

**\$259,349,798**



**FannieMae®**

**Guaranteed REMIC Pass-Through Certificates  
Fannie Mae REMIC Trust 2008-89**

**The Certificates**

We, the Federal National Mortgage Association (Fannie Mae), will issue the classes of certificates listed in the chart on this cover.

**Payments to Certificateholders**

We will make monthly payments on the certificates. You, the investor, will receive

- interest accrued on the balance of your certificate (except in the case of the accrual class), and
- principal to the extent available for payment on your class.

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

**The Fannie Mae Guaranty**

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

**The Trust and its Assets**

The trust will own underlying RCR and REMIC certificates backed by Fannie Mae MBS.

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

Class	Group	Original Class Balance	Principal Type(1)	Interest Rate	Interest Type(1)	CUSIP Number	Final Distribution Date
FE . . . . .	1	\$17,000,000	SC/TAC/AD	(2)	FLT	31397MYR2	March 2038
SE . . . . .	1	17,000,000(3)	NTL	(2)	INV/IO	31397MYS0	March 2038
QA . . . . .	1	11,333,334	SC/TAC/AD	5.5%	FIX	31397MYT8	March 2038
ZA . . . . .	1	5,256,000	SC/SUP	7.0	FIX/Z	31397MYU5	March 2038
SA . . . . .	2	4,146,783	SC/PT	(2)	INV	31397MYV3	July 2036
IA . . . . .	2	18,981,558(3)	NTL	(2)	INV/IO	31397MYW1	July 2036
SB . . . . .	3	4,514,024	SC/PT	(2)	INV	31397MYX9	April 2032
IB . . . . .	3	27,084,139(3)	NTL	(2)	INV/IO	31397MY Y7	April 2032
BS . . . . .	4	3,675,188	SC/PT	(2)	INV	31397MYZ4	October 2033
BI . . . . .	4	35,978,154(3)	NTL	(2)	INV/IO	31397MZA8	October 2033
TB . . . . .	4	1,160,586	SC/PT	(2)	INV	31397MZB6	October 2033
AK(4) . . .	5	212,263,883	SC/PT	4.0	FIX	31397MZC4	November 2034
AI(4) . . .	5	61,910,299(3)	NTL	6.0	FIX/IO	31397MZD2	November 2034
R . . . . .		0	NPR	0	NPR	31397MZE0	March 2038
RL . . . . .		0	NPR	0	NPR	31397MZF7	March 2038

- (1) See "Description of the Certificates—Class Definitions and Abbreviations" in the REMIC prospectus.
- (2) Based on LIBOR.
- (3) Notional balances. These classes are interest only classes. See page S-7 for a description of how their notional balances are calculated.
- (4) Exchangeable classes.

If you own certificates of certain classes, you can exchange them for certificates of the corresponding RCR classes to be delivered at the time of exchange. The AB, AC, AD, AE, AG and AH Classes are the RCR classes. For a more detailed description of the RCR classes, see Schedule 1 attached to this prospectus supplement and "Description of the Certificates—Combination and Recombination" in the REMIC prospectus.

The dealer will offer the certificates from time to time in negotiated transactions at varying prices. We expect the settlement date to be September 30, 2008.

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

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

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

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

**JPMorgan**

September 24, 2008

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## AVAILABLE INFORMATION

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

- our Prospectus for Fannie Mae Guaranteed REMIC Pass-Through Certificates dated August 1, 2007 (the “REMIC Prospectus”);
- our Prospectus for Fannie Mae Guaranteed Mortgage Pass-Through Certificates (Single-Family Residential Mortgage Loans) dated January 1, 2006 (for all MBS issued prior to June 1, 2007) or dated April 1, 2008 (for all other MBS) (as applicable, the “MBS Prospectus”);
- the disclosure documents relating to the applicable underlying RCR or REMIC certificates (the “Underlying REMIC Disclosure Documents”); and
- any information incorporated by reference in this prospectus supplement as discussed below and under the heading “Incorporation by Reference” in the REMIC Prospectus.

The MBS Prospectus and the Underlying REMIC Disclosure Documents are incorporated by reference in this prospectus supplement. This means that we are disclosing information in those documents by referring you to them. Those documents are considered part of this prospectus supplement, so you should read this prospectus supplement, and any applicable supplements or amendments, together with those documents.

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

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

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

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

J.P. Morgan Securities, Inc.  
c/o Broadridge Financial Solutions  
Prospectus Department  
1155 Long Island Avenue  
Edgewood, NY 11717  
(telephone 631-274-2635).

## RECENT DEVELOPMENTS

On September 6, 2008, the Federal Housing Finance Agency, or FHFA, placed Fannie Mae and Freddie Mac into conservatorship. As the conservator, FHFA succeeded to all rights, titles, powers and privileges of Fannie Mae, and of any stockholder, officer, or director of Fannie Mae with respect to Fannie Mae and the assets of Fannie Mae. The conservator selected Herbert M. Allison, former Vice Chairman of Merrill Lynch and Chairman of TIAA-CREF, as the new CEO of Fannie Mae. A copy of the statement issued by FHFA Director James B. Lockhart regarding FHFA's placement of Fannie Mae into conservatorship, the selection of Mr. Allison, and a copy of a Fact Sheet discussing questions and answers about the conservatorship are available on FHFA's website at [www.ofheo.gov](http://www.ofheo.gov).

On September 7, 2008, the U.S. Department of the Treasury, or U.S. Treasury, announced three additional steps taken by it in connection with the conservatorship.

First, the U.S. Treasury entered into a Senior Preferred Stock Purchase Agreement with us pursuant to which the U.S. Treasury will purchase up to an aggregate of \$100 billion to maintain a positive net worth on a U.S. GAAP basis. This agreement contains covenants that significantly restrict our operations. In exchange for entering into this agreement, the U.S. Treasury received \$1 billion of our senior preferred stock and warrants to purchase 79.9% of our common stock.

Second, the U.S. Treasury announced the establishment of a new secured lending credit facility which will be available to Fannie Mae, Freddie Mac, and the Federal Home Loan Banks as a liquidity backstop.

Third, the U.S. Treasury announced that it is initiating a temporary program to purchase mortgage-backed securities issued by Fannie Mae and Freddie Mac. The secured lending credit facility and the mortgage-backed securities purchase program are currently scheduled to expire in December 2009.

Details regarding these steps are available on the U.S. Treasury's website at [www.ustreas.gov](http://www.ustreas.gov).

We are continuing to operate as a going concern while in conservatorship and remain liable for all of our obligations, including our guaranty obligations, associated with mortgage-backed securities issued by us. The secured lending credit facility and the Senior Preferred Stock Purchase Agreement described above are intended to enhance our ability to meet our obligations.

Under the Federal Housing Finance Regulatory Reform Act of 2008 (the "Regulatory Reform Act"), FHFA, as conservator or receiver, has the power to repudiate any contract entered into by Fannie Mae prior to FHFA's appointment as conservator or receiver, as applicable, if FHFA determines, in its sole discretion, that performance of the contract is burdensome and that repudiation of the contract promotes the orderly administration of Fannie Mae's affairs. The Regulatory Reform Act requires FHFA to exercise its right to repudiate any contract within a reasonable period of time after its appointment as conservator or receiver.

FHFA as conservator has advised us that it has no intention to repudiate our guaranty obligation under the trust documents because it views repudiation as incompatible with the goals of the conservatorship. In the event that FHFA, as conservator or receiver, were to repudiate our guaranty obligation under the related trust documents, the conservatorship or receivership estate, as applicable, would be liable for actual direct compensatory damages in accordance with the provisions of the Regulatory Reform Act. Any such liability could be satisfied only to the extent of our assets available therefor.

In the event of repudiation, the payments of principal and/or interest to certificateholders would be reduced if payments on the underlying mortgage loans are not made by the related borrowers or a direct servicer fails to remit borrower payments to us. Any actual direct compensatory damages for repudiating our guaranty obligation may not be sufficient to offset any shortfalls experienced by certificateholders.

Further, in its capacity as conservator or receiver, FHFA has the right to transfer or sell any asset or liability of Fannie Mae without any approval, assignment or consent. Although we have been advised that it has no present intention to do so, if FHFA, as conservator or receiver, were to transfer our guaranty obligation to another party, certificateholders would have to rely on that party for satisfaction of the guaranty obligation and would be exposed to the credit risk of that party.

In addition, certain rights provided to certificateholders under the trust documents may not be enforced against FHFA, or enforcement of such rights may be delayed, during the conservatorship or if we are placed into receivership. The trust documents provide that upon the occurrence of a guarantor event of default, which includes the appointment of a conservator or receiver, certificateholders have the right to replace Fannie Mae as trustee if the requisite percentage of certificateholders consent. The Regulatory Reform Act prevents certificateholders from enforcing their rights to replace Fannie Mae as trustee if the event of default arises solely because a conservator or receiver has been appointed. The Regulatory Reform Act also provides that no person may exercise any right or power to terminate, accelerate or declare an event of default under certain contracts to which Fannie Mae is a party, or obtain possession of or exercise control over any property of Fannie Mae, or affect any contractual rights of Fannie Mae, without the approval of FHFA, as conservator or receiver, for a period of 45 or 90 days following the appointment of FHFA as conservator or receiver, respectively.

## SUMMARY

This summary contains only limited information about the certificates. Statistical information in this summary is provided as of September 1, 2008. You should purchase the certificates only after reading this prospectus supplement and each of the additional disclosure documents listed on page S-3. In particular, please see the discussion of risk factors that appears in each of those additional disclosure documents.

### Assets Underlying Each Group of Classes

<u>Group</u>	<u>Assets</u>
1	Class 2008-17-NF RCR Certificate Class 2008-17-NS RCR Certificate
2	Class 2006-56-SP RCR Certificate
3	Class 2005-113-SA REMIC Certificate
4	Class 2005-118-GS REMIC Certificate Class 2005-118-SA REMIC Certificate Class 2005-118-SB REMIC Certificate
5	Class 2006-116-A REMIC Certificate

### Group 1, Group 2, Group 3, Group 4 and Group 5

Exhibit A describes the underlying RCR and REMIC certificates in Group 1, Group 2, Group 3, Group 4 and Group 5, including certain information about the related mortgage loans. To learn more about the underlying RCR and REMIC certificates, you should obtain from us the current class factors and the related disclosure documents as described on page S-3.

### Settlement Date

We expect to issue the certificates on September 30, 2008.

### Distribution Dates

We will make payments on the certificates on the 25th day of each calendar month, or on the next business day if the 25th day is not a business day.

### 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.

### Book-Entry and Physical Certificates

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

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

### Exchanging Certificates Through Combination and Recombination

If you own certificates of a class designated as “exchangeable” on the cover of this prospectus supplement, you will be able to exchange them for a proportionate interest in the related RCR certificates. Schedule 1 lists the available combinations of the certificates eligible for exchange and the related RCR certificates. You can exchange your certificates by notifying us and paying an exchange fee. We will deliver the RCR certificates upon such exchange.

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

## Interest Rates

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

During the initial interest accrual period, the floating rate and inverse floating rate classes (other than the SA, IA, SB and IB Classes) will bear interest at the initial interest rates listed below. The initial interest rates listed below for the SA, IA, SB and IB Classes are assumed rates. During each subsequent interest accrual period, the floating rate and inverse floating rate classes will bear interest based on the formulas indicated below, but always subject to the specified maximum and minimum interest rates:

<u>Class</u>	<u>Initial Interest Rate</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate(1)</u>
FE .....	2.77188%	8.0%	0.3%	LIBOR + 30 basis points
SE .....	5.22812%	7.7%	0.0%	7.7% – LIBOR
SA .....	17.99341%(2)	30.6%	0.0%	30.6% – (5.1 × LIBOR)
IA .....	3.52812%(2)	6.0%	0.0%	6% – LIBOR
SB .....	18.16872%(2)	33.0%	0.0%	33% – (6 × LIBOR)
IB .....	3.02812%(2)	5.5%	0.0%	5.5% – LIBOR
BS .....	18.16872%	33.0%	0.0%	33% – (6 × LIBOR)
BI .....	3.02812%	5.5%	0.0%	5.5% – LIBOR
TB .....	10.00000%	10.0%	0.0%	285% – (50 × LIBOR)

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

(2) Assumed initial interest rates. We will calculate the actual interest rates for these classes on September 23, 2008 using the applicable formulas.

## Notional Classes

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

<u>Class</u>	
SE .....	100% of the FE Class
IA .....	457.7417723570% of the SA Class
IB .....	599.9998892341% of the SB Class
BI .....	978.9473082738% of the BS Class
AI .....	29.1666665685% of the AK Class

## Distributions of Principal

For a description of the principal payment priorities, see “Description of the Certificates—Distributions of Principal” in this prospectus supplement.

## Weighted Average Lives (years)\*

<u>Group 1 Classes</u>	<u>PSA Prepayment Assumption</u>					
	<u>0%</u>	<u>100%</u>	<u>170%</u>	<u>332%</u>	<u>500%</u>	<u>700%</u>
FE, SE and QA.....	10.2	5.1	3.9	4.0	3.8	2.8
ZA.....	21.0	13.4	10.5	1.5	1.1	0.9
<u>Group 2 Classes</u>	<u>PSA Prepayment Assumption</u>					
	<u>0%</u>	<u>100%</u>	<u>182%</u>	<u>350%</u>	<u>500%</u>	
SA and IA.....	26.1	17.7	11.2	1.6	0.7	

<u>Group 3 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>200%</u>	<u>350%</u>	<u>500%</u>
SB and IB . . . . .	21.9	16.1	8.3	1.4	0.7
<u>Group 4 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>200%</u>	<u>350%</u>	<u>500%</u>
BS, BI and TB . . . . .	22.6	17.9	10.2	1.0	0.5
<u>Group 5 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>277%</u>	<u>350%</u>	<u>500%</u>
AK, AI, AB, AC, AD, AE, AG and AH . . . . .	16.8	6.6	2.8	2.2	1.5

\* Determined as specified under “Yield, Maturity and Prepayment Considerations—Weighted Average Lives and Final Distribution Dates” in the REMIC Prospectus.



## ADDITIONAL RISK FACTOR

*Payments on the certificates will be affected by the applicable payment priorities governing the related underlying RCR and REMIC certificates.* The rate at which you receive payments also will be affected by the applicable priority sequences governing principal payments on the related underlying RCR and REMIC certificates.

In particular, as described in the related underlying disclosure document, principal payments (or notional balance reductions, as applicable) on the Group 1 Underlying RCR Certificates are governed by a principal balance schedule. As a result, the Group 1 Underlying RCR Certificates may receive principal payments (or notional balance reductions) at a rate faster or slower than would otherwise have been the case. In some cases, the applicable Group 1 Underlying RCR Certificate may receive no principal payments for extended periods. Prepayments on the related mortgage loans may have occurred at a rate faster or slower than the rate initially assumed. This prospectus supplement contains no information as to whether

- the Group 1 Underlying RCR Certificates have adhered to their principal balance schedule,

- any related support classes remain outstanding, or
- the Group 1 Underlying RCR Certificates have otherwise performed as originally anticipated.

In addition, as described in the related underlying disclosure documents, the Group 2 Underlying RCR Certificate and the Group 3 and Group 4 Underlying REMIC Certificates are support classes. A support class is entitled to receive principal payments on a distribution date only if scheduled payments of principal have been made on certain other classes in the related underlying REMIC trust. Accordingly, a support class may receive no principal payments for extended periods or may receive principal payments that vary widely from period to period.

You may obtain additional information about the underlying RCR and REMIC certificates by reviewing their current class factors in light of other information available in the related disclosure documents. You may obtain those documents from us as described on page S-3.

## DESCRIPTION OF THE CERTIFICATES

The material under this heading describes the principal features of the Certificates. You will find additional information about the Certificates in the other sections of this prospectus supplement, as well as in the additional Disclosure Documents and the Trust Agreement. If we use a capitalized term in this prospectus supplement without defining it, you will find the definition of that term in the applicable Disclosure Document or in the Trust Agreement.

### General

**Structure.** We will create the Fannie Mae REMIC Trust specified on the cover of this prospectus supplement (the “Trust”) pursuant to a trust agreement dated as of August 1, 2007 and a supplement thereto dated as of September 1, 2008 (the “Issue Date”). We will issue the Guaranteed REMIC Pass-Through Certificates (the “REMIC Certificates”) pursuant to that trust agreement and supplement. We will issue the Combinable and Recombinable REMIC Certificates (the “RCR Certificates” and, together with the REMIC Certificates, the “Certificates”) pursuant to a separate trust agreement dated as of August 1, 2007 and a supplement thereto dated as of the Issue Date (together with the trust agreement and supplement relating to the REMIC Certificates, the “Trust Agreement”). We will execute the Trust Agreement in our corporate capacity and as trustee (the “Trustee”). In general, the term “Classes” includes the Classes of REMIC Certificates and RCR Certificates.

The assets of the Trust will include five groups of previously issued RCR and REMIC certificates (the “Group 1 Underlying RCR Certificates,” “Group 2 Underlying RCR Certificate,” “Group 3

Underlying REMIC Certificate,” “Group 4 Underlying REMIC Certificates” and “Group 5 Underlying REMIC Certificate,” and together, the “Underlying REMIC Certificates”) issued from the related Fannie Mae REMIC trusts (each, an “Underlying REMIC Trust”) as further described in Exhibit A.

The Underlying REMIC Certificates evidence direct or indirect beneficial ownership interests in certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the “MBS”).

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

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

The following chart contains information about the assets, the “regular interests” and the “residual interests” of each REMIC. The REMIC Certificates other than the R and RL Classes are collectively referred to as the “Regular Classes” or “Regular Certificates,” and the R and RL Classes are collectively referred to as the “Residual Classes” or “Residual Certificates.”

<u>REMIC Designation</u>	<u>Assets</u>	<u>Regular Interests</u>	<u>Residual Interest</u>
Lower Tier REMIC . . . . .	Underlying REMIC Certificates	Interests in the Lower Tier REMIC other than the RL Class (the “Lower Tier Regular Interests”)	RL
Upper Tier REMIC . . . . .	Lower Tier Regular Interests	All Classes of REMIC Certificates other than R and RL Classes	R

*Fannie Mae Guaranty.* For a description of our guaranties of the Certificates, the MBS and the Underlying REMIC Certificates, see “Description of the Certificates—Fannie Mae Guaranty” in the REMIC Prospectus, “Description of the Certificates—Fannie Mae Guaranty” in the MBS Prospectus and “Description of the Certificates—General—*Fannie Mae Guaranty*” in the applicable Underlying REMIC Disclosure Documents. Our guaranties are not backed by the full faith and credit of the United States.

*Characteristics of Certificates.* Except as specified below, we will issue the Certificates in book-entry form on the book-entry system of the U.S. Federal Reserve Banks. Entities whose names appear on the book-entry records of a Federal Reserve Bank as having had Certificates deposited in their accounts are “Holders” or “Certificateholders.”

We will issue the Residual Certificates 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. See also “—Characteristics of the Residual Classes” below.

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

<u>Classes</u>	<u>Denominations</u>
Interest Only and Inverse Floating Rate Classes	\$100,000 minimum plus whole dollar increments
All other Classes (except the R and RL Classes)	\$1,000 minimum plus whole dollar increments

## The Underlying REMIC Certificates

The Underlying REMIC Certificates represent beneficial ownership interests in the related Underlying REMIC Trusts. The assets of those trusts consist of MBS (or beneficial ownership interests in MBS) having the general characteristics set forth in the MBS Prospectus. Each MBS evidences beneficial ownership interests in a pool of conventional, fixed-rate, fully-amortizing mortgage loans secured by first mortgages or deeds of trust on single-family residential properties, as described under “The Mortgage Pools” and “Yield, Maturity, and Prepayment Considerations” in the MBS Prospectus.

Distributions on the Underlying REMIC Certificates will be passed through monthly, beginning in the month after we issue the Certificates. The general characteristics of the Underlying REMIC Certificates are described in the Underlying REMIC Disclosure Documents. See Exhibit A for certain additional information about the Underlying REMIC Certificates.

For further information about the Underlying REMIC Certificates, telephone us at 1-800-237-8627. Additional information about the Underlying REMIC Certificates is also available at <http://sls.fanniemae.com/slsSearch/Home.do>. There may have been material changes in facts and circumstances since the dates we prepared the Underlying REMIC Disclosure Documents. These may include changes in prepayment speeds, prevailing interest rates and other economic factors. As a result, the usefulness of the information set forth in those documents may be limited.

## Distributions of Interest

*General.* The certificates will bear interest at the rates specified in this prospectus supplement on a 30/360 basis. Interest to be paid on each Certificate (or added to principal, in the case of the Accrual Class) on a Distribution Date will consist of one month’s interest on the outstanding balance of that Certificate immediately prior to that Distribution Date. For a description of the Accrual Class, see “—*Accrual Class*” below.

*Delay Classes and No-Delay Classes.* The “delay” Classes and “no-delay” Classes are set forth in the following table:

<u>Delay Classes</u>	<u>No-Delay Classes</u>
Fixed Rate Classes and the BS, BI and TB Classes	Floating Rate and Inverse Floating Rate Classes other than the BS, BI and TB Classes

See “Description of the Certificates—Distributions on Certificates—*Interest Distributions*” in the REMIC Prospectus.

*Accrual Class.* The ZA Class is an Accrual Class. Interest will accrue on the Accrual Class at the applicable annual rate specified on the cover of this prospectus supplement. However, we will not pay any interest on the Accrual Class. Instead, interest accrued on the Accrual Class will be added as principal to its principal balance on each Distribution Date. We will pay principal on the Accrual Class as described under “—Distributions of Principal” below.

## Distributions of Principal

On the Distribution Date in each month, we will make payments of principal on the Certificates as described below.

- *Group 1*

The ZA Accrual Amount to the Aggregate Group to its Targeted Balance, and thereafter to ZA. } Accretion Directed/TAC Group and Accrual Class

The Group 1 Cash Flow Distribution Amount in the following priority:

1. To the Aggregate Group to its Targeted Balance. } TAC Group
  2. To ZA until retired. } Support Class
  3. To the Aggregate Group until retired. } TAC Group
- } Structured Collateral

The “ZA Accrual Amount” is any interest then accrued and added to the principal balance of the ZA Class.

The “Group 1 Cash Flow Distribution Amount” is the principal then paid on the Group 1 Underlying RCR Certificates.

The “Aggregate Group” consists of the FE and QA Classes. On each Distribution Date, we will apply payments of principal of the Aggregate Group to FE and QA, pro rata, until retired.

The Aggregate Group has a principal balance equal to the aggregate principal balance of the Classes included in the Aggregate Group.

- *Group 2*

The Group 2 Principal Distribution Amount to SA until retired. } Structured Collateral/Pass-Through Class

The “Group 2 Principal Distribution Amount” is the principal then paid on the Group 2 Underlying RCR Certificate.

- *Group 3*

The Group 3 Principal Distribution Amount to SB until retired. } Structured Collateral/Pass-Through Class

The “Group 3 Principal Distribution Amount” is the principal then paid on the Group 3 Underlying REMIC Certificate.

- *Group 4*

The Group 4 Principal Distribution Amount to BS and TB, pro rata, until retired. } Structured Collateral/Pass-Through Classes

The “Group 4 Principal Distribution Amount” is the principal then paid on the Group 4 Underlying REMIC Certificates.

- *Group 5*

The Group 5 Principal Distribution Amount to AK until retired. } Structured Collateral/Pass-Through Class

The “Group 5 Principal Distribution Amount” is the principal then paid on the Group 5 Underlying REMIC Certificate.

## Structuring Assumptions

*Pricing Assumptions.* Except where otherwise noted, the information in the tables in this prospectus supplement has been prepared based on the actual characteristics of each pool of Mortgage Loans backing the Underlying REMIC Certificates, the applicable priority sequences governing principal payments (or notional balance reductions) on the Underlying REMIC

Certificates and the following assumptions (such characteristics and assumptions, collectively, the “Pricing Assumptions”):

- the Mortgage Loans prepay at the constant percentages of PSA specified in the related tables;
- the settlement date for the Certificates is September 30, 2008; and
- each Distribution Date occurs on the 25th day of a month.

*Prepayment Assumptions.* The prepayment model used in this prospectus supplement is PSA. For a description of PSA, see “Yield, Maturity and Prepayment Considerations—Prepayment Models” in the REMIC Prospectus.

It is highly unlikely that prepayments will occur at any *constant* PSA rate or at any other *constant* rate.

*Principal Balance Schedule.* The Principal Balance Schedule for the Aggregate Group is set forth on page B-1 of this prospectus supplement. The Principal Balance Schedule was prepared based on the Pricing Assumptions and the assumption that the related Mortgage Loans prepay at the “Structuring Speed” specified in the chart below. We have not provided separate schedules for the individual Classes included in the Aggregate Group. However, these Classes are designed to receive principal distributions in the same fashion as if separate schedules had been provided (with schedules based on the same underlying assumptions that apply to the Aggregate Group schedule).

<u>Group</u>	<u>Structuring Speed</u>
Aggregate Group Targeted Balances	170% PSA

The Aggregate Group consists of the following Classes:

Aggregate Group . . . . . FE and QA

See “—Decrement Tables” below for the percentages of original principal balances of the individual Classes included in the Aggregate Group that would be outstanding at various *constant* PSA rates.

**We cannot assure you that the balance of the Aggregate Group will conform on any Distribution Date to the balance specified in the Principal Balance Schedule or that distributions of principal of the Aggregate Group will begin or end on the Distribution Dates specified in the Principal Balance Schedule.**

If you are considering the purchase of a TAC Class, you should first take into account the considerations set forth below.

- We will distribute any excess of principal distributions over the amount necessary to reduce the Aggregate Group to its scheduled balance in any month. As a result, the likelihood of reducing the Aggregate Group to its scheduled balance each month will not be improved by the averaging of high and low principal distributions from month to month.
- The principal payment stability of the Aggregate Group will be supported by one other Class. When the supporting Class is retired, the Aggregate Group, if still outstanding, will be much more sensitive to prepayments of the related Mortgage Loans.

## Yield Tables

*General.* The tables below illustrate the sensitivity of the pre-tax corporate bond equivalent yields to maturity of the applicable Classes to various constant percentages of PSA and, where specified, to changes in the Index. We calculated the yields set forth in the tables by

- determining the monthly discount rates that, when applied to the assumed streams of cash flows to be paid on the applicable Classes, would cause the discounted present values of the

assumed streams of cash flows to equal the assumed aggregate purchase prices of those Classes, and

- converting the monthly rates to corporate bond equivalent rates.

These calculations do not take into account variations in the interest rates at which you could reinvest distributions on the Certificates. Accordingly, these calculations do not illustrate the return on any investment in the Certificates when reinvestment rates are taken into account.

We cannot assure you that

- the pre-tax yields on the applicable Certificates will correspond to any of the pre-tax yields shown here, or
- the aggregate purchase prices of the applicable Certificates will be as assumed.

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

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

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

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

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

- the interest rates for the Inverse Floating Rate Classes for the initial Interest Accrual Period are the rates listed in the table under “Summary—Interest Rates” in this prospectus supplement and for each following Interest Accrual Period will be based on the specified level of the Index, and



- the aggregate purchase prices of those Classes (expressed in each case as a percentage of original principal balance) are as follows:

<u>Class</u>	<u>Price*</u>
SE .....	15.000000%
SA .....	95.656250%
IA .....	7.840190%
SB .....	95.656250%
IB .....	4.955061%
BS .....	95.656250%
BI .....	4.955061%
TB .....	95.000000%

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

In the following yield tables, the symbol \* is used to represent a yield of less than (99.9)%.

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>					
	<u>50%</u>	<u>100%</u>	<u>170%</u>	<u>332%</u>	<u>500%</u>	<u>700%</u>
0.47188% .....	42.6%	37.7%	30.2%	29.9%	27.7%	16.6%
2.47188% .....	26.6%	21.1%	12.8%	13.0%	10.9%	(1.3)%
4.47188% .....	9.7%	3.3%	(6.3)%	(4.6)%	(6.3)%	(19.9)%
6.47188% .....	(11.5)%	(19.8)%	(31.7)%	(25.3)%	(26.2)%	(42.1)%
7.70000% .....	*	*	*	*	*	*

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>182%</u>	<u>350%</u>	<u>500%</u>
0.47188% .....	31.1%	31.1%	31.3%	33.6%	36.9%
2.47188% .....	19.6%	19.6%	19.8%	22.5%	26.3%
4.47188% .....	8.5%	8.5%	8.7%	11.7%	16.1%
6.00000% .....	0.3%	0.3%	0.5%	3.7%	8.4%

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>182%</u>	<u>350%</u>	<u>500%</u>
0.47188% .....	80.2%	80.2%	75.1%	8.5%	(89.6)%
2.47188% .....	49.4%	49.4%	44.6%	(21.6)%	*
4.47188% .....	20.2%	19.7%	14.6%	(56.4)%	*
6.00000% .....	*	*	*	*	*

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>200%</u>	<u>350%</u>	<u>500%</u>
0.47188% .....	33.4%	33.4%	33.8%	36.1%	39.2%
2.47188% .....	19.8%	19.8%	20.3%	23.1%	26.8%
4.47188% .....	6.7%	6.8%	7.2%	10.5%	14.8%
5.50000% .....	0.3%	0.4%	0.7%	4.2%	8.7%

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>200%</u>	<u>350%</u>	<u>500%</u>
0.47188% .....	121.6%	121.6%	102.2%	35.0%	(59.7)%
2.47188% .....	69.4%	69.4%	54.5%	(12.8)%	*
4.47188% .....	21.8%	21.2%	10.9%	(67.1)%	*
5.50000% .....	*	*	*	*	*

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>200%</u>	<u>350%</u>	<u>500%</u>
0.47188% .....	32.9%	32.9%	33.1%	35.4%	38.2%
2.47188% .....	19.5%	19.5%	19.8%	22.8%	26.4%
4.47188% .....	6.6%	6.6%	6.9%	10.6%	15.0%
5.50000% and above ....	0.2%	0.3%	0.4%	4.5%	9.3%

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>200%</u>	<u>350%</u>	<u>500%</u>
0.47188% .....	116.0%	116.0%	101.0%	(4.0)%	*
2.47188% .....	66.4%	66.4%	55.4%	(50.9)%	*
4.47188% .....	20.9%	20.6%	13.3%	*	*
5.50000% and above ....	*	*	*	*	*

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>200%</u>	<u>350%</u>	<u>500%</u>
5.5% and below .....	10.8%	10.8%	11.0%	15.2%	20.2%
5.6% .....	5.4%	5.5%	5.7%	10.2%	15.4%
5.7% .....	0.3%	0.3%	0.5%	5.2%	10.8%



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

<u>Class</u>	<u>% PSA</u>
AI .....	309%

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

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

<u>Class</u>	<u>Price*</u>
AI .....	14.625%

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

#### Sensitivity of the AI Class to Prepayments

	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>277%</u>	<u>350%</u>	<u>500%</u>
Pre-Tax Yields to Maturity .....	35.7%	30.2%	5.4%	(7.1)%	(35.3)%

#### Weighted Average Lives of the Certificates

For a description of how the weighted average life of a Certificate is determined, see “Yield, Maturity and Prepayment Considerations—Weighted Average Lives and Final Distribution Dates” in the REMIC Prospectus.

In general, the weighted average lives of the Certificates will be shortened if the level of prepayments of principal of the related Mortgage Loans increases. However, the weighted average lives will depend upon a variety of other factors, including

- the timing of changes in the rate of principal distributions,
- the priority sequence of distributions of principal of the Group 1 Classes, and
- the applicable priority sequences affecting principal payments (or notional balance reductions) on the related Underlying REMIC Certificates.

See “—Distributions of Principal” above and “Description of the Certificates—Distributions of Principal” in the applicable Underlying REMIC Disclosure Documents.

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

example of how the weighted average lives of the Classes may be affected at various constant prepayment rates, see the Decrement Tables below.

### Decrement Tables

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

In the case of the information set forth for each Class under 0% PSA, however, we assumed that the Mortgage Loans have the original and remaining terms to maturity and bear interest at the annual rates specified in the table below.

<u>Mortgage Loans Backing Trust Assets Specified Below</u>	<u>Original Terms to Maturity</u>	<u>Remaining Terms to Maturity</u>	<u>Interest Rates</u>
Group 1 Underlying RCR Certificates	360 months	353 months	8.50%
Group 2 Underlying RCR Certificate	360 months	333 months	8.00%
Group 3 Underlying REMIC Certificate	360 months	282 months	8.50%
Group 4 Underlying REMIC Certificates	360 months	(1)	8.50%
Group 5 Underlying REMIC Certificate	360 months	338 months	8.50%

(1) The Mortgage Loans backing the Group 4 Underlying REMIC Certificates are assumed to have the following remaining terms to maturity:

2005-118-GS	279 months
2005-118-SA	279 months
2005-118-SB	300 months

It is unlikely that all of the Mortgage Loans will have the loan ages, interest rates or remaining terms to maturity assumed or that the Mortgage Loans will prepay at any *constant* PSA level.

In addition, the diverse remaining terms to maturity of the Mortgage Loans could produce slower or faster principal distributions than indicated in the tables at the specified constant PSA rates, even if the weighted average remaining term to maturity and the weighted average loan age of the Mortgage Loans are identical to the weighted averages specified in the Pricing Assumptions. This is the case because pools of loans with identical weighted averages are nonetheless likely to reflect differing dispersions of the related characteristics.

## Percent of Original Principal Balances Outstanding

Date	FE, SE† and QA Classes						ZA Class						SA and IA† Classes				
	PSA Prepayment Assumption						PSA Prepayment Assumption						PSA Prepayment Assumption				
	0%	100%	170%	332%	500%	700%	0%	100%	170%	332%	500%	700%	0%	100%	182%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
September 2009	97	92	89	89	89	89	107	107	107	69	56	49	100	100	96	59	26
September 2010	94	82	74	74	74	60	115	115	115	27	0	0	100	100	92	31	0
September 2011	90	71	59	59	52	34	123	123	123	0	0	0	100	100	89	15	0
September 2012	86	60	46	43	36	19	132	132	132	0	0	0	100	100	87	6	0
September 2013	82	50	33	30	25	11	142	142	142	0	0	0	100	100	84	*	0
September 2014	78	40	21	19	17	6	152	152	152	0	0	0	100	100	80	0	0
September 2015	73	31	11	12	12	3	163	163	163	0	0	0	100	100	74	0	0
September 2016	68	21	*	8	8	2	175	175	175	0	0	0	100	100	68	0	0
September 2017	62	12	0	5	5	1	187	187	135	0	0	0	100	100	62	0	0
September 2018	56	2	0	4	4	*	201	201	99	0	0	0	100	100	55	0	0
September 2019	50	0	0	2	2	*	215	178	65	0	0	0	100	100	49	0	0
September 2020	43	0	0	1	1	0	231	145	33	0	0	0	100	100	43	0	0
September 2021	35	0	0	1	1	0	248	112	5	0	0	0	100	90	37	0	0
September 2022	27	0	0	*	*	0	266	80	3	0	0	0	100	81	32	0	0
September 2023	19	0	0	*	*	0	285	49	1	0	0	0	100	72	27	0	0
September 2024	9	0	0	*	*	0	305	19	*	0	0	0	100	63	23	0	0
September 2025	0	0	0	0	0	0	324	0	0	0	0	0	100	54	19	0	0
September 2026	0	0	0	0	0	0	290	0	0	0	0	0	100	45	15	0	0
September 2027	0	0	0	0	0	0	252	0	0	0	0	0	100	37	12	0	0
September 2028	0	0	0	0	0	0	212	0	0	0	0	0	100	29	9	0	0
September 2029	0	0	0	0	0	0	169	0	0	0	0	0	100	21	6	0	0
September 2030	0	0	0	0	0	0	122	0	0	0	0	0	100	14	4	0	0
September 2031	0	0	0	0	0	0	72	0	0	0	0	0	100	7	2	0	0
September 2032	0	0	0	0	0	0	17	0	0	0	0	0	100	1	*	0	0
September 2033	0	0	0	0	0	0	0	0	0	0	0	0	82	*	0	0	0
September 2034	0	0	0	0	0	0	0	0	0	0	0	0	54	0	0	0	0
September 2035	0	0	0	0	0	0	0	0	0	0	0	0	24	0	0	0	0
September 2036	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September 2037	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September 2038	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	10.2	5.1	3.9	4.0	3.8	2.8	21.0	13.4	10.5	1.5	1.1	0.9	26.1	17.7	11.2	1.6	0.7

  

Date	SB and IB† Classes					BS, BI† and TB Classes					AK, AI†, AB, AC, AD, AE, AG and AH Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	200%	350%	500%	0%	100%	200%	350%	500%	0%	100%	277%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
September 2009	100	100	86	56	25	100	100	88	45	2	99	90	77	71	59
September 2010	100	100	76	26	0	100	100	81	10	0	98	81	57	48	31
September 2011	100	100	70	9	0	100	100	77	0	0	96	73	41	30	11
September 2012	100	100	67	1	0	100	100	76	0	0	95	65	28	16	0
September 2013	100	100	64	0	0	100	100	76	0	0	93	57	17	6	0
September 2014	100	100	60	0	0	100	100	75	0	0	91	50	8	0	0
September 2015	100	100	55	0	0	100	100	73	0	0	89	43	1	0	0
September 2016	100	100	50	0	0	100	100	69	0	0	87	37	0	0	0
September 2017	100	100	45	0	0	100	100	62	0	0	85	31	0	0	0
September 2018	100	100	40	0	0	100	100	55	0	0	82	26	0	0	0
September 2019	100	95	34	0	0	100	100	48	0	0	79	20	0	0	0
September 2020	100	87	30	0	0	100	100	41	0	0	76	15	0	0	0
September 2021	100	77	25	0	0	100	100	35	0	0	73	11	0	0	0
September 2022	100	68	21	0	0	100	96	29	0	0	70	6	0	0	0
September 2023	100	59	17	0	0	100	84	24	0	0	66	2	0	0	0
September 2024	100	50	14	0	0	100	71	20	0	0	62	0	0	0	0
September 2025	100	41	11	0	0	100	59	15	0	0	57	0	0	0	0
September 2026	100	32	8	0	0	100	47	12	0	0	52	0	0	0	0
September 2027	100	24	6	0	0	100	35	8	0	0	47	0	0	0	0
September 2028	100	16	3	0	0	100	24	5	0	0	41	0	0	0	0
September 2029	76	8	2	0	0	99	13	3	0	0	34	0	0	0	0
September 2030	48	1	*	0	0	68	4	1	0	0	27	0	0	0	0
September 2031	17	*	*	0	0	30	1	*	0	0	20	0	0	0	0
September 2032	0	0	0	0	0	11	*	*	0	0	11	0	0	0	0
September 2033	0	0	0	0	0	0	0	0	0	0	2	0	0	0	0
September 2034	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September 2035	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September 2036	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September 2037	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September 2038	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	21.9	16.1	8.3	1.4	0.7	22.6	17.9	10.2	1.0	0.5	16.8	6.6	2.8	2.2	1.5

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

\*\* Determined as specified under “Yield, Maturity and Prepayment Considerations—Weighted Average Lives and Final Distribution Dates” in the REMIC Prospectus.

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

## **Characteristics of the Residual Classes**

A Residual Certificate will be subject to certain transfer restrictions. See “Description of the Certificates—Special Characteristics of the Residual Certificates” and “Material Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates” in the REMIC Prospectus.

Treasury Department regulations (the “Regulations”) provide that a transfer of a “noneconomic residual interest” will be disregarded for all federal tax purposes unless no significant purpose of the transfer is to impede the assessment or collection of tax. A Residual Certificate will constitute a noneconomic residual interest under the Regulations. Having a significant purpose to impede the assessment or collection of tax means that the transferor of a Residual Certificate had “improper knowledge” at the time of the transfer. See “Description of the Certificates—Special Characteristics of the Residual Certificates” in the REMIC Prospectus. You should consult your own tax advisor regarding the application of the Regulations to a transfer of a Residual Certificate.

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

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

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

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

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

We will make a REMIC election with respect to each REMIC set forth in the chart under “Description of the Certificates—General—*Structure*.” The Regular Classes will be designated as “regular interests” and the Residual Classes will be designated as the “residual interests” in the REMICs as set forth in that chart. Thus, the REMIC Certificates and any related RCR Certificates generally will be treated as “regular or residual interests in a REMIC” for domestic building and loan associations, as “real estate assets” for real estate investment trusts, and, except for the Residual Classes, as “qualified mortgages” for other REMICs. See “Material Federal Income Tax Consequences—REMIC Election and Special Tax Attributes” in the REMIC Prospectus.

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

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

Taxation of Beneficial Owners of Regular Certificates—*Regular Certificates Purchased at a Premium*” in the REMIC Prospectus.

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

<u>Group</u>	<u>Prepayment Assumption</u>
1	332% PSA
2	182% PSA
3	200% PSA
4	200% PSA
5	277% PSA

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

### **Taxation of Beneficial Owners of Residual Certificates**

The Holder of a Residual Certificate will be considered to be the holder of the “residual interest” in the related REMIC. Such Holder generally will be required to report its daily portion of the taxable income or net loss of the REMIC to which that Certificate relates. In certain periods, a Holder of a Residual Certificate may be required to recognize taxable income without being entitled to receive a corresponding amount of cash. Pursuant to the Trust Agreement, we will be obligated to provide to the Holder of a Residual Certificate (i) information necessary to enable it to prepare its federal income tax returns and (ii) any reports regarding the Residual Class that may be required under the Code. See “Material Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates” in the REMIC Prospectus.

### **Taxation of Beneficial Owners of RCR Certificates**

The RCR Classes will be created, sold and administered pursuant to an arrangement that will be classified as a grantor trust under subpart E, part I of subchapter J of the Code. The Regular Certificates that are exchanged for RCR Certificates set forth in Schedule 1 (including any exchanges effective on the Settlement Date) will be the assets of the trust, and the RCR Certificates will represent an ownership interest of the underlying Regular Certificates. For a general discussion of the federal income tax treatment of beneficial owners of Regular Certificates, see “Material Federal Income Tax Consequences” in the REMIC Prospectus.

Generally, the ownership interest represented by an RCR certificate will be one of two types. A certificate of a Strip RCR Class (a “Strip RCR Certificate”) will represent the right to receive a disproportionate part of the principal or interest payments on one or more underlying Regular Certificates. A certificate of a Combination RCR Class (a “Combination RCR Certificate”) will represent beneficial ownership of undivided interests in two or more underlying Regular Certificates. All of the RCR Certificates are Combination RCR Certificates. See “Material Federal Income Tax Consequences—Taxation of Beneficial Owners of RCR Certificates” in the REMIC Prospectus for a general discussion of the federal income tax treatment of beneficial owners of RCR Certificates.

### **PLAN OF DISTRIBUTION**

We are obligated to deliver the Certificates to J.P. Morgan Securities, Inc. (the “Dealer”) in exchange for the Underlying REMIC Certificates. The Dealer proposes to offer the Certificates directly to the public from time to time in negotiated transactions at varying prices to be determined at the time of sale. The Dealer may effect these transactions to or through other dealers.

### **LEGAL MATTERS**

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

**Group 1 Underlying RCR Certificates**

Underlying REMIC Trust	Class	Date of Issue	CUSIP Number	Interest Rate	Interest Type(1)	Final Distribution Date	Principal Type(1)	Original Principal or Notional Balance of Class	September 2008 Class Factor	Principal or Notional Balance in the Lower Tier REMIC	Approximate Weighted Average WAC	Approximate Weighted Average WAM (in months)	Approximate Weighted Average WALA (in months)
2008-017	NF	February 2008	31396YRY0	(2)	FLT	March 2038	PAC/AD	\$225,000,000	0.96114681	\$33,589,334.05	6.610%	349	10
2008-017	NS	February 2008	31396YSB9	(2)	INV/O	March 2038	NTL	225,000,000	0.96114681	33,589,334.05	6.610	349	10

(1) See “Description of the Certificates—Definitions and Abbreviations” in the REMIC Prospectus.

(2) These classes bear interest as further described in the applicable Underlying REMIC Disclosure Document.

**Group 2 Underlying RCR Certificate**

Underlying REMIC Trust	Class	Date of Issue	CUSIP Number	Interest Rate	Interest Type(1)	Final Distribution Date	Principal Type(1)	Original Principal Balance of Class	September 2008 Class Factor	Principal Balance in the Lower Tier REMIC	Approximate Weighted Average WAC	Approximate Weighted Average WAM (in months)	Approximate Weighted Average WALA (in months)
2006-056	SP	June 2006	31395NYY7	(2)	INV	July 2036	SUP	\$4,884,326	0.84899810	\$4,146,783.49	5.928%	290	60

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

(2) This class bears interest as further described in the applicable Underlying REMIC Disclosure Document.

**Group 3 Underlying REMIC Certificate**

Underlying REMIC Trust	Class	Date of Issue	CUSIP Number	Interest Rate	Interest Type(1)	Final Distribution Date	Principal Type(1)	Original Principal Balance of Class	September 2008 Class Factor	Principal Balance in the Lower Tier REMIC	Approximate Weighted Average WAC	Approximate Weighted Average WAM (in months)	Approximate Weighted Average WALA (in months)
2005-113	SA(2)	December 2005	31394VGD6	(3)	INV	April 2032	SC/SUP	\$ 8,333,334	0.54168286	\$4,514,024.19	6.512%	265	81

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

(2) The Class 2005-113-SA REMIC Certificate is backed by the following Fannie Mae REMIC certificate:

Class	Interest Type	Principal Type
2002-21-GD	FIX	SEQ

(3) This class bears interest as further described in the applicable Underlying REMIC Disclosure Document.

Note: For any pool of Mortgage Loans backing an Underlying REMIC Certificate, if a preliminary calculation indicated that the sum of the WAM and WALA for that pool exceeded the longest original term to maturity of any Mortgage Loan in the pool, the WALA used in determining the information shown in the related table was reduced as necessary to ensure that the sum of the WAM and WALA does not exceed such original term to maturity.



## Group 4 Underlying REMIC Certificates

Underlying REMIC Trust	Class	Date of Issue	CUSIP Number	Interest Rate	Interest Type(I)	Final Distribution Date	Principal Type(I)	Original Principal Balance of Class	September 2008 Class Factor	Principal Balance in the Lower Tier REMIC	Approximate Weighted Average WAC	Approximate Weighted Average WALA (in months)
2005-118	GS(2)	December 2005	31394VRK8	(3)	INV	January 2032	SC/SUP	\$11,277,151	0.91954259	\$2,482,764.99	6.493%	82
2005-118	SA(2)	December 2005	31394VRS1	(3)	INV	January 2032	SC/SUP	8,750,000	0.48276293	1,159,596.56	6.493	82
2005-118	SB(4)	December 2005	31394VSH4	(3)	INV	October 2033	SC/SUP	8,333,333	0.46617711	1,193,413.40	6.482	72

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

(2) The Class 2005-118-GS and Class 2005-118-SB REMIC Certificates are backed by the following Fannie Mae REMIC certificate:

Class	Interest Type	Principal Type
2001-81-GE	FIX	SEQ

(3) These classes bear interest as further described in the applicable Underlying REMIC Disclosure Document.

(4) The Class 2005-118-SB REMIC Certificate is backed by the following Fannie Mae REMIC certificate:

Class	Interest Type	Principal Type
2003-95-WA . . . . .	FIX	PAC

## Group 5 Underlying REMIC Certificate

Underlying REMIC Trust	Class	Date of Issue	CUSIP Number	Interest Rate	Interest Type(I)	Final Distribution Date	Principal Type(I)	Original Principal Balance of Class	September 2008 Class Factor	Principal Balance in the Lower Tier REMIC	Approximate Weighted Average WAC	Approximate Weighted Average WALA (in months)
2006-116	A	November 2006	31396LZS2	5.75%	FIX	November 2034	SEQ	\$464,000,000	0.67856211	\$212,263,883.27	6.518%	32

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

Note: For any pool of Mortgage Loans backing an Underlying REMIC Certificate, if a preliminary calculation indicated that the sum of the WAM and WALA for that pool exceeded the longest original term to maturity of any Mortgage Loan in the pool, the WALA used in determining the information shown in the related table was reduced as necessary to insure that the sum of the WAM and WALA does not exceed such original term to maturity.



## Available Recombinations(1)

REMIC Certificates		RCR Certificates						
Classes	Original Balances	RCR Classes	Original Balances	Principal Type(2)	Interest Rate	Interest Type(2)	CUSIP Number	Final Distribution Date
Recombination 1								
AK	\$212,263,883	AB	\$212,263,883	SC/PT	5.75%	FIX	31397MZG5	November 2034
AI	61,910,299(3)							
Recombination 2								
AK	212,263,883	AC	212,263,883	SC/PT	5.50	FIX	31397MZH3	November 2034
AI	53,065,970(3)							
Recombination 3								
AK	212,263,883	AD	212,263,883	SC/PT	5.25	FIX	31397MZJ9	November 2034
AI	44,221,642(3)							
Recombination 4								
AK	212,263,883	AE	212,263,883	SC/PT	5.00	FIX	31397MZK6	November 2034
AI	35,377,314(3)							
Recombination 5								
AK	212,263,883	AG	212,263,883	SC/PT	4.75	FIX	31397MZL4	November 2034
AI	26,532,985(3)							
Recombination 6								
AK	212,263,883	AH	212,263,883	SC/PT	4.50	FIX	31397MZM2	November 2034
AI	17,688,657(3)							

- (1) REMIC Certificates and RCR Certificates in any Recombination may be exchanged only in the proportions of *original* principal or notional principal balances for the related Classes shown in this Schedule 1 (disregarding any retired Classes). For example, if a particular Recombination includes two REMIC Classes and one RCR Class whose *original* principal balances shown in the schedule reflect a 1:1:2 relationship, the same 1:1:2 relationship among the *original* principal balances of those REMIC and RCR Classes must be maintained in any exchange. This is true even if, as a result of the applicable payment priority sequence, the relationship between their *current* principal balances has changed over time. Moreover, if as a result of a proposed exchange, a Certificateholder would hold a REMIC Certificate or RCR Certificate of a Class in an amount less than the applicable minimum denomination for that Class, the Certificateholder will be unable to effect the proposed exchange. See “Description of the Certificates—General—*Authorized Denominations*” in this prospectus supplement.
- (2) See “Description of the Certificates—Class Definitions and Abbreviations” in the REMIC Prospectus.
- (3) Notional balance. This Class is an Interest Only Class. See page S-7 for a description of how its notional balance is calculated.

## Principal Balance Schedule

### *Aggregate Group Targeted Balances*

<u>Distribution Date</u>	<u>Targeted Balance</u>	<u>Distribution Date</u>	<u>Targeted Balance</u>	<u>Distribution Date</u>	<u>Targeted Balance</u>
Initial Balance . . . . .	\$28,333,334.00	June 2011 . . . . .	\$17,858,681.10	March 2014 . . . . .	\$ 7,722,150.83
October 2008 . . . . .	28,131,395.15	July 2011 . . . . .	17,518,201.34	April 2014 . . . . .	7,446,105.40
November 2008 . . . . .	27,918,867.71	August 2011 . . . . .	17,180,054.83	May 2014 . . . . .	7,171,641.21
December 2008 . . . . .	27,695,856.01	September 2011 . . . . .	16,844,215.79	June 2014 . . . . .	6,898,738.32
January 2009 . . . . .	27,462,473.38	October 2011 . . . . .	16,510,658.66	July 2014 . . . . .	6,627,376.95
February 2009 . . . . .	27,218,842.01	November 2011 . . . . .	16,179,358.08	August 2014 . . . . .	6,357,537.45
March 2009 . . . . .	26,965,092.83	December 2011 . . . . .	15,850,288.87	September 2014 . . . . .	6,089,200.32
April 2009 . . . . .	26,701,378.79	January 2012 . . . . .	15,523,426.08	October 2014 . . . . .	5,822,346.21
May 2009 . . . . .	26,427,977.66	February 2012 . . . . .	15,198,744.94	November 2014 . . . . .	5,556,955.90
June 2009 . . . . .	26,145,097.74	March 2012 . . . . .	14,876,220.87	December 2014 . . . . .	5,293,010.32
July 2009 . . . . .	25,852,912.96	April 2012 . . . . .	14,555,829.52	January 2015 . . . . .	5,030,490.55
August 2009 . . . . .	25,551,589.64	May 2012 . . . . .	14,237,546.69	February 2015 . . . . .	4,769,377.79
September 2009 . . . . .	25,241,331.30	June 2012 . . . . .	13,921,348.39	March 2015 . . . . .	4,509,653.38
October 2009 . . . . .	24,922,414.35	July 2012 . . . . .	13,607,210.81	April 2015 . . . . .	4,251,298.80
November 2009 . . . . .	24,595,491.80	August 2012 . . . . .	13,295,110.36	May 2015 . . . . .	3,994,295.68
December 2009 . . . . .	24,261,853.91	September 2012 . . . . .	12,985,023.58	June 2015 . . . . .	3,738,625.74
January 2010 . . . . .	23,921,740.65	October 2012 . . . . .	12,676,927.24	July 2015 . . . . .	3,484,270.88
February 2010 . . . . .	23,575,418.12	November 2012 . . . . .	12,370,798.26	August 2015 . . . . .	3,231,213.11
March 2010 . . . . .	23,223,303.12	December 2012 . . . . .	12,066,613.77	September 2015 . . . . .	2,979,434.55
April 2010 . . . . .	22,865,627.85	January 2013 . . . . .	11,764,351.05	October 2015 . . . . .	2,728,917.47
May 2010 . . . . .	22,502,677.63	February 2013 . . . . .	11,463,987.56	November 2015 . . . . .	2,479,644.26
June 2010 . . . . .	22,135,746.64	March 2013 . . . . .	11,165,500.96	December 2015 . . . . .	2,231,597.44
July 2010 . . . . .	21,765,537.29	April 2013 . . . . .	10,868,869.06	January 2016 . . . . .	1,984,759.64
August 2010 . . . . .	21,397,629.61	May 2013 . . . . .	10,574,069.83	February 2016 . . . . .	1,739,113.62
September 2010 . . . . .	21,032,352.89	June 2013 . . . . .	10,281,081.45	March 2016 . . . . .	1,494,642.27
October 2010 . . . . .	20,669,678.96	July 2013 . . . . .	9,989,882.22	April 2016 . . . . .	1,251,328.59
November 2010 . . . . .	20,309,579.87	August 2013 . . . . .	9,700,450.64	May 2016 . . . . .	1,009,155.69
December 2010 . . . . .	19,952,027.89	September 2013 . . . . .	9,412,765.36	June 2016 . . . . .	768,106.81
January 2011 . . . . .	19,596,995.53	October 2013 . . . . .	9,126,805.19	July 2016 . . . . .	528,165.31
February 2011 . . . . .	19,244,455.52	November 2013 . . . . .	8,842,549.12	August 2016 . . . . .	289,314.64
March 2011 . . . . .	18,894,380.80	December 2013 . . . . .	8,559,976.28	September 2016 . . . . .	51,538.38
April 2011 . . . . .	18,546,744.53	January 2014 . . . . .	8,279,065.95	October 2016 and thereafter . . . . .	0.00
May 2011 . . . . .	18,201,520.10	February 2014 . . . . .	7,999,797.60		

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No one is authorized to give information or to make representations in connection with the Certificates other than the information and representations contained in this Prospectus Supplement and the additional Disclosure Documents. You must not rely on any unauthorized information or representation. This Prospectus Supplement and the additional Disclosure Documents do not constitute an offer or solicitation with regard to the Certificates if it is illegal to make such an offer or solicitation to you under state law. By delivering this Prospectus Supplement and the additional Disclosure Documents at any time, no one implies that the information contained herein or therein is correct after the date hereof or thereof.

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

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**\$259,349,798**



**Guaranteed REMIC  
Pass-Through Certificates  
Fannie Mae REMIC Trust 2008-89**

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**PROSPECTUS SUPPLEMENT**

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**JPMorgan**

**September 24, 2008**

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