STANDARD FORM MBS/DUS PROSPECTUS SUPPLEMENT

Prospectus Supplement
(To MBS Prospectus dated October 1, 1999)

FANNIE MAE

Guaranteed Mortgage Pass-Through Certificates
(Fixed-Rate Multifamily Mortgage Loans)

The Certificates

We, the Federal National Mortgage Association or Fannie Mae, will issue and guarantee the certificates. Each certificate represents an interest in a pool consisting of one or more multifamily residential mortgage loans identified in the Pool Statistics and the Schedule of Loan Information attached to this prospectus supplement.

Neither the certificates nor interest on the certificates are guaranteed by the United States, and they do not constitute a debt or obligation of the United States or any of its agencies or instrumentalities other than Fannie Mae.

You should read the MBS Prospectus as well as this prospectus supplement.

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

The Fannie Mae Guaranty

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

The Mortgage Loan Pool

- The pool number appearing in the Pool Statistics and the Schedule of Loan Information identifies each mortgage loan to which the certificates relate.
- Each mortgage loan is secured by a first lien on an apartment complex containing at least five residential units (unless the mortgage loan is secured by a subordinate lien on the related mortgaged property as disclosed on the Schedule of Loan Information.)
- Each mortgage loan bears interest at a fixed interest rate.

The date of this prospectus supplement is the issue date of the certificates specified in the Pool Statistics.

AVAILABLE INFORMATION

You should purchase the certificates only if you have read and understood this prospectus supplement, including the Pool Statistics and the Schedule of Loan Information, and the following documents (the "Disclosure Documents"):

- the Prospectus for Fannie Mae Guaranteed Mortgage Pass-Through Certificates dated October 1, 1999 (the "MBS Prospectus"); and
- our Information Statement dated March 31, 1999 and its supplements dated May 14, 1999, August 13, 1999 and November 15, 1999, and any additional supplements and any more current Information Statement (collectively, the "Information Statement").

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

Fannie Mae
Area 2H-3S
3900 Wisconsin Avenue, NW
Washington, DC 20016
(telephone 1-800-237-8627 or 202-752-6547).

Certain of the Disclosure Documents are also available on our website located at http://www.fanniemae.com.

We may discontinue providing any of the information referred to in this section at any time without notice.

ABOUT THE SCHEDULE OF LOAN INFORMATION

Each mortgage loan that backs the certificates (each, a "Mortgage Loan") was originated by an eligible mortgage lender. Each Mortgage Loan is evidenced by a promissory note (the "mortgage note") containing loan terms. Each mortgage note is secured by a security instrument (the "mortgage" or "security instrument") on a multifamily residential property consisting of five or more units (the "mortgaged property").

The Schedule of Loan Information attached to this prospectus supplement will furnish you with additional information about each Mortgage Loan that comprises the pool, including certain data and estimates ("Data") provided by the lender. You should be aware of the following caveats when you review the Data:

- We have not independently verified, and therefore cannot guaranty the accuracy of, the Data.
- The Data have not been reviewed or passed upon by an independent third party.

- We do not guarantee that the lender has the experience or qualifications to ensure that the Data are accurate.

In addition, the Data are provided by the lender as of the issue date only and, therefore, may no longer be accurate due to intervening events or conditions.

Certain terms used on the Schedule of Loan Information are defined below. These defined terms may have slightly different meanings if the Schedule of Loan Information indicates that any Mortgage Loan is a Seniors Housing Loan or a Cooperative Blanket Loan or a Subordinate Lien Mortgage Loan or that a subordinate mortgage lien is in existence on the issue date of the certificates. The definitions and other terms used in the Schedule of Loan Information are defined under the heading "Characteristics of each Mortgage Loan."

- "Debt Service Coverage Ratio" for a Mortgage Loan is the ratio of

  (a) the Net Operating Income that the lender estimates will be generated by the related mortgaged property during the 12-month period following the date of the Mortgage Loan's origination, to

  (b) the product of the amount of the monthly payment on the Mortgage Loan in effect at origination, times 12.

- "Net Operating Income" is the revenue that the lender estimates will be generated from the use and operation of the related mortgaged property (primarily estimated market rental rates and laundry facilities fees, if any) less estimated operating expenses (such as utilities, general administrative expenses, management fees, advertising, repairs and maintenance) and less estimated fixed expenses (such as insurance and real estate taxes), all calculated on an annual basis in accordance with our Multifamily Delegated Underwriting and Servicing Guide (as amended from time to time, the "DUS Guide").

- "Property Value" is the value of the related mortgaged property as reported to us by the lender, based on an appraisal or an alternative valuation method that contains a study of rent and sales comparables and an analysis of economic trends.

- "Loan-to-Value Ratio" of a Mortgage Loan is the relationship between

  (a) the principal balance of the Mortgage Loan on the issue date of the certificates and

  (b) the related Property Value,

  expressed as a percentage of the related Property Value.

In addition to any information provided in *The Bond Buyer*, we may choose to publish certain information about each Mortgage Loan from time to time through Bloomberg L.P., our website or any other information service.

CHARACTERISTICS OF EACH MORTGAGE LOAN

Each Mortgage Loan has the general characteristics specified below. Certain capitalized terms used below are defined in the MBS Prospectus.

Underwriting and Servicing

The lender originated each Mortgage Loan generally to conform to our Multifamily Delegated Underwriting and Servicing ("DUS") product line requirements, as described in the DUS Guide. In some cases, however, we may have granted a waiver in connection with certain of these requirements. Under DUS, a lender generally is authorized

- to underwrite, originate and sell loans to us,
- to service the loans, and
- to collect fees for performing these underwriting, origination and servicing functions.

In turn, lenders are required to share with us in any loss that may result if a loan becomes delinquent or experiences some other type of default. Because a lender is "at risk" for a portion of such losses, the DUS Guide grants the lender greater servicing autonomy and discretion than we ordinarily permit.

Amortization, Maturity Date and Payments

Each Mortgage Loan requires a monthly payment in an amount sufficient either (i) to pay all interest accruing on the Mortgage Loan, or (ii) to pay all interest accruing on the Mortgage Loan and to amortize the outstanding principal balance over the period specified in the related mortgage note (the "Original Amortization Term"). If either (i) the Original Amortization Term for a Mortgage Loan is not the same as the original term-to-maturity for the Mortgage Loan (indicating that the Mortgage Loan is not fully amortizing) or (ii) interest on the Mortgage Loan is calculated under the Actual/360 Method, then all unpaid principal will be payable as a balloon payment due on the stated maturity date of the mortgage note together with accrued interest.

The paragraph of the MBS Prospectus entitled "Actual/360 Multifamily Mortgage Loans" sets forth the method for calculating the balloon payment for a Mortgage Loan on which interest is calculated pursuant to the Actual/360 Method.

To find the term over which each Mortgage Loan is scheduled to amortize, you should consult the Schedule of Loan Information under the heading "Original Amortization Term."

Method for Calculation of Interest

Each Mortgage Loan provides that interest will be calculated on the basis of either the Actual/360 Method or the 30/360 Method. The Schedule of Loan Information will specify the method of calculating interest on each Mortgage Loan under the heading "Interest Basis."

Prepayment Restrictions, Early Receipt of Principal and Prepayment Premium

Prepayment or other early receipt of principal of a Mortgage Loan may affect the effective yield on the certificates. In addition, a partial early receipt of principal also may affect the amount of your monthly payment on the certificates. We guarantee that we will pay principal and interest on the certificates when due, whether or not the borrower under a Mortgage Loans pays us. We will not guarantee the payment to you of any Prepayment Premiums. We cannot estimate whether and to what extent any Mortgage Loan actually will experience future prepayment or early repayment of principal.

Voluntary partial prepayment of the Mortgage Loans is prohibited at all times. Unless the Schedule of Loan Information indicates that a Mortgage Loan is a Defeasance Mortgage Loan, a borrower may voluntarily prepay such mortgage loan in its entirety by paying a prepayment premium (the "Prepayment Premium"), equal to the greater of either (a) or (b) below. Each such Mortgage Loan has a yield maintenance period (the "Yield Maintenance Period"), during which the Prepayment Premium equals the greater of:

(a) 1% of the unpaid principal balance of such Mortgage Loan; or

(b) the greater of zero or the product obtained by multiplying (1) the unpaid principal balance of the mortgage note at the time of prepayment, times (2) the difference obtained by subtracting (i) the yield rate (the "Yield Rate"), as reported in the <u>Wall Street Journal</u> on the fifth business day preceding the date on which the borrower notifies us of its intent to prepay, on the U.S. Treasury Security with a maturity date and yield as set forth in the Schedule of Loan Information as "Security Due Date" and "U.S. Treasury Yield Rate," respectively, from (ii) the interest rate on the mortgage note, times (3) a present value factor (the "Present Value Factor") calculated using the following formula:

$$\frac{1 - (1 + r)^{-n}}{r}$$

[r= Yield Rate

n= the number of years, and any fraction thereof, remaining between the prepayment date and the end of the Yield Maintenance Period].

In the event that no Yield Rate is published for a specified U.S. Treasury Security, then the nearest equivalent U.S. Treasury Security will be selected at the lender's discretion as provided in the mortgage note.

If the amount determined in (b) above is less than 1%, we may choose, but are not required, to make the Prepayment Premium be the amount determined in (b).

After the Yield Maintenance Period and until 90 days before the maturity date of the Mortgage Loan, the Prepayment Premium for the Mortgage Loan equals 1% of the unpaid principal balance of the Mortgage Loan. During the final 90 days, the borrower may prepay the Mortgage Loan without payment of any Prepayment Premium. We may, but are not required to, waive imposition of the 1% Prepayment Premium.

See the Schedule of Loan Information for the Yield Maintenance Period for each Mortgage Loan.

During the Yield Maintenance Period, we will pay you a portion, as calculated in accordance with the formula set forth below, of the Prepayment Premium actually received by us from the servicer of a Mortgage Loan prepaid by the borrower. After the Yield Maintenance Period, we will not pay any portion of the Prepayment Premium to you.

We will calculate the share of the Prepayment Premium to be paid to you ("Your Portion") and the share of the Prepayment Premium to be held by us ("Our Portion") in the following manner:

Your Portion shall equal

(1) the unpaid principal balance of the mortgage note at the time of prepayment, times

(2) the difference obtained by subtracting the Yield Rate from the Pass-Through Rate, times

(3) the Present Value Factor.

Our Portion will equal the difference obtained by subtracting Your Portion from the total Prepayment Premium that is due and payable. We will pay you Your Portion, but only to the extent actually received by us and only to the extent available after subtracting the full amount of Our Portion.

Except as noted above, we generally will not waive or modify payment of any applicable Prepayment Premium due from the borrower under the terms of a Mortgage Loan unless an asset audit conducted in accordance with our servicing requirements determines that the Mortgage Loan is in default due to legitimate cash flow deficiencies and does not represent an attempt to avoid payment of the Prepayment Premium.

Certain states limit the amounts that a lender may collect from a borrower as an additional charge if a mortgage loan is prepaid. In addition, the enforceability of prepayment premiums in the case of an involuntary prepayment is unclear under the laws of many states. We cannot ensure whether the imposition of a Prepayment Premium is enforceable or collectible under the laws of any state or territory.

Mandatory Prepayment Without Prepayment Premium

By mandatory prepayment we mean the early receipt of all or a portion of the principal of a Mortgage Loan other than as a result of voluntary prepayment by the borrower. No Prepayment Premium will be charged if the mandatory prepayment results from receipt of casualty insurance proceeds or a condemnation award affecting the related mortgaged property. Generally, if the Mortgage Loan is not then in material default, any casualty insurance proceeds will be applied to restore or repair the mortgaged property and not to reduce the principal balance of the related Mortgage Loan, provided that in our determination: (i) there are sufficient funds to restore the mortgaged property to a satisfactory condition, (ii) rental income from the mortgaged property, after it has been restored, will be sufficient to meet all project obligations, and (iii) the repair or restoration of the mortgaged property will be completed within one year of the casualty event or before the maturity date of the Mortgage Loan, whichever occurs first.

Mandatory Prepayment With Prepayment Premium

A prepayment premium will be charged if the mandatory prepayment results from the application of collateral or other security to the repayment of all or any portion of the unpaid principal balance of the related mortgage note. The prepayment premium will be calculated and distributed in accordance with the formulas set forth above under the heading "Prepayment Restrictions, Early Receipt of Principal and Prepayment Premium", but substituting "the amount of principal being prepaid" for "the unpaid principal balance" in the formula. If a Mortgage Loan has not been accelerated, the prepayment will be a partial prepayment.

Defeasance Mortgage Loans

One or more Mortgage Loans, if so identified in the Schedule of Loan Information, may be a Defeasance Mortgage Loan. For each Defeasance Mortgage Loan, the Schedule of Loan Information will indicate whether there is a period during which the Defeasance Mortgage Loan may be prepaid. In addition, each Defeasance Mortgage Loan has a "lockout" feature during which the borrower is prohibited from making a Defeasance Election. To find this information, you should consult the Schedule of Loan Information under the headings "Prepayment Premium Option," "Lockout Period" and "Defeasance Period." Before a Defeasance Election, a Defeasance Mortgage Loan may be prepaid from the proceeds of the (i) condemnation award affecting the mortgaged property, (ii) casualty insurance (as discussed under "Characteristics of each Mortgage Loan – Mandatory Prepayment Without Prepayment Premium") or (iii) from the proceeds of collateral or other security (as discussed under "Characteristics of each Mortgage Loan-Mandatory Prepayment With Prepayment Premium").

Seniors Housing Loans

One or more Mortgage Loans, if so identified in the Schedule of Loan Information, may be secured by a mortgaged property intended to be used by elderly residents and which provides services normally associated with "independent congregate living" or "assisted living," including one to three meals each day through central dining services, weekly housekeeping and laundry (as well as, in certain cases, limited nursing or other assistance) as part of a basic service package paid for by a resident and included as a part of the rental and service income of a property (each, a "Seniors Housing Loan"). In addition to those factors that normally have an impact on the ability of multifamily borrowers to obtain and retain tenants in a particular market, the quality of those services rendered by the borrower to tenants will also have an impact on the ability of the borrower to obtain and retain tenants at satisfactory rental levels.

- For a Seniors Housing Loan, "Net Operating Income," as set forth in the Schedule of Loan Information, is the revenue that the lender estimates will be generated from the use and operation of the related mortgaged property (primarily estimated market rental rates for facilities that provide "independent congregate living" or "assisted living") less estimated operating expenses (such as utilities, food service, housekeeping, laundry, general administrative expenses, management fees, advertising, repairs and maintenance) and estimated fixed expenses (such as insurance and real estate taxes), all calculated on an annual basis in accordance with the DUS Guide. Because the rental payments include amounts attributable to compensation for those services described above, those amounts reported on the Schedule of Loan Information under "Debt Service Coverage Ratio" and "Net Operating Income" may be higher than amounts reported for properties that do not provide these additional services.

Cooperative Blanket Loans

One or more Mortgage Loans, if so identified in the Schedule of Loan Information, may be secured by a Cooperative Blanket Loan. The following special definitions apply for a Cooperative Blanket Loan:

- "Net Operating Income," as set forth in the Schedule of Loan Information, is the rental revenue that the lender estimates would be derived from the use and operation of the related mortgaged property if the property were being operated as multifamily rental property (assuming, with certain exceptions, that the units in the property would be available for rental at prevailing market rental rates), less the estimated operating expenses (such as utilities, general administrative expenses, management fees, advertising, repairs and maintenance) and estimated fixed expenses (such as insurance and real estate taxes), all calculated on an annual basis in accordance with the DUS Guide.

- "Property Value" as set forth in the Schedule of Loan Information, is the appraised value of the related mortgaged property determined as if the mortgaged property was used and operated as a multifamily rental property (assuming, with certain exceptions, that the units in the property would be available for rental at prevailing market rental rates).

Subordinate Lien Mortgage Loans

One or more Mortgage Loans, if so identified in the Schedule of Loan Information, may be secured by a subordinate lien on the related mortgaged property (each, a "Subordinate Lien Mortgage Loan"). As of the issue date for the certificates, each mortgaged property secured by a

Subordinated Lien Mortgage Loan is also encumbered by one or more higher or senior liens held by the parties identified on the Schedule of Loan Information.

Generally, an event of default on a mortgage loan senior in priority to a Subordinate Lien Mortgage Loan will trigger an event of default on the Subordinate Lien Mortgage Loan. The occurrence of this event of default allows us to declare the related Subordinate Lien Mortgage Loan due and payable in full. Any such acceleration could involve the early prepayment of the certificates and the termination of the related pool. If (i) the senior mortgage loan is paid in full before the Subordinate Lien Mortgage Loan is paid in full and (ii) the borrower obtains a new mortgage loan secured by the related mortgaged property, we may, in accordance with the requirements of the DUS Guide, subordinate the lien of the Subordinate Lien Mortgage Loan to the lien of the new mortgage loan.

The following special definitions apply for Subordinate Lien Mortgage Loans:

- "Debt Service Coverage Ratio," as set forth in the Schedule of Loan Information for a Subordinate Lien Mortgage Loan, is the ratio of

    (a) the Net Operating Income that the lender estimates will be generated by the related mortgaged property during the 12-month period following the date of origination of the Subordinate Lien Mortgage Loan, to

    (b) the sum of the combined monthly payments on the senior Mortgage Loan and the Subordinate Lien Mortgage Loan as of the issue date of the certificates, times 12.

- "Loan-to-Value Ratio," as set forth in the Schedule of Loan Information for a Subordinate Lien Mortgage Loan, is the relationship between

    (a) the sum of the principal balances of the senior Mortgage Loan and the Subordinate Lien Mortgage Loan as of the issue date of the certificates, and

    (b) the related Property Value,

  expressed as a percentage of such Property Value.

Multifamily Affordable Housing

One or more Mortgage Loans, if so identified in the Schedule of Loan Information, may be a "Multifamily Affordable Housing Mortgage Loan" because the mortgaged property meets the requirement of the DUS Guide for Multifamily Affordable Housing:

(i) at least 20 percent of all units have restricted rents affordable to households earning no more than 50 percent of area median income as adjusted for family size, or

(ii) at least 40 percent of all units have restricted rents affordable to households earning no more than 60 percent of area median income as adjusted for family size.

Mortgaged properties securing Multifamily Affordable Housing Mortgage Loans are generally encumbered by restrictive covenants, regulatory agreements or ground leases that impose tenant income, occupancy and/or rent restrictions. The related mortgage generally provides that a breach of a restrictive covenant, regulatory agreement or ground lease constitutes an event of default under the mortgage. The occurrence of an event of default would entitle us to declare the entire unpaid principal balance of the related Multifamily Affordable Housing Mortgage Loan due and payable. If we did so, and the entire unpaid principal balance were paid in full, you would receive an early distribution of principal from the related Multifamily Affordable Housing Mortgage Loan. As a result, if there is only one Multifamily Affordable Housing Mortgage Loan in the pool, and the entire unpaid principal balance were paid in full, this would cause the termination of the pool and distribution of the proceeds to certificateholders.

We make no representation regarding the suitability of certificates backed by Multifamily Affordable Housing Mortgage Loans as investments in satisfaction of requirements imposed on certain banking institutions by the Community Reinvestment Act of 1977, as amended (the "CRA"). You should consult with your regulatory advisors to determine whether such certificates may be suitable investments for purposes of the CRA.

Assumption of a Mortgage Loan

Although the MBS Prospectus states that our general policy is to require the acceleration of a Mortgage Loan upon certain transfers of the related mortgaged property, we do not apply that policy to certain permitted property transfers or to certain sales or transfers of interests in the borrower. One type of permitted property transfer involves the payment to us of a transfer fee equal to 1% of the outstanding principal balance of a Mortgage Loan and the execution of an assumption agreement by a transferee that meets our customary standards of creditworthiness and management ability. If we do receive any transfer fee in connection with a transfer of a mortgaged property related to a Mortgage Loan, you will not be entitled to any portion of the transfer fee. This paragraph does not apply to assumptions by a Successor Borrower in connection with a Defeasance Election.

Further Encumbrance of Mortgaged Property

A mortgaged property may be further encumbered from time to time by a subordinate mortgage lien if permitted under the terms of the DUS Guide. Generally, an event of default under a subordinate lien mortgage loan (a) would trigger an event of default under the related Mortgage Loan and (b) may entitle the holder of the subordinate mortgage lien to foreclose upon the mortgaged property and sell the mortgaged property subject to the Mortgage Loan. In this event, we would be entitled to declare the entire unpaid principal balance of the Mortgage Loan due and payable. If we did so, and the entire unpaid principal balance were paid in full, you would receive an early distribution of principal from that Mortgage Loan. As a result, if there is only one Mortgage Loan in the pool, and the entire unpaid principal balance were paid in full, this would cause the termination of the pool and distribution of the proceeds to the certificateholders.

The following special definitions apply if one or more subordinate mortgage liens are in existence on the issue date of the certificates:

- “Debt Service Coverage Ratio,” for a Mortgage Loan as set forth in the Schedule of Loan Information for each Mortgage Loan, is the ratio of

  (a) the Net Operating Income that the lender estimates will be generated by the related mortgaged property during the 12-month period following the date of origination of the Mortgage Loan’s origination, to

  (b) the sum of the combined monthly payments on the senior Mortgage Loan and such subordinate mortgage lien as of the issue date of the certificates, times 12.

- “Loan-to-Value Ratio,” as set forth in the Schedule of Loan Information for each Mortgage Loan, is the relationship between

  (a) the sum of the principal balance of the senior Mortgage Loan and the subordinate mortgage loan as of the issue date of the certificates, and

  (b) the related Property Value,

expressed as a percentage of such Property Value.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

Certain federal income tax consequences of the ownership of certificates are described in the MBS Prospectus. The IRS rulings described on page 48 of the MBS Prospectus and listed as Paragraphs 1 and 2 under the heading “Certain Federal Income Tax Consequences-Special Tax Attributes” do not apply to a Mortgage Loan to the extent that its principal amount exceeds the value of the real property securing it. The definition of “real property” is based on state law for purposes of the ruling described in Paragraph 1, and on federal income tax law for purposes of the ruling described in Paragraph 2. We believe that the fair market value of the real property securing each Mortgage Loan exceeds the principal balance of that Mortgage Loan as of the issue date of the certificates based on the lender’s representation to us that each Mortgage Loan complied with the DUS Guide’s requirements with respect to Property Value and Loan-to-Value Ratio. The principal security for each Mortgage Loan is a first lien (or, in the case of a Subordinate Lien Mortgage Loan, a subordinate lien) on real property consisting of a multifamily rental property (or, in the case of Cooperative Blanket Loans, a first lien on real property consisting of a multifamily property owned by a cooperative housing corporation). However, each Mortgage Loan is also secured by a security interest in related tangible personal property (e.g., equipment and furniture) and in related intangible personal property such as rents and revenues, insurance proceeds, condemnation awards or settlements, contract rights, deposits, permits, accounts, licenses, and so forth. With respect to Defeasance Mortgage Loans, see the description in the MBS Prospectus under “Certain Federal Income Tax Consequences--Defeasance Mortgage Loans” of certain federal income tax consequences of ownership of certificates which arise as a result of a Defeasance Election.

4-25-00