (“BBA”) for one-month U.S. dollar deposits. The “Interest Settlement Rate” is found on Moneyline Telerate Page 3750 as of 11:00 a.m. (London time) on that date. Currently, it is based on rates quoted by 16 BBA-designated banks as being, in their view, the offered rate at which these deposits are being quoted to prime banks in the London interbank market. The Interest Settlement Rate is calculated by eliminating the four highest rates and the four lowest rates, averaging the eight remaining rates, carrying the percentage result to six decimal places and rounding to five decimal places.

If we are unable to use the method described above, we will calculate One-Month LIBOR using the quotations for one-month U.S. dollar deposits offered by the principal London office of each of the Reference Banks (as defined below) as of 11:00 a.m. (London time) on each Index Determination Date. We may rely on these quotations as they appear on the Reuters Screen LIBO Page (as defined in the *International Swap Dealers Association, Inc. Code of Standard Wording, Assumptions and Provisions for Swaps*, 1986 Edition). Alternatively, we may obtain them directly from the Reference Banks.

Under this method, One-Month LIBOR is calculated on each Index Determination Date as follows:

- If at least two Reference Banks are making quotations, One-Month LIBOR for the next Interest Accrual Period shall be the arithmetic mean of those quotations (rounded upwards, if necessary, to the nearest $\frac{1}{32}$ of 1%).
- Otherwise, One-Month LIBOR for the next Interest Accrual Period shall be the One-Month LIBOR that was determined on the previous Index Determination Date or the Reserve Interest Rate, whichever is higher.

The “Reserve Interest Rate” means the annual rate that we determine as the arithmetic mean (rounded upwards, if necessary, to the nearest $\frac{1}{32}$ of 1%) of the one-month U.S. dollar lending rates that New York City banks (which we select) are then quoting to the principal London offices of at least two of the Reference Banks. If we cannot establish the arithmetic mean, then the Reserve Interest Rate is the lowest one-month U.S. dollar lending rate that New York City banks (which we select) are then quoting to leading European banks. The term “Reference Bank” means a leading bank (that we do not control either solely or with a third party) which engages in Eurodollar deposit transactions in the international Eurocurrency market.

If we are unable to calculate One-Month LIBOR on the initial Index Determination Date, One-Month LIBOR for the following Interest Accrual Period will be equal to 5.35%.

Principal Payments on the Certificates

Categories of Classes—Principal. For the purpose of principal payments, the Classes will be categorized as follows:

<u>Principal Type*</u>	<u>Classes</u>
Group 1 Classes	
Pass-Through	1-A-F1 and 1-A-F2
Notional	1-A-S
Group 2 Classes	
Pass-Through	2-A
Notional	2-A-IO
Group 3 Class	
Pass-Through	3-A
No Payment Residual	R and RL

* See “—Class Definitions and Abbreviations.”

General. The outstanding principal balance of any Certificate as of any date of determination is equal to the initial outstanding principal balance of that Certificate, reduced by all amounts previously paid as principal on that Certificate.

We define certain capitalized terms used in the following section under “—Certain Definitions Relating to Payments on the Certificates” below.

Principal Distribution Amount

Group 1 Principal Distribution Amount

On each Distribution Date, we will pay the Group 1 Principal Distribution Amount, concurrently, as principal of the 1-A-F1 and 1-A-F2 Classes, pro rata (or 75.9270093829% and 24.0729906171%, 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 as principal of the 2-A Class, until its principal balance is reduced to zero. } Pass-Through Class

Group 3 Principal Distribution Amount

On each Distribution Date, we will pay the Group 3 Principal Distribution Amount as principal of the 3-A Class, until its principal balance is reduced to zero. } Pass-Through Class

Certain Definitions Relating to Payments on the Certificates

Due Date. For any Distribution Date, the first day of the calendar month in which that Distribution Date occurs.

Due Period. For any Distribution Date, the period beginning on the second day of the month immediately preceding the month in which that Distribution Date occurs and ending on the first day of the month in which that Distribution Date occurs.

Group 1 Principal Distribution Amount

or

Group 2 Principal Distribution Amount

or

Group 3 Principal Distribution Amount. For any Distribution Date, the aggregate of the following amounts for all the related Mortgage Loans, without duplication:

- the monthly payment of principal due on each Mortgage Loan during the related Due Period, *plus*
- the Stated Principal Balance of each Mortgage Loan that Fannie Mae, the Servicer or the Seller repurchases during the related Due Period, *plus*
- the Stated Principal Balance of each Mortgage Loan reported as having become a Liquidated Loan during the related Due Period, *plus*
- any partial or full principal repayment reported as having been received during the related Due Period from borrowers on any Mortgage Loan.

Liquidated Loan. A defaulted Mortgage Loan with respect to which the Servicer has concluded that the full amount finally recoverable on account of that loan has been received, whether or not this amount is equal to the principal balance of that loan.

Net Mortgage Rate. For any Mortgage Loan, the Mortgage Interest Rate of that loan minus the sum of (i) the Servicing Fee Rate and (ii) the rate at which the Guaranty Fee is calculated with respect to that loan.

Net WAC. For any Loan Group and any Distribution Date, the weighted average of the Net Mortgage Rates of the related Mortgage Loans in effect on, and weighted on the basis of the Stated Principal Balances of those Mortgage Loans as of, the first day of the month immediately preceding the month in which that Distribution Date occurs.

Prepayment Interest Shortfall. For any Mortgage Loan with respect to which the borrower made a prepayment of principal during a calendar month, an amount equal to:

- one full month's interest on the principal balance of that Mortgage Loan (before applying the prepayment), *minus*
- the interest that the borrower paid on that Mortgage Loan in respect of that calendar month.

Servicing Fee Rate. The percentage identified on the Mortgage Loan Schedule.

Stated Principal Balance. The unpaid principal balance of a Mortgage Loan (or the scheduled unpaid principal balance thereof, in the case of Mortgage Loans that are delinquent) as of the Issue Date reduced by all amounts representing principal received or advanced by the Servicer and previously paid to Certificateholders with respect to that loan.

Uncovered Prepayment Interest Shortfalls. With respect to any Loan Group for any Distribution Date:

- (i) the aggregate Prepayment Interest Shortfalls on the related Mortgage Loans that prepaid during the Prepayment Period related to that Distribution Date, *minus*
- (ii) one-half of the aggregate servicing fee with respect to the related Mortgage Loans (calculated in each case at the related Servicing Fee Rate) for that Distribution Date.

Class Definitions and Abbreviations

Classes of Certificates fall into different categories. The following chart identifies and generally defines the categories of Classes specified on the cover page of this prospectus.

<u>Abbreviation</u>	<u>Category of Class</u>	<u>Definition</u>
INTEREST TYPES		
AFC	Available Funds	Receives as interest all or a portion of the scheduled interest payments made on the mortgage loans. However, this amount may be insufficient on any distribution date to cover fully the accrued and unpaid interest on the certificates of this class at its specified interest rate for the related interest accrual period.
FLT	Floating Rate	Has an interest rate that resets periodically based upon a designated index and that varies directly with changes in the index.
INV	Inverse Floating Rate	Has an interest rate that resets periodically based upon a designated index and that varies inversely with changes in the index.
IO	Interest Only	Receives some or all of the interest payments made on the related mortgage loans or other assets of the trust but little or no principal. Interest Only Classes have either a notional or a nominal principal balance. A notional principal balance is the amount used as a reference to calculate amount of interest due on an Interest Only Class. A nominal principal balance represents actual principal that will be paid on the Class. It is referred to as nominal since it is extremely small compared to other classes.
NPR	No Payment Residual	Receives no payments of interest.
WAC	Weighted Average Coupon	Has an interest rate that represents an effective weighted average interest rate that may change from period to period.
PRINCIPAL TYPES		
NPR	No Payment Residual	Receives no payments of principal.
NTL	Notional	Has no principal balance and bears interest on its notional principal balance. The notional principal balance is used to determine interest payments on an Interest Only Class that is not entitled to principal.
PT	Pass-Through	Is designed to receive principal payments in direct relation to actual or scheduled payments on some or all of the related mortgage loans.

The Cap Contracts

General

Countrywide Home Loans, Inc., as Seller under the Sale and Servicing Agreement, has entered into two interest rate cap transactions with Barclays Bank PLC (the “Counterparty”). As of the date of this prospectus, the short-term unsecured obligations of the Counterparty are rated A-1+ by Standard & Poor’s (“S&P”), a division of The McGraw-Hill Companies, Inc., “P-1” by Moody’s

Investors Service, Inc. (“Moody’s”), and “F1+” by Fitch Ratings (“Fitch”); and the long-term unsecured obligations of the Counterparty are rated “AA” by S&P, “Aa1” by Moody’s and “AA+” by Fitch. The interest rate cap transactions are evidenced by Confirmations between the Seller and the Counterparty (the “1-A-F1 Cap Corridor Contract” and “1-A-F2 Cap Contract,” respectively, and together, the “Cap Contracts”). Pursuant to each Cap Contract, the terms of an ISDA Master Agreement were incorporated into the respective Confirmations as if the ISDA Master Agreement had been executed by the Seller and the Counterparty on the date the related Cap Contract was executed. On the Settlement Date specified above under “Reference Sheet” in this prospectus, the Seller will assign to the Trustee, on behalf of the Trust, the Seller’s rights under the Cap Contracts. Neither of the Cap Contracts will be an asset of either REMIC created under the Trust Agreement.

Each of the Cap Contracts is scheduled to remain in effect until the Distribution Date in April 2024 (the “Cap Contract Termination Date”). The Cap Contracts will be subject to early termination only in limited circumstances. Such circumstances generally include certain insolvency or bankruptcy events in relation to the Counterparty, the failure by the Counterparty (three business days after notice of such failure is received by the Counterparty) to make a payment due under the related Cap Contract, and the Cap Contract becoming illegal or subject to certain kinds of taxation.

1-A-F1 Cap Corridor Contract

On or prior to the Cap Contract Termination Date proceeds (if any) received by the Trustee under the 1-A-F1 Cap Corridor Contract will be applied as payments to the 1-A-F1 Class as described above under “—Interest Payments on the Certificates—*The 1-A-F1 Class*.” On any Distribution Date, after such application of any proceeds received under the 1-A-F1 Cap Corridor Contract, any remaining proceeds will be released from the Trust and will not thereafter be available for payment to any Certificateholder, unless such proceeds are received in connection with an early termination of the 1-A-F1 Cap Corridor Contract, in which case such proceeds will be held by the Trustee until the Cap Contract Termination Date for distribution as described in this prospectus.

With respect to any Distribution Date on or prior to the Cap Contract Termination Date, the amount payable by the Counterparty under the 1-A-F1 Cap Corridor Contract will equal the *product* of

- the *excess* (if any) of
 - (x) the lesser of (i) one-month LIBOR (as determined by the Counterparty) and (ii) 9.26%

over

- (y) 6.007%

multiplied by

- the *lesser* of (i) the 1-A-F1 Cap Corridor Contract Notional Balance for that Distribution Date and (ii) the principal balance of the 1-A-F1 Class immediately prior to that Distribution Date

multiplied by

- a fraction, the numerator of which is 30 and the denominator of which is 360.

The “1-A-F1 Cap Corridor Contract Notional Balance” for each Distribution Date is specified in the following table:

Month of Distribution Date	1-A-F1 Cap Corridor Contract Notional Balances (\$)	Month of Distribution Date	1-A-F1 Cap Corridor Contract Notional Balances (\$)
January 2007	236,552,483.00	November 2010 . .	93,568,647.08
February 2007 . . .	231,886,080.33	December 2010 . .	91,674,807.43
March 2007	227,309,612.44	January 2011	89,818,044.63
April 2007	222,821,372.20	February 2011 . . .	87,997,647.49
May 2007	218,419,683.83	March 2011	86,212,918.29
June 2007	214,102,903.07	April 2011	84,463,172.52
July 2007	209,869,416.60	May 2011	82,747,738.61
August 2007	205,717,641.44	June 2011	81,065,957.74
September 2007 . .	201,646,024.41	July 2011	79,417,183.56
October 2007	197,653,041.54	August 2011	77,800,781.96
November 2007 . .	193,737,197.57	September 2011 . .	76,216,130.85
December 2007 . .	189,897,025.36	October 2011	74,662,619.94
January 2008	186,131,085.41	November 2011 . .	73,139,650.51
February 2008 . . .	182,437,965.32	December 2011 . .	71,646,635.18
March 2008	178,816,279.29	January 2012	70,182,997.70
April 2008	175,264,667.59	February 2012 . . .	68,748,172.79
May 2008	171,781,796.15	March 2012	67,341,605.85
June 2008	168,366,356.00	April 2012	65,962,752.84
July 2008	165,017,062.84	May 2012	64,611,080.00
August 2008	161,732,656.57	June 2012	63,286,063.75
September 2008 . .	158,511,900.85	July 2012	61,987,190.42
October 2008	155,353,582.63	August 2012	60,713,956.10
November 2008 . .	152,256,511.72	September 2012 . .	59,465,866.45
December 2008 . .	149,219,520.40	October 2012	58,242,436.52
January 2009	146,241,462.95	November 2012 . .	57,043,190.59
February 2009 . . .	143,321,215.24	December 2012 . .	55,867,661.95
March 2009	140,457,674.39	January 2013	54,715,392.77
April 2009	137,649,758.27	February 2013 . . .	53,585,933.95
May 2009	134,896,405.22	March 2013	52,478,844.88
June 2009	132,196,573.57	April 2013	51,393,693.38
July 2009	129,549,241.35	May 2013	50,330,055.46
August 2009	126,953,405.83	June 2013	49,287,515.19
September 2009 . .	124,408,083.27	July 2013	48,265,664.58
October 2009	121,912,308.44	August 2013	47,264,103.39
November 2009 . .	119,465,134.40	September 2013 . .	46,282,438.99
December 2009 . .	117,065,632.05	October 2013	45,320,286.26
January 2010	114,712,889.86	November 2013 . .	44,377,267.37
February 2010 . . .	112,406,013.52	December 2013 . .	43,453,011.72
March 2010	110,144,125.60	January 2014	42,547,155.74
April 2010	107,926,365.29	February 2014 . . .	41,659,342.83
May 2010	105,751,888.01	March 2014	40,789,223.14
June 2010	103,619,865.17	April 2014	39,936,453.53
July 2010	101,529,483.85	May 2014	39,100,697.38
August 2010	99,479,946.47	June 2014	38,281,624.49
September 2010 . .	97,470,470.58	July 2014	37,478,910.96
October 2010	95,500,288.50	August 2014	36,692,239.08

Month of Distribution Date	1-A-F1 Cap Corridor Contract Notional Balances (\$)	Month of Distribution Date	1-A-F1 Cap Corridor Contract Notional Balances (\$)
September 2014..	35,921,297.20	October 2018	12,281,019.36
October 2014	35,165,779.61	November 2018 ..	12,005,052.20
November 2014 ..	34,425,386.44	December 2018 ..	11,734,808.50
December 2014 ..	33,699,823.55	January 2019	11,470,174.59
January 2015	32,988,802.42	February 2019 ...	11,211,039.02
February 2015 ...	32,292,040.03	March 2019	10,957,292.47
March 2015	31,609,258.79	April 2019	10,708,827.76
April 2015	30,940,186.40	May 2019	10,465,539.77
May 2015	30,284,555.77	June 2019	10,227,325.42
June 2015	29,642,104.92	July 2019	9,994,083.64
July 2015	29,012,576.86	August 2019	9,765,715.29
August 2015	28,395,719.55	September 2019 ..	9,542,123.20
September 2015 ..	27,791,285.76	October 2019	9,323,212.04
October 2015	27,199,032.98	November 2019 ..	9,108,888.36
November 2015 ..	26,618,723.36	December 2019 ..	8,899,060.51
December 2015 ..	26,050,123.60	January 2020	8,693,638.62
January 2016	25,493,004.86	February 2020 ...	8,492,534.58
February 2016 ...	24,947,142.69	March 2020	8,295,661.98
March 2016	24,412,316.94	April 2020	8,102,936.09
April 2016	23,888,311.70	May 2020	7,914,273.83
May 2016	23,374,915.16	June 2020	7,729,593.74
June 2016	22,871,919.61	July 2020	7,548,815.95
July 2016	22,379,121.30	August 2020	7,371,862.13
August 2016	21,896,320.40	September 2020 ..	7,198,655.48
September 2016 ..	21,423,320.91	October 2020	7,029,120.72
October 2016	20,959,930.61	November 2020 ..	6,863,184.00
November 2016 ..	20,505,960.95	December 2020 ..	6,700,772.93
December 2016 ..	20,061,227.02	January 2021	6,541,816.54
January 2017	19,625,547.43	February 2021 ...	6,386,245.23
February 2017 ...	19,198,744.31	March 2021	6,233,990.77
March 2017	18,780,643.21	April 2021	6,084,986.25
April 2017	18,371,073.01	May 2021	5,939,166.07
May 2017	17,969,865.89	June 2021	5,796,465.93
June 2017	17,576,857.27	July 2021	5,656,822.77
July 2017	17,191,885.73	August 2021	5,520,174.75
August 2017	16,814,792.95	September 2021 ..	5,386,461.28
September 2017 ..	16,445,423.67	October 2021	5,255,622.92
October 2017	16,083,625.62	November 2021 ..	5,127,601.41
November 2017 ..	15,729,249.46	December 2021 ..	5,002,339.63
December 2017 ..	15,382,148.72	January 2022	4,879,781.57
January 2018	15,042,179.76	February 2022 ...	4,759,872.34
February 2018 ...	14,709,201.72	March 2022	4,642,558.11
March 2018	14,383,076.45	April 2022	4,527,786.10
April 2018	14,063,668.45	May 2022	4,415,504.58
May 2018	13,750,844.86	June 2022	4,305,662.84
June 2018	13,444,475.37	July 2022	4,198,211.15
July 2018	13,144,432.19	August 2022	4,093,100.76
August 2018	12,850,590.00	September 2022 ..	3,990,283.90
September 2018 ..	12,562,825.90	October 2022	3,889,713.71

Month of Distribution Date	1-A-F1 Cap Corridor Contract Notional Balances (\$)	Month of Distribution Date	1-A-F1 Cap Corridor Contract Notional Balances (\$)
November 2022 ..	3,791,344.28	September 2023 ..	2,919,212.90
December 2022 ..	3,695,130.57	October 2023	2,842,267.41
January 2023	3,601,028.47	November 2023 ..	2,767,037.37
February 2023 ...	3,508,994.71	December 2023 ..	2,693,487.35
March 2023	3,418,986.88	January 2024	2,621,582.63
April 2023	3,330,963.40	February 2024 ...	2,551,289.16
May 2023	3,244,883.53	March 2024	2,482,573.56
June 2023	3,160,707.32	April 2024	2,415,403.13
July 2023	3,078,395.61	May 2024	0.00
August 2023	2,997,910.01		

If the 1-A-F1 Cap Corridor Contract is terminated early, the Counterparty may owe a termination payment to the Trustee, payable in a lump sum to be held by the Trustee until the Cap Contract Termination Date to pay any 1-A-F1 Class Net WAC Carryover Amount as described in this prospectus. However, if such termination occurs, there can be no assurance that any such termination payment will be owing to the Trustee or that the termination payment will be sufficient to cover any 1-A-F1 Class Net WAC Carryover Amount. In addition, Fannie Mae does not intend to obtain a replacement cap corridor contract if the 1-A-F1 Cap Corridor Contract is terminated early.

Any amounts received on the 1-A-F1 Cap Corridor Contract on a Distribution Date that are not used to pay any 1-A-F1 Class Net WAC Carryover Amount on such Distribution Date will be returned to the Counterparty and will not be available for payments to any Class of Certificates on future Distribution Dates.

The 1-A-F1 Class Certificates do not represent an obligation of the Counterparty. The Holders of the 1-A-F1 Class Certificates are not parties to the 1-A-F1 Cap Corridor Contract and will not have any right to proceed directly against the Counterparty in respect of its obligations under the 1-A-F1 Cap Corridor Contract. **The Fannie Mae guaranty will not cover any failure of the Trust to receive payments under the 1-A-F1 Cap Corridor Contract.**

1-A-F2 Cap Contract

On or prior to the Cap Contract Termination Date, proceeds (if any) received by the Trustee under the 1-A-F2 Cap Contract will be applied as payments to the 1-A-F2 Class as described above under “—Interest Payments on the Certificates —*The 1-A-F2 Class.*” On any Distribution Date, after such application of any proceeds received under the 1-A-F2 Cap Contract, any remaining proceeds will be released from the Trust and will not thereafter be available for payment to any Certificateholder, unless such proceeds are received in connection with an early termination of the 1-A-F2 Cap Contract, in which case such proceeds will be held by the Trustee until the Cap Contract Termination Date for distribution as described in this prospectus.

With respect to any Distribution Date on or prior to the Cap Contract Termination Date, the amount payable by the Counterparty under the 1-A-F2 Cap Contract will equal the *product* of

- the *excess* (if any) of
 - (x) one-month LIBOR (as determined by the Counterparty)
 - over*
 - (y) 6.027%
- multiplied by*
- the *lesser* of (i) the 1-A-F2 Cap Contract Notional Balance for that Distribution Date and (ii) the principal balance of the 1-A-F2 Class immediately prior to that Distribution Date

multiplied by

- a fraction, the numerator of which is 30 and the denominator of which is 360.

The “1-A-F2 Cap Contract Notional Balance” for each Distribution Date is specified in the following table:

Month of Distribution Date	1-A-F2 Cap Contract Notional Balances (\$)	Month of Distribution Date	1-A-F2 Cap Contract Notional Balances (\$)
January 2007	75,000,000.00	September 2010 ...	30,903,439.17
February 2007	73,520,496.37	October 2010	30,278,784.32
March 2007	72,069,507.20	November 2010 ...	29,666,348.96
April 2007	70,646,491.00	December 2010	29,065,898.81
May 2007	69,250,916.44	January 2011	28,477,204.04
June 2007	67,882,262.21	February 2011	27,900,039.17
July 2007	66,540,016.80	March 2011	27,334,182.96
August 2007	65,223,678.32	April 2011	26,779,418.41
September 2007 ...	63,932,754.33	May 2011	26,235,532.58
October 2007	62,666,761.64	June 2011	25,702,316.60
November 2007 ...	61,425,226.17	July 2011	25,179,565.53
December 2007	60,207,682.77	August 2011	24,667,078.33
January 2008	59,013,675.04	September 2011 ...	24,164,657.76
February 2008	57,842,755.15	October 2011	23,672,110.33
March 2008	56,694,483.75	November 2011 ...	23,189,246.21
April 2008	55,568,429.72	December 2011	22,715,879.17
May 2008	54,464,170.09	January 2012	22,251,826.50
June 2008	53,381,289.85	February 2012	21,796,908.99
July 2008	52,319,381.80	March 2012	21,350,950.79
August 2008	51,278,046.42	April 2012	20,913,779.40
September 2008 ...	50,256,891.72	May 2012	20,485,225.62
October 2008	49,255,533.11	June 2012	20,065,123.42
November 2008 ...	48,273,593.23	July 2012	19,653,309.94
December 2008	47,310,701.84	August 2012	19,249,625.43
January 2009	46,366,495.70	September 2012 ...	18,853,913.15
February 2009	45,440,618.39	October 2012	18,466,019.34
March 2009	44,532,720.23	November 2012 ...	18,085,793.16
April 2009	43,642,458.14	December 2012	17,713,086.67
May 2009	42,769,495.51	January 2013	17,347,754.68
June 2009	41,913,502.07	February 2013	16,989,654.82
July 2009	41,074,153.80	March 2013	16,638,647.39
August 2009	40,251,132.80	April 2013	16,294,595.36
September 2009 ...	39,444,127.14	May 2013	15,957,364.30
October 2009	38,652,830.81	June 2013	15,626,822.35
November 2009 ...	37,876,943.57	July 2013	15,302,840.14
December 2009	37,116,170.86	August 2013	14,985,290.78
January 2010	36,370,223.65	September 2013 ...	14,674,049.79
February 2010	35,638,818.41	October 2013	14,368,995.05
March 2010	34,921,676.95	November 2013 ...	14,070,006.79
April 2010	34,218,526.34	December 2013	13,776,967.49
May 2010	33,529,098.80	January 2014	13,489,761.89
June 2010	32,853,131.64	February 2014	13,208,276.92
July 2010	32,190,367.09	March 2014	12,932,401.67
August 2010	31,540,552.30	April 2014	12,662,027.33

Month of Distribution Date	1-A-F2 Cap Contract Notional Balances (\$)
May 2014.....	12,397,047.19
June 2014	12,137,356.54
July 2014	11,882,852.71
August 2014	11,633,434.95
September 2014 ...	11,389,004.45
October 2014	11,149,464.29
November 2014 ...	10,914,719.40
December 2014....	10,684,676.51
January 2015	10,459,244.15
February 2015	10,238,332.58
March 2015.....	10,021,853.81
April 2015	9,809,721.48
May 2015.....	9,601,850.92
June 2015	9,398,159.06
July 2015	9,198,564.44
August 2015	9,002,987.13
September 2015 ...	8,811,348.75
October 2015	8,623,572.42
November 2015 ...	8,439,582.71
December 2015....	8,259,305.67
January 2016	8,082,668.73
February 2016	7,909,600.74
March 2016.....	7,740,031.90
April 2016	7,573,893.75
May 2016.....	7,411,119.13
June 2016	7,251,642.19
July 2016	7,095,398.33
August 2016	6,942,324.19
September 2016 ...	6,792,357.63
October 2016	6,645,437.71
November 2016 ...	6,501,504.64
December 2016....	6,360,499.80
January 2017	6,222,365.68
February 2017	6,087,045.89
March 2017.....	5,954,485.10
April 2017	5,824,629.08
May 2017.....	5,697,424.61
June 2017	5,572,819.50
July 2017	5,450,762.59
August 2017	5,331,203.68
September 2017 ...	5,214,093.53
October 2017	5,099,383.88
November 2017 ...	4,987,027.36
December 2017....	4,876,977.55
January 2018	4,769,188.91
February 2018	4,663,616.77
March 2018.....	4,560,217.32
April 2018	4,458,947.62
May 2018.....	4,359,765.53

Month of Distribution Date	1-A-F2 Cap Contract Notional Balances (\$)
June 2018	4,262,629.74
July 2018	4,167,499.74
August 2018	4,074,335.79
September 2018 ...	3,983,098.92
October 2018	3,893,750.92
November 2018 ...	3,806,254.33
December 2018....	3,720,572.38
January 2019	3,636,669.04
February 2019	3,554,508.97
March 2019.....	3,474,057.52
April 2019	3,395,280.70
May 2019.....	3,318,145.18
June 2019	3,242,618.27
July 2019	3,168,667.95
August 2019	3,096,262.76
September 2019 ...	3,025,371.91
October 2019	2,955,965.17
November 2019 ...	2,888,012.91
December 2019....	2,821,486.07
January 2020	2,756,356.16
February 2020	2,692,595.25
March 2020.....	2,630,175.93
April 2020	2,569,071.34
May 2020.....	2,509,255.15
June 2020	2,450,701.52
July 2020	2,393,385.13
August 2020	2,337,281.14
September 2020 ...	2,282,365.22
October 2020	2,228,613.48
November 2020 ...	2,176,002.52
December 2020....	2,124,509.38
January 2021	2,074,111.56
February 2021	2,024,786.99
March 2021.....	1,976,514.05
April 2021	1,929,271.51
May 2021.....	1,883,038.59
June 2021	1,837,794.89
July 2021	1,793,520.41
August 2021	1,750,195.56
September 2021 ...	1,707,801.12
October 2021	1,666,318.24
November 2021 ...	1,625,728.46
December 2021....	1,586,013.67
January 2022	1,547,156.10
February 2022	1,509,138.35
March 2022.....	1,471,943.36
April 2022	1,435,554.39
May 2022.....	1,399,955.05
June 2022	1,365,129.24

Month of Distribution Date	1-A-F2 Cap Contract Notional Balances (\$)	Month of Distribution Date	1-A-F2 Cap Contract Notional Balances (\$)
July 2022	1,331,061.21	July 2023	976,018.80
August 2022	1,297,735.51	August 2023	950,500.49
September 2022 ...	1,265,136.97	September 2023 ...	925,549.22
October 2022	1,233,250.75	October 2023	901,153.32
November 2022 ...	1,202,062.29	November 2023 ...	877,301.30
December 2022	1,171,557.32	December 2023	853,981.95
January 2023	1,141,721.83	January 2024	831,184.24
February 2023	1,112,542.13	February 2024	808,897.39
March 2023	1,084,004.75	March 2024	787,110.81
April 2023	1,056,096.52	April 2024	765,814.13
May 2023	1,028,804.52	May 2024	0.00
June 2023	1,002,116.09		

If the 1-A-F2 Cap Contract is terminated early, the Counterparty may owe a termination payment to the Trustee, payable in a lump sum to be held by the Trustee until the Cap Contract Termination Date to pay any 1-A-F2 Class Net WAC Carryover Amount as described in this prospectus. However, if such termination occurs, there can be no assurance that any such termination payment will be owing to the Trustee or that the termination payment will be sufficient to cover any 1-A-F2 Class Net WAC Carryover Amount. In addition, Fannie Mae does not intend to obtain a replacement cap contract if the Cap Contract is terminated early.

Any amounts received on the 1-A-F2 Cap Contract on a Distribution Date that are not used to pay any 1-A-F2 Class Net WAC Carryover Amount on such Distribution Date will be returned to the Counterparty and will not be available for payments to any Class of Certificates on future Distribution Dates.

The 1-A-F2 Class Certificates do not represent an obligation of the Counterparty. The Holders of the 1-A-F2 Class Certificates are not parties to the 1-A-F2 Cap Contract and will not have any right to proceed directly against the Counterparty in respect of its obligations under the 1-A-F2 Cap Contract. **The Fannie Mae guaranty will not cover any failure of the Trust to receive payments under the 1-A-F2 Cap Contract.**

Special 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 Upper Tier REMIC remain after the principal balances of all Classes are reduced to zero, we will pay the Holder of the R Class the proceeds of 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. We do not expect that any material assets will remain in either case.

No Residual Certificate may be transferred to a “disqualified organization” or to anyone acting on behalf of a disqualified organization. The term “transfer” can include any transfer of record ownership or of beneficial ownership, whether as a result of a sale, gift, pledge, default or otherwise. The term “disqualified organization” includes the United States, any State or other political subdivision, any foreign government, any international organization, or any agency or instrumentality of any of them (other than certain taxable instrumentalities), any cooperative organization furnishing electric energy or providing telephone service to persons in rural areas, or any organization (other than a farmers’ cooperative) that is exempt from federal income tax, unless such organization is subject to a tax on

unrelated business income. Each person or entity to which the R or RL Certificate is transferred will be required to execute an affidavit, acceptable to us, stating that:

- the transferee is a “U.S. Person” (as defined below) or a foreign person subject to United States income taxation on a net basis on income derived from that Certificate;
- 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;
- the transferee is not a disqualified organization;
- it is not acquiring the R or RL Certificate for the account of a disqualified organization;
- it consents to any amendment of the Trust Agreement that we deem necessary (upon the advice of our counsel) to ensure that the R or RL Certificate will not be owned directly or indirectly by a disqualified organization;
- it is not acquiring the R or RL Certificate to avoid or impede the assessment or collection of tax;
- it understands that it may incur tax liabilities in excess of any cash that it will receive on the R or RL Certificate;
- it intends to pay taxes on the R or RL Certificate as they become due;
- it will not cause income from the R or RL Certificate to be attributed to a foreign permanent establishment or fixed base of the transferee or another taxpayer; and
- it will not transfer the R or RL Certificate unless it has received from the new transferee an affidavit containing these same ten representations and it does not have actual knowledge that this other affidavit is false.

See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of a Residual Certificate—Sales and Other Dispositions of a Residual Certificate—*Residual Certificate Transferred to or Held by Disqualified Organizations*” in this prospectus. The transferee also must deliver a properly executed Internal Revenue Service Form W-9 (or, if applicable, a Form W-8ECI) in which the transferee provides its taxpayer identification number. In addition, if a pass-through entity (including a nominee) holds an R or RL Class Certificate, it may be subject to additional taxes if a disqualified organization is a record holder in the entity.

No R or RL Certificate may be transferred 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 without our written consent. The term “U.S. Person” means

- a citizen or resident of the United States;
- a corporation, partnership or other entity created under the laws of the United States or any of the states or the District of Columbia;
- an estate the income of which is subject to U.S. federal income tax regardless of the source of its income; or
- a trust if a court within the United States can exercise primary supervision over its administration and one or more U.S. Persons have the authority to control all substantial decisions of the trust.

Under regulations issued by the Treasury Department (the “Regulations”), if a “noneconomic residual interest” is transferred, the transfer 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.

Under the Regulations, the phrase “a significant purpose of the transfer to impede the assessment or collection of tax” means that the transferor of the R or RL Class Certificate had “improper knowledge” at the time of the transfer. In other words, the transferor 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 related REMIC. A transferor is presumed not to have improper knowledge if four conditions are met. First, the transferor conducts, at the time of the transfer, a reasonable investigation of the financial condition of the transferee and, based on the results, finds that the transferee has historically paid its debts as they come due and finds no significant evidence to indicate that the transferee will not continue to pay its debts as they come due in the future. Second, the transferee makes certain representations to the transferor in the affidavit relating to disqualified organizations discussed above. Third, the transferee makes the representation to the transferor in the affidavit relating to foreign permanent establishments discussed above. Fourth, the transfer satisfies either the “asset test” or the “formula test.” If you plan to transfer an R or RL Class Certificate, you should consult your own tax advisor for further information.

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” as defined in the Regulations and it agrees in writing that any subsequent transfer of the residual interest 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 interest will not be paid. A transfer satisfies the formula test if the present value of the anticipated tax liabilities associated with holding the R or RL Class Certificate is less than or equal to the present value of the sum of (i) any consideration given to the transferee to acquire the Certificate, (ii) expected future distributions on that Certificate, and (iii) anticipated tax savings associated with holding that 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 an actual transfer of the R or RL Class Certificate.

The Holder of the R Class will be considered to be the holder of the “residual interest” in the REMIC constituted by the Upper Tier REMIC, 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—REMIC Elections and Special Tax Attributes.” Pursuant to the Trust Agreement we will be obligated to provide to the Holder or Holders of the R and RL Classes (i) information that they need to prepare their federal income tax returns and (ii) any reports regarding the R or RL Class that may be required under the Code.

Structuring Assumptions

Pricing Assumptions. Except where otherwise noted, the information in the tables in this prospectus has been prepared on the basis of (i) the assumed characteristics of the Mortgage Loans set forth herein on Exhibit A and (ii) the following assumptions (collectively, the “Pricing Assumptions”):

- payments on all Mortgage Loans are due and received on the first day of each month;
- each year consists of twelve 30-day months;
- the Mortgage Loans prepay at the CPR levels specified in the related table;
- there are no Uncovered Prepayment Interest Shortfalls;
- there are no 1-A-F1 Class or 1-A-F2 Class Net WAC Carryover Amounts;

- there are no defaults, losses, additional delinquencies or liquidations with respect to the Mortgage Loans;
- there are no substitutions of the Mortgage Loans after the Issue Date;
- 1 year CMT is equal to 4.96%;
- One-Month LIBOR is equal to 5.35%;
- the Servicer does not exercise any optional clean-up call;
- the settlement date for the sale of the Certificates occurs on December 29, 2006; and
- each Distribution Date for the Certificates occurs on the 25th day of the month, beginning in January 2007.

Prepayment Assumptions. Prepayments of mortgage loans commonly are measured relative to a prepayment standard or model. The model used in this prospectus is the “Constant Prepayment Rate” or “CPR” model. The CPR model represents an assumed *constant* rate of prepayment each month, expressed as a per annum percentage of the then outstanding principal balance of the pool of mortgage loans. *This model does not purport to be an historical description of the prepayment experience of any pool of mortgage loans or a prediction of the anticipated rate of prepayment of any pool of mortgage loans, including the Mortgage Loans. It is highly unlikely that the Mortgage Loans will prepay at any constant percentage of the Prepayment Assumption or at any other constant rate.*

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 CPR and, where specified, to changes in One-Month LIBOR. 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 One-Month LIBOR will correspond to the levels shown in the applicable tables. 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 CPR. Moreover, it is unlikely that

- the Mortgage Loans will prepay at a constant percentage of CPR until maturity,
- all of such Mortgage Loans will prepay at the same rate, or
- the level of One-Month LIBOR will remain constant.

The 1-A-S Class. The yield on the 1-A-S Class will be sensitive in varying degrees to the rate of principal payments, including prepayments, of the Group 1 Loans, and to the level of One-Month LIBOR. The Group 1 Loans generally can be prepaid at any time without penalty. In addition, the rate of principal payments (including prepayments) of the Group 1 Loans is likely to vary, and may vary considerably. As illustrated in the tables below, it is possible that investors in the 1-A-S Class would lose money on their initial investments under certain One-Month LIBOR 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 One-Month LIBOR increased.

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

- the interest rate for the 1-A-S Class for the initial Interest Accrual Period is 0.66248% and for each following Interest Accrual Period will be based on the specified level of the Index, and
- the aggregate purchase price of the 1-A-S Class (expressed as a percentage of the original notional principal balance) is as follows:

<u>Class</u>	<u>Price*</u>
1-A-S	3.25%

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

Sensitivity of the 1-A-S Class to Prepayments and One-Month LIBOR (Pre-Tax Yields to Call)

One-Month LIBOR	CPR Prepayment Assumption						
	10%	15%	20%	25%	30%	35%	40%
2.35%	114.1%	105.8%	97.3%	88.5%	79.4%	69.9%	60.0%
3.35%	76.1%	68.7%	61.1%	53.2%	45.1%	36.6%	27.7%
4.35%	40.7%	34.1%	27.4%	20.4%	13.1%	5.4%	(2.7)%
5.35%	7.2%	1.4%	(4.7)%	(11.3)%	(18.4)%	(26.0)%	(34.2)%
5.85%	(12.6)%	(18.3)%	(24.9)%	(32.4)%	(40.6)%	(49.3)%	(58.6)%
6.03%	*	*	*	*	*	*	*

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

Sensitivity of the 1-A-S Class to Prepayments and One-Month LIBOR (Pre-Tax Yields to Maturity)

One-Month LIBOR	CPR Prepayment Assumption						
	10%	15%	20%	25%	30%	35%	40%
2.35%	114.1%	105.8%	97.3%	88.5%	79.4%	69.9%	60.0%
3.35%	76.1%	68.7%	61.1%	53.2%	45.1%	36.6%	27.8%
4.35%	40.7%	34.1%	27.4%	20.4%	13.2%	5.7%	(2.1)%
5.35%	7.2%	1.5%	(4.4)%	(10.6)%	(16.9)%	(23.4)%	(30.3)%
5.85%	(12.5)%	(17.8)%	(23.2)%	(28.8)%	(34.5)%	(40.5)%	(46.7)%
6.03%	*	*	*	*	*	*	*

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

The 2-A-IO Class. The yield to investors in the 2-A-IO Class will be sensitive to the rate of principal payments, including prepayments, of the Group 2 Loans. The Group 2 Loans generally can be prepaid at any time without penalty. As illustrated in the tables below, it is possible that investors in the 2-A-IO Class would lose money on their initial investments under certain prepayment scenarios.

The information shown in the following yield tables has been prepared on the basis of the Pricing Assumptions and the assumption that the aggregate purchase price of the 2-A-IO Class (expressed as a percentage of the original notional principal balance) is as follows:

<u>Class</u>	<u>Price*</u>
2-A-IO	0.75%

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

Sensitivity of the 2-A-IO Class to Prepayments

	<u>CPR Prepayment Assumption</u>						
	<u>10%</u>	<u>15%</u>	<u>20%</u>	<u>25%</u>	<u>30%</u>	<u>35%</u>	<u>40%</u>
Pre-Tax Yields to Call	25.3%	19.1%	12.7%	6.0%	(1.0)%	(8.5)%	(16.5)%

Sensitivity of the 2-A-IO Class to Prepayments

	<u>CPR Prepayment Assumption</u>						
	<u>10%</u>	<u>15%</u>	<u>20%</u>	<u>25%</u>	<u>30%</u>	<u>35%</u>	<u>40%</u>
Pre-Tax Yields to Maturity	25.3%	19.1%	12.7%	6.1%	(0.7)%	(7.7)%	(15.1)%

Weighted Average Lives of the Certificates

The “weighted average life” of a Certificate refers to the average length of time, weighted by principal, that will elapse from the time we issue the Certificate until we pay you the full amount of outstanding principal. We determine the weighted average life of a Certificate by:

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

The weighted average lives of the Certificates will be influenced by, among other factors, the rate at which principal payments are made on the related Mortgage Loans. For the purpose of the preceding sentence, principal payments include scheduled payments, principal prepayments, liquidations due to default, casualty and condemnation and payments made pursuant to either our guaranty of payment or our option to repurchase. The interaction of the above factors may result in differing principal prepayment speeds on the Classes of Certificates. Accordingly, we cannot give any assurance as to the weighted average lives of the Certificates.

Decrement Tables

The following tables indicate the percentages of original principal balances of the specified Classes that would be outstanding after each of the dates shown at various constant percentages of CPR and the corresponding weighted average lives of such Classes. The tables have been prepared on the basis of the Pricing Assumptions.

It is *unlikely* that all the Mortgage Loans:

- will have the interest rates or remaining terms to maturity assumed or
- will prepay at any constant percentage of CPR.

In addition, the diverse remaining terms to maturity of the Mortgage Loans could produce slower or faster principal payments than indicated in the tables at the specified constant percentages of CPR. This would be the case even if the weighted average maturities of the Mortgage Loans are identical to the weighted average maturities specified in the Pricing Assumptions.

Percent of Original Principal Balances Outstanding

Date	1-A-F1, 1-A-F2 and 1-A-S† Classes							2-A and 2-A-IO† Classes							3-A Class						
	CPR Prepayment Assumption							CPR Prepayment Assumption							CPR Prepayment Assumption						
	10%	15%	20%	25%	30%	35%	40%	10%	15%	20%	25%	30%	35%	40%	10%	15%	20%	25%	30%	35%	40%
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	89	84	79	74	69	64	59	89	84	79	74	69	64	59	88	83	79	74	69	64	59
December 2008	78	70	62	54	47	41	35	78	70	62	54	47	41	35	78	70	62	54	47	41	35
December 2009	69	58	48	40	32	26	20	69	58	49	40	33	26	20	69	58	48	40	32	26	20
December 2010	61	48	38	29	22	17	12	61	48	38	29	22	17	12	61	48	38	29	22	17	12
December 2011	53	40	30	21	15	11	7	54	40	30	22	15	11	7	53	40	30	21	15	10	7
December 2012	47	33	23	16	10	7	4	47	33	23	16	10	7	4	47	33	23	16	10	7	4
December 2013	41	27	18	11	7	4	2	41	28	18	11	7	4	2	41	27	18	11	7	4	2
December 2014	36	23	14	8	5	3	1	36	23	14	8	5	3	1	36	23	14	8	5	3	1
December 2015	31	19	11	6	3	2	1	31	19	11	6	3	2	1	31	18	11	6	3	2	1
December 2016	27	15	8	4	2	1	*	27	15	8	4	2	1	*	27	15	8	4	2	1	*
December 2017	23	12	6	3	1	1	*	23	12	6	3	1	1	*	23	12	6	3	1	1	*
December 2018	20	10	5	2	1	*	*	20	10	5	2	1	*	*	20	10	5	2	1	*	*
December 2019	17	8	4	2	1	*	*	17	8	4	2	1	*	*	17	8	4	2	1	*	*
December 2020	14	6	3	1	*	*	*	15	7	3	1	*	*	*	14	6	3	1	*	*	*
December 2021	12	5	2	1	*	*	*	12	5	2	1	*	*	*	12	5	2	1	*	*	*
December 2022	10	4	2	1	*	*	*	10	4	2	1	*	*	*	10	4	1	1	*	*	*
December 2023	8	3	1	*	*	*	*	8	3	1	*	*	*	*	8	3	1	*	*	*	*
December 2024	7	2	1	*	*	*	*	7	2	1	*	*	*	*	6	2	1	*	*	*	*
December 2025	5	2	1	*	*	*	*	5	2	1	*	*	*	*	5	2	*	*	*	*	*
December 2026	4	1	*	*	*	*	*	4	1	*	*	*	*	*	3	1	*	*	*	*	*
December 2027	3	1	*	*	*	*	*	3	1	*	*	*	*	*	2	1	*	*	*	*	*
December 2028	2	1	*	*	*	*	*	2	1	*	*	*	*	*	1	*	*	*	*	*	*
December 2029	1	*	*	*	*	*	*	1	*	*	*	*	*	*	1	*	*	*	*	*	*
December 2030	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
December 2031	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)**	7.1	5.3	4.1	3.3	2.7	2.3	1.9	7.1	5.3	4.1	3.3	2.7	2.3	1.9	7.0	5.2	4.0	3.2	2.7	2.2	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.

THE TRUST AGREEMENT

We summarize below certain provisions of the Trust Agreement not discussed elsewhere in this prospectus. Certain capitalized terms that we use in these summaries are defined in the Trust Agreement. These summaries are, by definition, not complete. If there is ever a conflict between the information in this prospectus and the actual terms of the Trust Agreement, the terms of the Trust Agreement will prevail.

Transfer of Mortgage Loans to the Trust

The Trust Agreement will contain a mortgage loan schedule (the “Mortgage Loan Schedule”) that will identify the Mortgage Loans that are being transferred to the Trust. As Trustee, we will hold, on behalf of the Certificateholders, the original Mortgage Notes, endorsed in blank, and assignments of the mortgage instruments to us in recordable form. Usually assignments are in a form suitable for recording but they are not recorded. However, a blanket assignment may be used for the transfer of a large number of Mortgage Loans, even if the properties are not located in the same recording jurisdiction, depending on the applicable Lender’s servicing experience and its financial condition. We may change these document custody requirements at any time, as long as we determine that any such change will not have a materially adverse effect on the interests of Certificateholders.

At our option, we may choose to maintain the documents described above with one or more custodian institutions supervised and regulated by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Office of Thrift Supervision, the FDIC or the NCUA. We will review the Mortgage Loan Schedule before we issue the Certificates and will conduct random spot checks after issuing the Certificates to confirm that we have all the documents we need.

If a liquidation, reorganization, or similar proceeding involving our assets or the assets of a Lender were to occur, it is not clear what law would be applicable. As a result, we cannot render a legal opinion about the Certificateholders’ rights to the Mortgage Loans in the event of a proceeding of this type.

Servicing Through Lenders

Pursuant to the Trust Agreement, we are responsible for servicing and administering the Mortgage Loans. We are permitted, in our discretion, to contract with the originator of each Mortgage Loan, or another eligible servicing institution, to perform such functions under our supervision as more fully described below (each, a “Lender”). Any servicing contract or arrangement by us with a Lender for the direct servicing of Mortgage Loans is a contract solely between us and that Lender. Therefore, Certificateholders will not be deemed to be parties to such contract and will have no claims, rights, obligations, duties, or liabilities with respect to any Lender.

Except as otherwise agreed upon by us, Lenders will be obligated to perform diligently all services and duties customary to the servicing of mortgages in accordance with the applicable Guide. We will monitor the Lender’s performance and we have the right to remove any Lender for cause at any time we consider such removal to be in the best interest of Certificateholders. The duties performed by Lenders include general loan servicing responsibilities, collection and remittance of principal and interest payments, administration of mortgage escrow accounts, collection of insurance claims, and, if necessary, foreclosure.

Each month, we will retain an amount based on the principal balance of each Mortgage Loan to pay various Trust expenses. We are also entitled to retain prepayment premiums, late charges, assumption fees, and similar charges to the extent they are collected from borrowers. We will compensate Lenders in an amount up to, but never exceeding, the amount described above, less a prescribed minimum amount to be retained by us to compensate us for making our guaranty and for our servicing responsibilities (the “Guaranty Fee”).

Distributions on Mortgage Loans; Deposits in the Certificate Account

We will deposit or credit to one or more accounts (collectively, the “Certificate Account”) an amount equal to the sum of the amounts collected as principal and interest on the Mortgage Loans as these amounts are received.

Any amounts deposited into the Certificate Account on a Distribution Date will be available to pay (i) interest accrued and distributable on the Certificates on that date and (ii) principal of the Certificates reflected in the class factors. We will not include any reinvestment earnings on amounts in the Certificate Account when we calculate payments to Certificateholders.

The Trust Agreement permits us, as Trustee, to maintain the Certificate Account in one of two ways:

- as a trust account with an eligible depository institution (which account may contain other funds that we hold in a trust capacity), or
- as part of our general assets (with appropriate credit entries to the related trust).

We are required to hold all such appropriately credited funds in our general accounts (and all funds in the Certificate Account that we have invested) for the benefit of the Certificateholders. Nevertheless, if a liquidation, reorganization or similar proceeding involving our assets were to occur, it is not clear what law would be applicable. As a result, we cannot render a legal opinion about the Certificateholders’ rights to those funds in the event of a proceeding of this type.

Reports to Certificateholders

We will publish a class factor for each Class of Certificates on or shortly after the 23rd calendar day of each month. If you multiply the class factor for a Certificate by the original principal balance or notional balance of the Certificate, you will obtain the current principal balance or notional balance of that Certificate, after giving effect to the principal payment to be made on the following Distribution Date.

After the end of each calendar year, we will furnish to each person who was a Certificateholder at any time during that year a statement containing any information required by the Internal Revenue Service.

We or an agent that we engage will make all the necessary numerical calculations.

Servicing Compensation and Payment of Certain Expenses by Fannie Mae

We will be entitled to retain an amount based on the principal balance of each Mortgage Loan for Trust expenses and as compensation for our activities and obligations under the Trust Agreement. In addition, we are entitled to retain a portion of the proceeds of the liquidation of a Mortgage Loan that exceeds (i) the principal balance of that Mortgage Loan and (ii) interest owed through the end of the month in which the liquidation occurs at the related Mortgage Interest Rate. We will pay all expenses incurred in connection with our servicing activities, including, without limitation, the fees to Lenders, and we are not entitled to be reimbursed for such expenses out of the assets of the Trust.

We will retain additional servicing compensation in the form of assumption fees, late payment charges, or otherwise.

Collection and Other Servicing Procedures

We are responsible for servicing the Mortgage Loans and may, as set forth above, conduct such servicing through Lenders or through other Fannie Mae approved mortgage servicers. In connection with our servicing activities, we have full power and authority to do or cause to be done any and all things we may deem necessary or appropriate, including the foreclosure or comparable conversion of a defaulted Mortgage Loan.

With respect to each Mortgage Loan, the Lender makes certain warranties to Fannie Mae concerning the following matters:

- the recordation of the original Mortgage,
- the validity of the Mortgage Loan as a first lien on the related Mortgaged Property, and
- compliance by the Mortgage Loan with applicable state and federal laws.

In the event of a material breach of any warranty or a material defect in the Mortgage Loan documentation, we may withdraw the Mortgage Loan from the Trust at a price equal to its Stated Principal Balance together with interest thereon at the Net Mortgage Rate.

Subject to the limitations discussed below, we may:

- enforce or waive enforcement of any term of any Mortgage Loan,
- enter into an agreement to modify any term of any Mortgage Loan, or
- take any action or refrain from taking any action in servicing any Mortgage Loan.

We may waive any assumption fee, or late payment charge, or may exercise or refrain from exercising any “call option rider.” If we decide to take or refrain from taking any of the actions discussed above, our decision must be consistent with the then-current policies or practices that we follow for comparable mortgage loans held in our own portfolio. In making our decisions, we may not take into account the ownership status of the related Mortgage Loan.

Each Mortgage Loan contains a “due-on-sale” clause. Nonetheless, the “due-on-sale” clause will not be enforced in the event of a sale of the related Mortgaged Property provided that the purchaser complies with the credit and underwriting guidelines of the FHA, VA or RHS, as applicable.

Certain Matters Regarding Fannie Mae

We may not resign from our duties under the Trust Agreement unless a change in law requires it. Even then, our resignation would not become effective until a successor has assumed our duties under the Trust Agreement. In no event, however, would any successor take over our guaranty obligations. Even if our other duties under the Trust Agreement should terminate, we would still be obligated under that guaranty. In the event that we are unable to fulfill our continuing guaranty obligations, the Trust Agreement may be modified to provide for monthly distributions to be made from then-available Mortgage Loan payments and other recoveries in a manner similar to practices and procedures followed in the servicing of whole loans for institutional investors. See “—Rights Upon Event of Default” below.

We are not liable under the Trust Agreement to the Trust or to Certificateholders for our errors in judgment or for anything we do, or do not do, in good faith. This also applies to our directors, officers, employees and agents. Nevertheless, neither we nor they will be protected from liability if it results from willful misfeasance, bad faith or gross negligence or as a result of a willful disregard of duties.

The Trust Agreement also provides that we are free to refuse involvement in any legal action that we think will expose us to expense or liability unless the action is related to our duties under the Trust Agreement. On the other hand, we may decide to participate in legal actions if we think our participation would be in the interests of the Certificateholders. In this case, we will pay our legal expenses and costs.

If we merge or consolidate with another corporation, the successor corporation will be our successor under the Trust Agreement.

Repurchase of Mortgage Loans

If the Mortgage Interest Rates on any Group 1 Loans or Group 2 Loans are modified or the Mortgage Interest Rates on any Group 3 Loans are changed to fixed rates, the Servicer will be obligated to repurchase those Mortgage Loans from the Trust. Any such repurchase of a Mortgage Loan from the Trust by the Servicer will occur at a price equal to its outstanding Stated Principal Balance plus one month's interest at the applicable Net Mortgage Rate.

Events of Default

Any of the following will be considered an "Event of Default" under the Trust Agreement:

- if we fail to pay Certificateholders of any Class any required amount and our failure continues uncorrected for 15 days after Certificateholders owning at least 5% of that Class of Certificates have given us written notice;
- if we fail in a material way to fulfill any of our obligations under the Trust Agreement and our failure continues uncorrected for 60 days after Certificateholders owning at least 25% of any Class of Certificates have given us written notice; or
- if we become insolvent or unable to pay our debts or if other events of insolvency occur.

Rights upon Event of Default

If one of the Events of Default under the Trust Agreement has occurred and continues uncorrected, Certificateholders who own at least 25% of any Class of Certificates have the right to terminate, in writing, all of our obligations under the Trust Agreement. These obligations include our duties as trustee as well as in our corporate capacity. However, our guaranty obligations will continue in effect. The same proportion of Certificateholders also may appoint, in writing, a successor to assume all of our terminated obligations. This successor will take legal title to the Mortgage Loans and other assets of the Trust.

Voting Rights

Certain actions specified in the Trust Agreement that may be taken by holders of Certificates evidencing a specified percentage of all undivided interests in the Trust may be taken by holders of Certificates entitled in the aggregate to such percentage of voting rights. The percentage of the voting rights allocated among holders of the Notional Classes in the aggregate will be 1.5%; the percentage of the voting rights allocated among holders of all other Classes in the aggregate will be 98.5%. The voting rights allocated to each Class of Certificates will be allocated among all holders of each such Class in proportion to the outstanding principal balances or notional principal balances of such Certificates.

Amendment

We may amend the Trust Agreement, without obtaining the consent of the Certificateholders, for any of the following purposes:

- to add to our duties;
- to evidence that another party has become our successor and has assumed our duties under the Trust Agreement as Trustee or in our corporate capacity or both;
- to eliminate any of our rights in our corporate capacity under the Trust Agreement;
- to cure any ambiguity or correct any error or, so long as no Certificateholder is materially or adversely affected, to supplement any provision in the Trust Agreement; or
- to modify the Trust Agreement to maintain the legal status of the Upper Tier REMIC or the Lower Tier REMIC as a REMIC.

If Certificateholders who own at least 66% of each affected Class give their consent, we may amend the Trust Agreement to eliminate, change or add to its terms or to waive our compliance with any of those terms. Nevertheless, unless each Certificateholder consents, no amendment may

- reduce or delay the funds that we must pay on any Certificate,
- terminate or change our guaranty obligations,
- significantly change any permitted activity of the Trust,
- reduce the percentage of Certificateholders whose consent may be required or
- materially adversely affect the rights of the Holders of the R and RL Classes.

Termination

The Trust Agreement will terminate when the last Mortgage Loan remaining in the Trust has been paid off or liquidated, and the proceeds of that loan have been paid to Certificateholders. The Trust Agreement also will terminate if the Servicer exercises its optional clean-up call. The purchase price for such optional repurchase will equal the outstanding stated principal balance of each Mortgage Loan (including one month's interest at the Net Mortgage Rate).

The Servicer may not exercise its optional clean-up call unless the aggregate principal balance of the remaining Mortgage Loans in a Loan Group is less than 1% of the aggregate principal balance of all the Mortgage Loans in that Loan Group as of the Issue Date.

If the Servicer exercises its optional clean-up call, we will retire all the Certificates related to the applicable Loan Group. In no event, however, will the Trust continue beyond the expiration of 21 years from the death of the last survivor of the persons named in the Trust Agreement. We will notify each affected Certificateholder in writing of the termination of the Trust Agreement, and will make the final payment to each person entitled to it.

U.S. TREASURY CIRCULAR 230 NOTICE

The discussion contained in this prospectus under the headings "Certain Federal Income Tax Consequences" and "ERISA Considerations" was not intended or written to be used, and cannot be used, for the purpose of avoiding United States federal tax penalties. This discussion was written to support the promotion or marketing of the transactions or matters addressed in this prospectus. You should seek advice based on your particular circumstances from an independent tax advisor.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The Certificates and payments on the Certificates generally are subject to taxation. Therefore, you should consider the tax consequences of holding a Certificate before you acquire one. The following discussion describes certain U.S. federal income tax consequences to beneficial owners of Certificates. The discussion is general and does not purport to deal with all aspects of federal taxation that may be relevant to particular investors. This discussion may not apply to your particular circumstances for various reasons, including the following:

- This discussion is based on federal tax laws in effect as of the date of this prospectus. Changes to any of these laws after the date of this prospectus may affect the tax consequences discussed below.
- This discussion addresses only Certificates acquired at original issuance and held as "capital assets" (generally, property held for investment).
- This discussion does not address tax consequences to beneficial owners subject to special rules, such as dealers in securities, certain traders in securities, banks, tax-exempt organizations, life

insurance companies, persons that hold Certificates as part of a hedging transaction or as a position in a straddle or conversion transaction, or persons whose functional currency is not the U.S. dollar.

- This discussion does not address taxes imposed by any state, local or foreign taxing jurisdiction.

For these reasons, 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.

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.

The topics in this discussion are addressed in the order of the following captions:

- REMIC Elections and Special Tax Attributes
- Taxation of Beneficial Owners of Regular Certificates
- Taxation of the Net WAC Carryover Amounts
- Taxation of Beneficial Owners of a Residual Certificate
- Taxes on the REMICs
- Reporting and Other Administrative Matters
- Backup Withholding
- Foreign Investors

REMIC Elections and Special Tax Attributes

We will elect to treat the Upper Tier REMIC and the Lower Tier REMIC as REMICs under the Code. Qualification as a REMIC requires ongoing compliance with certain conditions. Dewey Ballantine LLP, special tax counsel to Fannie Mae, will deliver its opinion to Fannie Mae that, assuming compliance with the Trust Agreement, the Upper Tier REMIC and the Lower Tier REMIC will be treated as REMICs for federal income tax purposes. The Certificates (other than the R and RL Classes and the rights of holders of the 1-A-F1 and 1-A-F2 Classes to receive 1-A-F1 Class Net WAC Carryover Amounts and 1-A-F2 Class Net WAC Carryover Amounts, respectively) will be designated as the “regular interests” in the Upper Tier REMIC (each a “Regular Certificate” and, together, the “Regular Certificates”) and the R Class will be designated as the “residual interest” in the Upper Tier REMIC. The Lower Tier Regular Interests will be designated as the “regular interests” in the Lower Tier REMIC and the RL Class will be designated as the “residual interest” in the Lower Tier REMIC (together with the R Class the “Residual Certificates”). For federal income tax purposes, the Combined Residual Certificate will represent the beneficial ownership of the R and RL Classes.

The Upper Tier REMIC will be taxed as if it had issued the regular interests, one corresponding to each of the 1-A-F1, 1-A-F2, 1-A-S, 2-A, 2-A-IO and 3-A Classes. Each of these regular interests will be entitled to receive interest and principal payments at the times and in the amounts equal to those made to the Class to which it corresponds, except that the interest rates on the 1-A-F1 and 1-A-F2 Classes will be determined without regard to the 1-A-F1 Class Net WAC Carryover Amounts and 1-A-F2 Class Net WAC Carryover Amounts, respectively. A beneficial owner of a 1-A-F1 or 1-A-F2 Class Certificate will be treated for federal income tax purposes as the beneficial owner of a pro rata interest in the corresponding regular interest. Any excess of the amount of interest actually

payable to a 1-A-F1 or 1-A-F2 Class Certificate over the amount of interest payable on the corresponding regular interest will be deemed to have been received pursuant to a notional principal contract as discussed below. See “—*Taxation of the Net WAC Carryover Amounts*” below.

Because the Upper Tier REMIC and the Lower Tier REMIC will qualify as REMICs, the Regular and Residual Certificates will be “regular or residual interests in a REMIC” within the meaning of section 7701(a)(19)(C)(xi) of the Code and “real estate assets” within the meaning of section 856(c)(5)(B) of the Code. If at any time during a calendar year less than 95% of the assets of the Lower Tier REMIC consist of “real estate assets,” then the portion of the Regular and Residual Certificates that are qualifying assets under section 856(c)(5)(B) of the Code during the calendar year may be limited to the portion of the assets of the Lower Tier REMIC that are “real estate assets.” Similarly, income on the Regular and Residual Certificates will be treated as “interest on obligations secured by mortgages on real property” within the meaning of section 856(c)(3)(B) of the Code, subject to the same limitation as set forth in the preceding sentence. In general, a Mortgage Loan will be a “qualified mortgage” if it is “principally secured by an interest in real property” within the meaning of section 860G(a)(3) of the Code. The assets of the Lower Tier REMIC will include, in addition to the Mortgage Loans, payments on the Mortgage Loans held pending distribution on the Regular and Residual Certificates and any reinvestment income thereon.

Regular and Residual Certificates held by a financial institution (as referred to in section 582(c)(2) of the Code) will be treated as evidences of indebtedness for purposes of section 582(c)(1) of the Code. Regular Certificates will also be “qualified mortgages” within the meaning of section 860G(a)(3) of the Code with respect to other REMICs.

Except as provided below, a beneficial owner of a 1-A-F1 or 1-A-F2 Class Certificate will be treated

- as holding an undivided interest in a REMIC regular interest, and
- as having entered into a notional principal contract.

Consequently, each beneficial owner of a 1-A-F1 or 1-A-F2 Class Certificate will be required to report its pro rata share of income accruing with respect to the corresponding REMIC regular interest, as discussed under “—*Taxation of Beneficial Owners of Regular Certificates*” below. In addition, each beneficial owner of a 1-A-F1 or 1-A-F2 Class Certificate will be required to report its pro rata share of net income with respect to the related notional principal contract and will be permitted to recognize its share of a net deduction with respect to such related notional principal contract, subject to the discussions under “—*Taxation of the Net WAC Carryover Amounts*” below. You should consult your own tax advisor regarding the consequences to you in light of your particular circumstances of taxing separately the two components comprising each 1-A-F1 or 1-A-F2 Class Certificate (that is, the corresponding REMIC regular interest and the related notional principal contract).

Allocations

A beneficial owner of a 1-A-F1 or 1-A-F2 Class Certificate must allocate its cost to acquire that Certificate between the corresponding REMIC regular interest and the related notional principal contract based on their relative fair market values. When a beneficial owner of a 1-A-F1 or 1-A-F2 Class Certificate sells or disposes of the Certificate, the beneficial owner must allocate the sale proceeds between the corresponding REMIC regular interest and the related notional principal contract based on their relative fair market values and must treat the sale or other disposition of the Certificate as a sale or other disposition of a pro rata portion of the corresponding REMIC regular interest and such related notional principal contract.

We intend to report income and expense with respect to the 1-A-F1 and 1-A-F2 Class Certificates as if the notional principal contract corresponding to the Certificate had only a nominal value, relative to the value of the corresponding REMIC regular interest, as of the Settlement Date. See “—*Taxation of the Net WAC Carryover Amounts*” below. The notional principal contracts are difficult to value, and

the Internal Revenue Service (IRS) could assert that the values of the notional principal contracts as of the Settlement Date are greater (or perhaps, less) than the values we will use for information reporting purposes. If, for example, the IRS were to assert successfully that the notional principal contract corresponding to a Class had a higher value as of the Settlement Date, a greater portion of the purchase price for that Class would be allocated to the related notional principal contract and a lesser portion would be allocated to the corresponding REMIC regular interest, which could result in differences in the beneficial owner's timing and character of income, gains, deductions and losses with respect to that Class. See “—*Taxation of Beneficial Owners of Regular Certificates*” and “—*Taxation of the Net WAC Carryover Amounts*” below. You therefore should consider the tax consequences to you if the IRS were to assert different values for the notional principal contracts corresponding to the 1-A-F1 and 1-A-F2 Classes.

Tax Attributes

Although the 1-A-F1 and 1-A-F2 Class Certificates will represent beneficial ownership in REMIC regular interests, which are afforded certain tax attributes under the Code (see “—*REMIC Elections and Special Tax Attributes*” above), the interest in the corresponding notional principal contracts represented by a 1-A-F1 and 1-A-F2 Class Certificate will not constitute:

- a “real estate asset” within the meaning of section 856(c)(5)(B) of the Code,
- a “qualified mortgage” within the meaning of section 860G(a)(3) of the Code or a “permitted investment” within the meaning of section 860G(a)(5) of the Code, or
- an asset described in section 7701(a)(19)(C)(xi) of the Code.

Income received under a notional principal contract will not constitute income described in section 856(c)(3)(B) with respect to a real estate investment trust.

Taxation of Beneficial Owners of Regular Certificates

For federal income tax purposes, the Regular Certificates will be treated as debt instruments issued by a REMIC on the date the Certificates are first sold to the public (the “Settlement Date”) and not as ownership interests in the Trust or its assets. Interest, original issue discount and market discount with respect to a Regular Certificate will represent ordinary income to the beneficial owner of the Certificate (a “Regular Owner”). A Regular Owner must report interest on a Regular Certificate using an accrual method of accounting, regardless of whether it otherwise reports income using a cash method of accounting. Rules regarding original issue discount and market discount are discussed below.

Treatment of Original Issue Discount

The 1-A-S and 2-A-IO Classes will be, and the regular interests corresponding to the 1-A-F1, 1-A-F2, 2-A and 3-A Classes may be, issued with original issue discount (“OID”) within the meaning of section 1273(a) of the Code. A Regular Owner must include in gross income the sum of the “daily portions” of OID on its Regular Certificate for each day during its taxable year on which it held the Certificate, generally in advance of receipt of the cash attributable to that income. We will supply to Holders, brokers and middlemen information with respect to the original issue discount accruing on the Regular Certificates. We will supply this information at the time and in the manner required by the IRS.

Definition of Original Issue Discount

In general, a Regular Certificate will be considered to be issued with OID equal to the excess, if any, of its “stated redemption price at maturity” over its “issue price.” The issue price of a Regular Certificate is the initial price at which a substantial amount of the Regular Certificates was sold. The

issue price also includes any accrued interest attributable to the period before the Settlement Date. The stated redemption price at maturity of a Regular Certificate generally is its stated principal amount, plus an amount equal to the excess (if any) of the interest payable on the first Distribution Date over the interest that accrues for the period from the Settlement Date to the first Distribution Date. The stated redemption price at maturity of the 1-A-S Class, however, is equal to the sum of all distributions to be made under that Regular Certificate.

Notwithstanding the general definition, OID on a Regular Certificate will be treated as zero if the discount is less than 0.25% of the stated redemption price at maturity of the Certificate multiplied by its weighted average life. The weighted average life of a Regular Certificate is apparently computed for this purpose as the sum, for all distributions included in the stated redemption price at maturity of the Certificate, of the amounts determined by multiplying (i) the number of complete years (rounding down for partial years) from the Settlement Date until the date on which each such distribution is expected to be made under the assumption that the mortgage loans backing the related underlying securities prepay at a specified rate by (ii) a fraction, the numerator of which is the amount of such distribution and the denominator of which is the Regular Certificate's stated redemption price at maturity. If OID is treated as zero under this rule, the actual amount of OID must be allocated to the principal distributions on the Regular Certificate and, when each principal distribution is received, gain equal to the discount allocated to that distribution will be recognized. The prepayment assumption that will be used in determining the rate of accrual of OID is 25% CPR. See "Description of the Certificates—Structuring Assumptions—*Prepayment Assumptions*" in this prospectus.

Daily Portions of Original Issue Discount

For Regular Certificates considered to be issued with OID, the daily portions of OID will be determined as follows. A calculation will first be made of the portion of OID that accrued during each "accrual period." OID accruing during any accrual period will then be allocated ratably to each day during the period to determine the daily portion of OID.

Final regulations issued by the Treasury Department relating to the tax treatment of debt instruments with OID (the "OID Regulations") provide that for purposes of measuring the accrual of OID on a debt instrument, a holder of the debt instrument may use an accrual period of any length, up to one year, as long as each distribution of principal or interest occurs on either the final day or the first day of an accrual period. We will report OID based on accrual periods of one month, beginning on a Distribution Date and ending on the day before the next Distribution Date.

The portion of OID treated as accruing for any accrual period will equal the excess, if any, of

- (i) the sum of (A) the present values of all the distributions remaining to be made on the Regular Certificate, if any, as of the end of the accrual period and (B) the distribution made on the Certificate during the accrual period of amounts included in the stated redemption price at maturity, over
- (ii) the adjusted issue price of the Certificate at the beginning of the accrual period.

The present value of the remaining distributions will be calculated based on the following:

- the yield to maturity of the Regular Certificate, calculated as of the Settlement Date, giving effect to the applicable prepayment assumption,
- events (including actual prepayments) that have occurred prior to the end of the accrual period, and
- the prepayment assumption.

The adjusted issue price of a Regular Certificate at any time will equal the issue price of the Regular Certificate, increased by the aggregate amount of previously accrued OID with respect to the Regular Certificate, and reduced by the amount of any distributions made on the Certificate as of that time of amounts included in the stated redemption price at maturity.

The Code requires that the prepayment assumption be determined in the manner prescribed in Treasury regulations. To date, no such regulations have been promulgated. The legislative history of this Code provision indicates that the regulations will provide that the assumed prepayment rate must be the rate used by the parties in pricing the particular transaction. Fannie Mae believes that the prepayment assumption described above is consistent with this standard. Fannie Mae makes no representation, however, that the Mortgage Loans will prepay at the applicable rate reflected in the prepayment assumptions described above or at any other rate. Each investor must make its own decision as to the appropriate prepayment assumption to be used in deciding whether or not to purchase any of the Regular or Residual Certificates. See “Description of the Certificates—Maturity Considerations and Final Distribution Date” and “—Decrement Tables” in this prospectus.

Subsequent Holders’ Treatment of Original Issue Discount

If a Regular Certificate is issued with OID and a subsequent holder purchases the Regular Certificate at a cost of less than its remaining stated redemption price at maturity, that holder also will be required to include in income the daily portion of OID with respect to the Regular Certificate for each day it holds the Regular Certificate. If the cost of the Regular Certificate to the subsequent holder exceeds the adjusted issue price of the Regular Certificate, however, the holder can reduce the daily accruals by an amount equal to the product of (i) the daily portion and (ii) a constant fraction. The numerator of the constant fraction is the excess of the purchase price over the adjusted issue price of the Regular Certificate, and the denominator is the sum of the daily portions of OID on the Regular Certificate for all days on or after the day of purchase.

Regular Certificates Purchased at a Premium

If a Regular Owner purchases a Regular Certificate for an amount (net of accrued interest) greater than its remaining stated redemption price at maturity, the Owner will have premium with respect to the Regular Certificate (a “Premium Certificate”) in the amount of the excess. Such a purchaser need not include in income any remaining OID and may elect, under section 171(c)(2) of the Code, to treat the premium as “amortizable bond premium.”

If a Regular Owner makes this election, the amount of any interest payment that must be included in the Regular Owner’s income for each period ending on a Distribution Date will be reduced by the portion of the premium allocable to the period based on the Premium Certificate’s yield to maturity. In addition, the legislative history of the Tax Reform Act of 1986 states that premium should be amortized under principles analogous to those governing the accrual of market discount (as discussed below under “—Regular Certificates Purchased with Market Discount”). The election will also apply to all bonds (as well as all REMIC regular interests) the interest on which is not excludible from gross income (“fully taxable bonds”) held by the Regular Owner at the beginning of the first taxable year to which the election applies and to all fully taxable bonds thereafter acquired by it. A Regular Owner may revoke the election only with the consent of the IRS.

If the election is not made, (i) a Regular Owner must include the full amount of each interest payment in income as it accrues, and (ii) the premium must be allocated to the principal distributions on the Premium Certificate and, when each principal distribution is received, a loss equal to the premium allocated to the distribution will be recognized. Any tax benefit from the premium not previously recognized will be taken into account in computing gain or loss upon the sale or disposition of the Premium Certificate.

Regular Certificates Purchased with Market Discount

A Regular Owner that purchases a Regular Certificate at a price that is less than the remaining stated redemption price at maturity of the Regular Certificate (or in the case of a Regular Certificate issued with OID, less than the adjusted issue price of the Regular Certificate) has market discount with respect to the Regular Certificate in the amount of the difference. In general, three consequences

arise if a Regular Owner acquires a Regular Certificate with market discount. First, the Regular Owner must treat any principal payment with respect to a Regular Certificate acquired with market discount as ordinary income to the extent of the market discount that accrued while the Regular Owner held the Certificate. Second, the Regular Owner must treat gain on the disposition or retirement of such a Certificate as ordinary income under the circumstances discussed below under “—Sales and Other Dispositions of Regular Certificates.” Third, a Regular Owner that incurs or continues indebtedness to acquire a Regular Certificate at a market discount may be required to defer the deduction of all or a portion of the interest on the indebtedness until the corresponding amount of market discount is included in income. Alternatively, a Regular Owner may elect to include market discount in income on a current basis as it accrues, in which case the three consequences discussed above will not apply. If a Regular Owner makes this election, the Regular Owner must also apply the election to all debt instruments the Regular Owner acquires on or after the beginning of the first taxable year to which the election applies. A Regular Owner may revoke the election only with the consent of the IRS.

The legislative history to the Tax Reform Act of 1986 states that market discount on a Regular Certificate may be treated as accruing in proportion to remaining accruals of OID, if any, or, if none, in proportion to remaining distributions of interest on a Regular Certificate. A beneficial owner may instead elect to determine the accrual of market discount under a constant yield method. We will make available to Holders information necessary to compute the accrual of market discount, in the manner and form as required by the IRS.

Notwithstanding the above rules, market discount on a Regular Certificate will be considered to be zero if the discount is less than 0.25% of the remaining stated redemption price at maturity of the Certificate multiplied by its weighted average remaining life. Weighted average remaining life presumably would be calculated in a manner similar to weighted average life, taking into account payments (including prepayments) prior to the date of acquisition of the Regular Certificate by the subsequent purchaser. If market discount on a Regular Certificate is treated as zero under this rule, the actual amount of market discount must be allocated to the remaining principal distributions on the Regular Certificate and, when each principal distribution is received, gain equal to the discount allocated to that distribution will be recognized.

Special Election

For any Regular Certificate acquired on or after April 4, 1994, the OID Regulations permit a Regular Owner to elect to include in gross income all “interest” that accrues on the Regular Certificate by using a constant yield method. For purposes of the election, the term “interest” includes stated interest, acquisition discount, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortizable bond premium or acquisition premium. You should consult your own tax advisor regarding the time and manner of making and the scope of the election and the implementation of the constant yield method.

Sales and Other Dispositions of Regular Certificates

Upon the sale, exchange, retirement or other disposition of a Regular Certificate, the beneficial owner generally will recognize gain or loss equal to the difference between the amount realized upon the disposition and the beneficial owner’s adjusted basis in the Certificate. In addition, the Code requires the recognition of gain upon the “constructive sale of an appreciated financial position.” In general, a constructive sale of an appreciated financial position occurs if a taxpayer enters into certain transactions or series of transactions with respect to a financial instrument that have the effect of substantially eliminating the taxpayer’s risk of loss and opportunity for gain with respect to the financial instrument. These provisions will apply to Certificates of the 1-A-S Class.

The adjusted basis of a Regular Certificate generally will equal the cost of the Regular Certificate to the beneficial owner, increased by any OID or market discount included in the beneficial owner’s gross income with respect to the Regular Certificate and reduced by distributions previously received

by the beneficial owner of amounts included in the Regular Certificate's stated redemption price at maturity and by any premium that has reduced the beneficial owner's interest income with respect to the Regular Certificate.

The gain or loss, if any, will be capital gain or loss, provided the Regular Certificate is held as a "capital asset" (generally, property held for investment) within the meaning of section 1221 of the Code and none of the following apply. First, gain that might otherwise be capital gain will be treated as ordinary income to the extent that the gain does not exceed the excess, if any, of (i) the amount that would have been includible in the income of the Regular Owner had income accrued at a rate equal to 110% of the "applicable Federal rate" (generally, an average of current yields on Treasury securities) as of the date of purchase over (ii) the amount actually includible in the Regular Owner's income. Second, gain recognized by a Regular Owner who purchased a Regular Certificate at a market discount will be taxable as ordinary income in an amount not exceeding the portion of the market discount that accrued during the period the Regular Certificate was held by the Regular Owner, reduced by any market discount includible in income under the rules described above under "—Regular Certificates Purchased with Market Discount." Third, any gain or loss resulting from a sale or exchange described in section 582(c) of the Code (which generally applies to banks) will be taxable as ordinary income or loss.

Termination

In general, no special tax consequences will apply to a Regular Owner upon the termination of the Upper Tier REMIC by virtue of the final payment or liquidation of the last Mortgage Loan remaining in the Lower Tier REMIC.

Taxation of the 1-A-F1 and 1-A-F2 Net WAC Carryover Amounts

Each beneficial owner of a 1-A-F1 or 1-A-F2 Class Certificate will be treated as having entered into a "notional principal contract" within the meaning of Regulations promulgated under section 446 of the Code (the "NPC Regulations") with respect to its acquisition of the right to receive the payments on the 1-A-F1 Cap Corridor Contract or 1-A-F2 Cap Contract, respectively. Pursuant to these notional principal contracts, a beneficial owner of a 1-A-F1 or 1-A-F2 Class Certificate will be treated as agreeing to pay a premium for such right. A beneficial owner of a 1-A-F1 or 1-A-F2 Class Certificate will be treated as having entered into the related notional principal contract on the date the beneficial owner acquires the Certificate.

Treatment of Payments under the Cap Contracts

Under the NPC Regulations, the premiums that are deemed to have been paid for the 1-A-F1 Cap Corridor Contract and 1-A-F2 Cap Contract must be amortized over the lives of the 1-A-F1 and 1-A-F2 Classes, respectively, taking into account the declining balances of those Classes. For information reporting purposes, we intend to amortize the premiums under a constant yield method, similar to that used to amortize OID. You should consult your tax advisor regarding the method for amortizing these premiums.

Any payment received by the 1-A-F1 Class pursuant to the 1-A-F1 Cap Corridor Contract or by the 1-A-F2 Class pursuant to the 1-A-F2 Cap Contract will be treated as a periodic payment under the NPC Regulations. To the extent that the periodic payments for any year exceed the amount of the premium amortized in that year, such excess shall represent net income for that year. Conversely, to the extent that the amount of the premium amortized in any year exceeds the periodic payments for that year, such excess shall represent a net deduction for that year. Although not clear, net income or a net deduction should be treated as ordinary income or as an ordinary deduction.

A beneficial owner's ability to recognize a net deduction with respect to the related Cap Contract is limited under section 67 of the code in the case of (i) estates and trusts, and (ii) individuals owning an interest in a 1-A-F1 or 1-A-F2 Class Certificate directly or through an investment in a "pass-

through entity” (other than in connection with such individual’s trade or business). Pass-through entities include partnerships, S corporations, grantor trusts, certain limited liability companies, and non-publicly offered regulated investment companies, but do not include estates, nongrantor trusts, cooperatives, real estate investment trusts and publicly offered regulated investment companies. Generally, such a beneficial owner can recognize a net deduction only to the extent that these costs, when aggregated with certain of the beneficial owner’s other miscellaneous itemized deductions, exceed 2% of the beneficial owner’s adjusted gross income. For this purpose, an estate or nongrantor trust computes adjusted gross income in the same manner as in the case of an individual, except that deductions for administrative expenses of the estate or trust that would not have been incurred if the property were not held in such trust or estate are treated as allowable in arriving at adjusted gross income. In addition, section 68 of the Code may provide for certain limitations on itemized deductions otherwise allowable for a beneficial owner who is an individual. Further, such a beneficial owner may not be able to recognize a net deduction with respect to the 1-A-F1 Cap Corridor Contract or 1-A-F2 Cap Contract in computing the beneficial owner’s alternative minimum tax liability.

Disposition of the Cap Contracts

Any amount that is considered to be allocated to the Cap Contracts in connection with the sale or other disposition of a 1-A-F1 or 1-A-F2 Class Certificate, as applicable, in the manner described under “—*Allocations*” above will be considered a “termination payment” under the NPC Regulations. Under the NPC Regulations, a beneficial owner of a 1-A-F1 or 1-A-F2 Class Certificate will have gain or loss from the disposition of the 1-A-F1 Cap Corridor Contract or 1-A-F2 Cap Contract, as applicable, equal to (i) the sum of the unamortized portion of any premium received or deemed to have been received by the beneficial owner upon entering into the related Cap Contract and any termination payment it receives or is deemed to have received, less (ii) the sum of the unamortized portion of any premium paid or deemed to have been paid by the beneficial owner upon entering into the related Cap Contract, as applicable, and any termination payment it makes or is deemed to have made. The gain or loss should be capital gain or loss, provided the related Cap Contract is a capital asset to the beneficial owner. The ability to deduct capital losses is subject to limitations.

Taxation of Beneficial Owners of a Residual Certificate

Amounts Paid to a Transferee of a Residual Certificate

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 Upper Tier REMIC (or the 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.

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.

Daily Portions

Except as indicated below, a beneficial owner of a Residual Certificate (a “Residual Owner”) generally will be required to report its daily portion of the taxable income or net loss of the related REMIC for each day during a calendar quarter that the Residual Owner owns the Residual Certificate. For this purpose, the daily portion is determined by allocating to each day in the calendar quarter its ratable portion of the taxable income or net loss of the related REMIC for the quarter and then allocating that amount among the Residual Owners in accordance with their percentage interests on that day. Daily portions of income or loss allocated to a Residual Owner will be treated as ordinary income or loss. A Residual Owner must continue to report its daily portion of the taxable income or net loss of the related REMIC until no Certificates of any Class are outstanding, even though the Residual Owner may have received full payment of any stated interest and principal on the Residual Certificate.

Taxable Income or Net Loss of the REMICs

The taxable income or net loss of the Upper Tier REMIC and Lower Tier REMIC will be the income from the “qualified mortgages” they hold and any reinvestment earnings less deductions allowed to the related REMIC. In general, a Mortgage Loan will be a “qualified mortgage” if the Mortgage Loan is “principally secured by an interest in real property” within the meaning of section 860G(a)(3) of the Code.

The taxable income or net loss for a given calendar quarter will be determined in the same manner as for an individual having the calendar year as the taxable year and using the accrual method of accounting, with the following modifications and limitations:

- For the Upper Tier REMIC, a deduction will be allowed for accruals of interest (including any OID, but without regard to the investment interest limitation in section 163(d) of the Code) on the Regular Certificates (but not the R Certificate).
- Market discount equal to any excess of the total Stated Principal Balances of the qualified mortgages over the related REMIC’s basis in these mortgages generally will be included in income by the related REMIC as it accrues under a constant yield method, taking into account the prepayment assumption described above.
- If the related REMIC is treated as having acquired qualified mortgages at a premium, the premium also will be amortized using a constant yield method.
- No item of income, gain, loss or deduction allocable to a prohibited transaction (see “—*Taxes on the REMICs*—Prohibited Transactions” below) will be taken into account.
- The REMICs generally may not deduct any item that would not be allowed in calculating the taxable income of a partnership by virtue of section 703(a)(2) of the Code.
- The limitation on miscellaneous itemized deductions imposed on individuals by section 67 of the Code will not be applied at the REMIC level to any administrative fees, such as servicing and guaranty fees. (See, however, “—Pass-Through of Servicing and Guaranty Fees to Individuals” below.)
- No deduction is allowed for any expenses incurred in connection with the formation of the REMICs and the issuance of the Regular and Residual Certificates.

- Any gain or loss to the related REMIC from the disposition of any asset, including a qualified mortgage or “permitted investment” as defined in section 860G(a)(5) of the Code), will be treated as ordinary gain or loss.

The Upper Tier REMIC’s basis in its assets is the aggregate of the issue prices of all the Regular and Residual Certificates in the REMIC constituted by the Upper Tier REMIC on the Settlement Date. If, however, the amount sold to the public of any Class of Regular or Residual Certificates is not substantial, then the fair market value of all the Regular or Residual Certificates in that Class as of the date of this prospectus should be substituted for the issue price. If the deductions allowed to a REMIC exceed its gross income for a calendar quarter, the excess will be a net loss for the REMIC for that calendar quarter.

A Residual Owner may be required to recognize taxable income without being entitled to receive a corresponding amount of cash. This could occur, for example, if mortgage loans are considered to be purchased by a REMIC at a discount, some or all of the regular certificates are issued at a discount, and the discount included as a result of a prepayment on a mortgage loan that is used to pay principal on the regular certificates exceeds the REMIC’s deduction for unaccrued original issue discount relating to the regular certificates. Taxable income of a REMIC may also be greater in earlier years because interest expense deductions, expressed as a percentage of the outstanding principal amount of the regular certificates, may increase over time as the earlier classes of regular certificates are paid, whereas interest income of a REMIC from each mortgage loan, expressed as a percentage of the outstanding principal amount of that mortgage loan, may remain constant over time.

Basis Rules and Distributions

A Residual Owner has an initial basis in the related Residual Certificate equal to the amount paid for the Residual Certificate. The basis is increased by amounts included in the income of the Residual Owner and decreased by distributions and by any net loss taken into account with respect to the Residual Certificate. A distribution on the Residual Certificate to a Residual Owner is not included in gross income to the extent it does not exceed the Residual Owner’s basis in the Residual Certificate (adjusted as described above) and, to the extent it exceeds the adjusted basis of the Residual Certificate, is treated as gain from the sale of the Residual Certificate.

A Residual Owner is not allowed to take into account any net loss for a calendar quarter to the extent the net loss exceeds the Residual Owner’s adjusted basis in the Residual Certificate for the related REMIC as of the close of that calendar quarter (determined without regard to that net loss). Any loss disallowed by reason of this limitation may be carried forward indefinitely to future calendar quarters and, subject to the same limitation, may be used only to offset income from the Residual Certificate.

Treatment of Excess Inclusions

Any excess inclusions with respect to a Residual Certificate are subject to certain special tax rules. All taxable income with respect to the R and RL Certificates will constitute excess inclusions.

Any excess inclusions cannot be offset by losses from other activities. For Residual Owners that are subject to tax only on unrelated business taxable income (as defined in section 511 of the Code), an excess inclusion of the Residual Owner is treated as unrelated business taxable income. With respect to variable contracts (within the meaning of section 817 of the Code), a life insurance company cannot adjust its reserve to the extent of any excess inclusion, except as provided in regulations. If a Residual Owner is a member of an affiliated group filing a consolidated income tax return, the taxable income of the affiliated group cannot be less than the sum of the excess inclusions attributable to all residual interests in REMICs held by members of the affiliated group. For purposes of the alternative minimum tax, taxable income does not include excess inclusions, the alternative minimum taxable income cannot be less than excess inclusions, and excess inclusions are disregarded in computing the alternative tax net operating loss deduction. For a discussion of the effect of excess

inclusions on certain foreign investors that own a Residual Certificate, see “—*Foreign Investors—Residual Certificates*” below.

If a Residual Certificate is held by a real estate investment trust, the aggregate excess inclusions with respect to the Residual Certificate reduced (but not below zero) by the real estate investment trust taxable income (within the meaning of section 857(b)(2) of the Code, excluding any net capital gain) would, under regulations yet to be prescribed, be allocated among the shareholders of the trust in proportion to the dividends received by the shareholders from the trust, and any amount so allocated would be treated as an excess inclusion with respect to the Residual Certificate as if held directly by the shareholder. Similar rules would apply in the case of regulated investment companies, common trust funds and certain cooperatives that hold a Residual Certificate.

Pass-Through of Servicing and Guaranty Fees to Individuals

A Residual Owner who is an individual will be required to include in income a share of the administrative fees of the related REMIC, including the servicing and guaranty fees imposed at the level of the Mortgage Loans. See, for example, “Description of Certificates—Servicing Through Lenders” and “Certain Federal Income Tax Consequences” in our Prospectus for Fannie Mae Guaranteed Mortgage Pass-Through Certificates (Single-Family Residential Mortgage Loans) dated January 1, 2006. A deduction for such fees generally will be allowed to such a Residual Owner only to the extent that such fees, along with certain of the Residual Owner’s other miscellaneous itemized deductions, exceed 2% of the Residual Owner’s adjusted gross income. In addition, such a Residual Owner may not be able to deduct any portion of such fees in computing the Residual Owner’s alternative minimum tax liability. A Residual Owner’s share of such fees generally will be determined by (i) allocating the amount of such expenses for each calendar quarter on a *pro rata* basis to each day in the calendar quarter, and (ii) allocating the daily amount among the Residual Owners in proportion to their respective holdings on that day. Similar rules apply in the case of (i) estates and trusts, and (ii) individuals owning an interest in a Residual Certificate through an investment in a “pass-through entity.” Pass-through entities include partnerships, S corporations, grantor trusts and non-publicly offered regulated investment companies, but do not include estates, trusts other than grantor trusts, cooperatives, real estate investment trusts and publicly offered regulated investment companies.

Sales and Other Dispositions of a Residual Certificate

Upon the sale, exchange or other disposition of a Residual Certificate, the Residual Owner generally will recognize gain or loss equal to the difference between the amount realized upon the disposition and the Residual Owner’s adjusted basis in the Certificate. The adjusted basis of the Residual Certificate is determined as described above under “—Basis Rules and Distributions.” Except as provided in section 582(c) of the Code, the gain or loss, if any, will be capital gain or loss, provided the Certificate is held as a capital asset.

If a Residual Owner sells or otherwise disposes of a Residual Certificate at a loss, the loss will not be recognized if, within six months before or after the sale or other disposition of the Residual Certificate, the Residual Owner purchases another residual interest in any REMIC or any interest in a taxable mortgage pool (as defined in section 7701(i) of the Code) comparable to a residual interest in a REMIC. The disallowed loss would be allowed upon the sale or other disposition of the other residual interest (or comparable interest) if the rule referred to in the preceding sentence does not apply to that sale or other disposition. While this rule may be modified by Treasury regulations, no such regulations have yet been published.

Residual Certificate Transferred to or Held by Disqualified Organizations

Section 860E(e) of the Code imposes a substantial tax, payable by the transferor (or, if a transfer is through a broker, nominee, or other middleman as the transferee’s agent, payable by that agent) upon any transfer of the Residual Certificate to a “disqualified organization.” A transfer includes any

transfer of record or beneficial ownership, whether pursuant to a purchase, a default under a secured lending agreement or otherwise. The term “disqualified organization” is defined above under “Description of the Certificates—Special Characteristics of the R and RL Classes” in this prospectus. The transferor of a Residual Certificate (or an agent of the transferee of a Residual Certificate, as the case may be) will be relieved of this tax liability if (i) the transferee furnishes to the transferor (or the transferee’s agent) an affidavit that the transferee is not a disqualified organization, and (ii) the transferor (or the transferee’s agent) does not have actual knowledge that the affidavit is false at the time of the transfer.

In addition, a tax may be imposed upon a pass-through entity (including a regulated investment company, real estate investment trust, common trust fund, partnership, trust, estate, certain limited liability companies and nominee and certain cooperatives) that owns a Residual Certificate if the pass-through entity has a disqualified organization as a record holder. For this purpose, all interests in an electing large partnership are treated as held by disqualified organizations. No such tax will be imposed on a pass-through entity for a period with respect to an interest therein owned by a disqualified organization if (i) the record holder of the interest furnishes to the pass-through entity an affidavit that it is not a disqualified organization, (ii) during that period, the pass-through entity has no actual knowledge that the affidavit is false and (iii) the entity is not an electing large partnership.

Other Transfers of a Residual Certificate

A transfer of a Residual Certificate that has tax avoidance potential is disregarded for federal income tax purposes if the transferee is not a U.S. Person (a “Non-U.S. Person”), unless the transferee’s income from the Certificate is otherwise subject to U.S. income tax. A transfer of a Residual Certificate has tax avoidance potential unless, at the time of the transfer, the transferor reasonably expects that, for each excess inclusion, the related REMIC will pay to the transferee an amount that will equal at least 30% of the excess inclusion, and that each amount will be paid at or after the time at which the excess inclusion accrues and not later than the close of the calendar year following the calendar year of accrual. Certain transfers by a Non-U.S. Person to a U.S. Person or another Non-U.S. Person are also disregarded if the transfer has the effect of allowing the transferor to avoid tax on accrued excess inclusions. See “Description of the Certificates—Special Characteristics of the R and RL Classes” in this prospectus for a discussion of additional provisions applicable to transfers of a Residual Certificate.

Termination

Although the matter is not entirely free from doubt, it appears that a Residual Owner will be entitled to a loss if:

- the related REMIC terminates by virtue of the final payment or liquidation of the last qualified mortgage remaining in the related REMIC and
- the Residual Owner’s adjusted basis in the Residual Certificate at the time the termination occurs exceeds the amount of cash distributed to the Residual Owner in liquidation of its interest.

The amount of the loss will equal the amount by which the Residual Owner’s adjusted basis exceeds the amount of cash distributed to the Residual Owner in liquidation of its interest.

Taxes on the REMICs

The REMICs will not be subject to federal income tax except with respect to income from prohibited transactions and in certain other instances described below. It is not anticipated that the REMICs will engage in any transactions that will give rise to a tax on the REMICs. Pursuant to its guaranty obligations with respect to the Certificates, Fannie Mae will make distributions on the Certificates without offset or deduction for any tax imposed on the REMICs.

Prohibited Transactions

The Code imposes a tax on a REMIC equal to 100% of the net income derived from “prohibited transactions.” In general, the term “prohibited transaction” means the disposition of a qualified mortgage other than pursuant to certain specified exceptions, the receipt of investment income from a source other than a qualified mortgage or certain other permitted investments, the receipt of compensation for services, or the disposition of a “cash flow investment” as defined in section 860G(a)(6) of the Code.

Contributions to a REMIC after the Startup Day

The Code imposes a tax on a REMIC equal to 100% of the value of any property contributed to the REMIC after the “startup day” (generally the same as the Settlement Date). Exceptions are provided for cash contributions to a REMIC if made (i) during the three-month period beginning on the startup day, (ii) to a qualified reserve fund by a holder of a residual interest, (iii) in the nature of a guarantee, or (iv) to facilitate a qualified liquidation or clean-up call.

Net Income from Foreclosure Property

The Code imposes a tax on a REMIC equal to the highest corporate rate on “net income from foreclosure property.” The terms “foreclosure property” (which includes property acquired by deed in lieu of foreclosure) and “net income from foreclosure property” are defined by reference to the rules applicable to real estate investment trusts. Generally, foreclosure property would be treated as such until the close of the third taxable year following the taxable year in which the acquisition occurs, with possible extensions. Net income from foreclosure property generally means gain from the sale of foreclosure property that is inventory property and gross income from foreclosure property other than qualifying rents and other qualifying income for a real estate investment trust, net of deductions directly connected with the production of such income.

Reporting and Other Administrative Matters for REMIC Investors

For purposes of the administrative provisions of the Code, each REMIC will be treated as a partnership and the related Residual Owners will be treated as partners in that REMIC. We will prepare, sign and file federal income tax returns for the REMICs, which returns are subject to audit by the IRS. We will also act as the tax matters partner for the REMICs, either as a beneficial owner of a Residual Certificate or as a fiduciary for a Residual Owner. Each Residual Owner, by the acceptance of a Residual Certificate, agrees that we will act as its fiduciary in the performance of any duties required of it in the event that it is the tax matters partner.

Within a reasonable time after the end of each calendar year, we will furnish to each Holder that received a distribution during that year a statement setting forth the portions of any distributions that constitute interest distributions, OID and any other information as is required by Treasury regulations and, with respect to Holders of a Residual Certificate, information necessary to compute the daily portions of the taxable income (or net loss) of the related REMIC for each day during that year.

If there is more than one Residual Owner for a taxable year, each Residual Owner is required to treat items on its return consistently with the treatment on the return of the related REMIC, unless the Residual Owner either files a statement identifying the inconsistency or establishes that the inconsistency resulted from incorrect information received from the REMIC. The IRS may assert a deficiency resulting from a failure to comply with the consistency requirement without instituting an administrative proceeding at the REMIC level.

Backup Withholding for REMIC Investors

Distributions of interest and principal, as well as distributions of proceeds from the sale of Regular and Residual Certificates, may be subject to the “backup withholding tax” under section 3406 of the Code if recipients of the distributions fail to furnish to the payor certain information, including their taxpayer identification numbers, or otherwise fail to establish an exemption from this tax. Any amounts deducted and withheld from a distribution to a recipient would be allowed as a credit against the recipient’s federal income tax. Certain penalties may be imposed by the IRS on a recipient of distributions required to supply information who does not do so in the proper manner.

Foreign Investors in REMICs

Regular Certificates

Distributions made on a Regular Certificate to, or on behalf of, a Regular Owner that is a Non-U.S. Person generally will be exempt from U.S. federal income and withholding taxes, provided (a) the Regular Owner is not subject to U.S. tax as a result of a connection to the United States other than ownership of the Certificate, (b) the Regular Owner signs a statement under penalties of perjury that certifies that the Regular Owner is a Non-U.S. Person, and provides the name and address of the Regular Owner, and (c) the last U.S. Person in the chain of payment to the Regular Owner receives the statement from the Regular Owner or a financial institution holding on its behalf and does not have actual knowledge that the statement is false. You should be aware that the IRS might take the position that this exemption does not apply to a Regular Owner that also owns 10 percent or more of the Residual Certificates or of the voting stock of Fannie Mae, or to a Regular Owner that is a “controlled foreign corporation” described in section 881(c)(3)(C) of the Code.

Residual Certificates

Amounts paid to a Residual Owner that is a Non-U.S. Person generally will be treated as interest for purposes of applying the 30% (or lower treaty rate) withholding tax on income that is not effectively connected with a U.S. trade or business. Amounts not constituting excess inclusions that are paid on a Residual Certificate to a Non-U.S. Person generally will be exempt from U.S. federal income and withholding taxes, subject to the same conditions applicable to distributions on Regular Certificates, as described above, but only to the extent that the Mortgage Loans held by the related REMIC were originated after July 18, 1984. In no case will any portion of REMIC income that constitutes an excess inclusion be entitled to any exemption from the withholding tax or a reduced treaty rate for withholding. See “—*Taxation of Beneficial Owners of a Residual Certificate—Treatment of Excess Inclusions*” above.

LEGAL INVESTMENT CONSIDERATIONS

If you are an institution whose investment activities are subject to legal investment laws and regulations or to review by certain regulatory authorities, you may be subject to restrictions on investment in certain classes of the Certificates. If you are a financial institution that is subject to the jurisdiction of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, the National Credit Union Administration, the Department of the Treasury or other federal or state agencies with similar authority, you should review the rules, guidelines and regulations that apply to you prior to purchasing or pledging the Certificates. In addition, if you are a financial institution, you should consult your regulators concerning the risk-based capital treatment of any Certificate. **Investors should consult their own legal advisors in determining whether and to what extent the Certificates constitute legal investments or are subject to restrictions on investment and whether and to what extent the Certificates can be used as collateral for various types of borrowings.**

LEGAL OPINION

If you purchase Certificates, we will send you, upon request, an opinion of our General Counsel (or one of our Deputy General Counsels) as to the validity of the Certificates and the Trust Agreement.

ERISA CONSIDERATIONS

General. The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and the Code impose certain requirements on employee benefit plans subject to ERISA (such as employer-sponsored retirement plans) and upon other types of benefit plans and arrangements subject to section 4975 of the Code (such as individual retirement accounts). ERISA and the Code also impose these requirements on certain entities in which the benefit plans or arrangements that are subject to ERISA and the Code invest. We refer to these plans, arrangements and entities as “Plans.” Any person who is a fiduciary of a Plan is also subject to the requirements imposed by ERISA and the Code. Before a Plan invests in Certificates, the Plan fiduciary must consider whether the governing instruments for the Plan would permit the investment, whether the Certificates would be a prudent and appropriate investment for the Plan under its investment policy and whether such an investment might result in a prohibited transaction under ERISA or the Code for which no exemption is available.

The U.S. Department of Labor issued a final regulation covering the acquisition by a Plan of a “guaranteed governmental mortgage pool certificate,” defined to include certificates which are “backed by, or evidencing an interest in, specified mortgages or participation interests therein” and are guaranteed by Fannie Mae as to the payment of interest and principal. Under the regulation, investment by a Plan in a “guaranteed governmental mortgage pool certificate” does not cause the assets of the Plan to include the mortgages underlying the certificate or cause the sponsor, trustee and other servicers of the mortgage pool to be subject to the fiduciary responsibility provisions of ERISA or section 4975 of the Code in providing services with respect to the mortgages in the pool. At the time the regulation was originally issued, certificates similar to the Certificates did not exist. However, we have been advised by our counsel, Sidley Austin LLP, that the Certificates (other than certain rights represented by the 1-A-F1 and 1-A-F2 Classes) qualify under the definition of “guaranteed governmental mortgage pool certificates” and, as a result, the purchase and holding of Certificates (other than the 1-A-F1 and 1-A-F2 Classes with respect to certain rights) by Plans will not cause the underlying mortgage loans or the assets of Fannie Mae to be subject to the fiduciary requirements of ERISA or to the prohibited transaction requirements of ERISA and the Code.

Additional Considerations Relating to the 1-A-F1 and 1-A-F2 Classes. Because the right to interest payable under the Cap Contracts to Holders of the 1-A-F1 and 1-A-F2 Classes is not guaranteed by Fannie Mae, the “guaranteed governmental mortgage pool exemption” may or may not be applicable to the acquisition and holding of those rights. Therefore, any Plan fiduciary considering an investment in the 1-A-F1 or 1-A-F2 Class should consider the identity of the related Counterparty in determining whether an investment in the 1-A-F1 or 1-A-F2 Class would give rise to a prohibited transaction. Depending on the relevant facts and circumstances, certain prohibited transaction exemptions may apply to the acquisition of the 1-A-F1 and 1-A-F2 Classes and rights under the related Cap Contract—for example, Prohibited Transaction Class Exemption (“PTCE”) 84-14, which exempts certain transactions effected on behalf of a Plan by a “qualified professional asset manager,” PTCE 90-1, which exempts certain transactions by insurance company pooled separate accounts, PTCE 91-38, which exempts certain transactions by bank collective investment funds, PTCE 95-60, which exempts certain transactions by insurance company general accounts, or PTCE 96-23, which exempts certain transactions effected on behalf of a Plan by an “in-house asset manager”. In addition, a statutory exemption under Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code may be available for a transaction involving a service provider to a Plan investing in the 1-A-F1 or 1-A-F2 Class Certificates if the transaction takes place for adequate consideration and the service provider is not the fiduciary with respect to the Plan’s assets used to

acquire the Certificate, an affiliate of such a fiduciary, or an affiliate of the employer sponsoring the Plan. Each Plan that invests in the 1-A-F1 or 1-A-F2 Class, by its acceptance of the related certificate, will be deemed to make certain representations as provided in the Trust Agreement, including that its acquisition of the 1-A-F1 or 1-A-F2 Class and rights under the related Cap Contract does not give rise to a nonexempt prohibited transaction under section 406 of ERISA or section 4975 of the Code.

PLAN OF DISTRIBUTION

We will acquire the Mortgage Loans from the Seller in exchange for the Certificates pursuant to the Sale and Servicing Agreement. The Seller has retained Countrywide Securities Corporation (“CSC”), an affiliate of the Seller, and RBC Dain Rauscher Inc., doing business under the name RBC Capital Markets (together with CSC, the “Dealers”). The Dealers propose to offer the Certificates directly to the public from time to time in negotiated transactions at varying prices to be determined at the time of sale. The Dealers may effect such transactions to or through other dealers.

LEGAL MATTERS

Fannie Mae will be represented by Sidley Austin LLP and, with respect to federal tax matters, by Dewey Ballantine LLP. Legal representation for the Dealers will be provided by McKee Nelson LLP.

INDEX OF DEFINED TERMS

1 Year CMT	25	Group 2 Loans	14
1-A-F1 Cap Corridor Contract	40	Group 2 Principal Distribution	
1-A-F1 Cap Corridor Contract		Amount	38
Notional Balance	41	Group 3 Loans	14
1-A-F1 Class Current Interest Amount	34	Group 3 Principal Distribution	
1-A-F1 Class Maximum Rate	34	Amount	38
1-A-F1 Class Net WAC Carryover		Guaranty Fee	53
Amount	34	Holder	15
1-A-F2 Cap Contract	40	Index Determination Date	36
1-A-F2 Cap Contract Notional		Interest Accrual Period	33
Balance	44	Interest Adjustment Date	25
1-A-F2 Class Current Interest Amount	34	Interest Settlement Rate	36
1-A-F2 Class Net WAC Carryover		Issue Date	14
Amount	34	Lender	53
2004-10K	4	Liquidated Loan	38
BBA	36	Loan Group 1	16
Board	5	Loan Group 2	16
Cap Contracts	40	Loan Group 3	16
Cap Contract Termination Date	40	Loan Tier Regular Interests	15
Certificate Account	54	Lower Tier REMIC	14
Certificateholder	15	Moody's	40
Certificates	14	Mortgage Interest Rate	17
Code	14	Mortgage Interest Rate Life Cap	25
Combined Residual Certificate	15	Mortgage Interest Rate Life Floor	25
Counterparty	39	Mortgage Interest Rate Periodic Cap	25
Countrywide	16	Mortgage Loan Margin	25
Countrywide Servicing	16	Mortgage Loans	14
CPR	49	Mortgage Loan Schedule	53
Dealers	73	Mortgage Note	17
Delay Classes	33	Mortgaged Property	17
Disclosure Documents	4	Net Mortgage Rate	38
Distribution Date	16	Net WAC	38
DTC	15	Non-U.S. Person	69
DTC Certificates	15	NPC Regulations	64
DTC Participant	32	OFHEO	5
Due Date	37	OFHEO Report	5
Due Period	37	OID	60
ERISA	72	OID Regulations	61
Event of Default	56	Plans	72
Fannie Mae	14	Premium Certificate	62
Fitch	40	Prepayment Interest Shortfall	38
FHA	14	Pricing Assumptions	48
GAAP	5	PTCE	72
Ginnie Mae	17	Reference Bank	36
Group 1 Loans	14	Regular Certificate	58
Group 1 Principal Distribution		Regular Certificates	58
Amount	38	Regular Owner	60

Regulations	47	Servicing Fee Rate	38
REMIC	14	Settlement Date	60
Reserve Interest Rate	36	Stated Principal Balance	38
Residual Certificate	15	Trust	14
Residual Certificates	58	Trust Agreement	14
Residual Owner	66	Trustee	14
RHS	14	Uncovered Prepayment Interest	
S&P	39	Shortfalls	38
Sale and Servicing Agreement	16	Upper Tier REMIC	14
SEC	4,5	US Bank	15
Seller	16	U.S. Person	47
Separate Residual Certificate	15	VA	14
Servicer	16		

Certain Assumed Characteristics of the Mortgage Loans
(As of December 1, 2006)

Loan Group 1—Fixed Rate

Issue Date Unpaid Principal Balance	Weighted Average Net Mortgage Rate	Weighted Average Mortgage Rate	WARM (in Months)	WALA (in Months)
\$311,552,483.77	6.2476690030%	6.8028590251%	294	51

Loan Group 2—Fixed Rate

Issue Date Unpaid Principal Balance	Weighted Average Net Mortgage Rate	Weighted Average Mortgage Rate	WARM (in Months)	WALA (in Months)
\$52,794,563.37	6.2814002958%	6.8658103744%	296	50

Loan Group 3—ARMs (1 Year CMT)

Issue Date Unpaid Principal Balance	Weighted Average Net Mortgage Rate	Weighted Average Mortgage Rate	Weighted Remaining Term to Maturity (in Months) ("WARM")	Weighted Average Loan Age (in Months) (WALA)	Weighted Average Margin	Weighted Average Periodic Rate Cap	Weighted Average Lifetime Rate Cap	Weighted Average Lifetime Rate Floor	Weighted Average Months to Rate Change	Rate Reset Frequency (in Months)
\$ 7,920,194.06	5.5705663054%	6.1105008160%	265	95	2.5338631560%	1%	10.8945183412%	2.6648182207%	1	12
9,229,116.47	5.8262729062	6.3626217909	274	86	2.6303142277	1	10.9277733539	2.6761404272	4	12
20,574,526.01	5.6345234101	6.1484668132	291	69	2.5236370112	1	10.5995435049	2.5304413324	7	12
12,698,083.90	6.1632070814	6.6488494560	286	74	2.5073753986	1	10.8518261087	2.5594326103	10	12

For any date of determination in any calendar month: the "Weighted Average Mortgage Rate" for the Group 3 Loans is the weighted average of the Mortgage Interest Rates of such Mortgage Loans during that calendar month; the "Weighted Average Net Mortgage Rate" for the Group 3 Loans is the weighted average of the Net Mortgage Rates of such Mortgage Loans during that calendar month; the "Weighted Average Remaining Term to Maturity" for the Group 3 Loans is the weighted average remaining amortization term of such Mortgage Loans during that calendar month; the "Weighted Average Loan Age" for the Group 3 Loans is the weighted average loan age of such Mortgage Loans during that calendar month; the "Weighted Average Margin" for the Group 3 Loans is the weighted average margin of such Mortgage Loans during that calendar month; the "Weighted Average Periodic Rate Cap" for the Group 3 Loans is the weighted average periodic rate cap of such Mortgage Loans during that calendar month; the "Weighted Average Lifetime Rate Cap" for the Group 3 Loans is the weighted average Mortgage Interest Lifetime Rate Cap of such Mortgage Loans during that calendar month; the "Weighted Average Lifetime Rate Floor" for the Group 3 Loans is the weighted average of the Mortgage Interest Rate Life Floors of such Mortgage Loans during that calendar month; and the "Weighted Average Months to Rate Change" for the Group 3 Loans is the weighted average number of months to rate change of such Mortgage Loans during that calendar month. For each of the above definitions, the "weighted average" is calculated on the basis of the Stated Principal Balances of the Group 3 Loans at the beginning of the related calendar month.

No one is authorized to give information or to make representations in connection with this offering other than those contained in this Prospectus and the other Disclosure Documents. You must not rely on any unauthorized information or representation. This Prospectus and the other 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 and the other Disclosure Documents at any time, no one implies that the information contained in these documents is correct after their dates.

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

TABLE OF CONTENTS

	<u>Page</u>
Table of Contents	2
Available Information	4
Incorporation By Reference.....	4
Reference Sheet	7
Risk Factors	10
General	14
The Mortgage Loans	16
Fannie Mae Mortgage Purchase Program ..	31
Description of the Certificates	32
The Trust Agreement.....	53
U.S. Treasury Circular 230 Notice	57
Certain Federal Income Tax Consequences	57
Legal Investment Considerations	71
Legal Opinion	72
ERISA Considerations.....	72
Plan of Distribution	73
Legal Matters	73
Index of Defined Terms.....	74
Exhibit A.....	A-1

\$414,768,966
(Approximate)



**Guaranteed REMIC
Pass-Through Certificates
Fannie Mae REMIC Trust 2006-W3**

PROSPECTUS



November 27, 2006