# FORM 4

#### Check this box if no longer П subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

(Print or Type Responses)

## UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

#### STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

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1. Name and Address of Reporti	ing Person*		2. Issuer Name and Ticker or Trading Symbol	5. Relationship of Reporting Person(s) to Issuer			
WILLIAMS	MICHAEL	J.	FEDERAL NATIONAL MORTGAGE FNM ASSOCIATION (FANNIE MAE)	(Check all applicable) Director 10% Owner			
(Last) 3900 wisconsin avenue,	(First)	(Middle)	<ol> <li>Date of Earliest Transaction (Month/Day/Year) 08/22/2006</li> </ol>	x     Officer (give title below)     Other (specify below)       EVP & COO     Other (specify below)			
(Street) WASHINGTON	DC	20016	4. If Amendment, Date Original Filed (Month/Day/Year)	6. Individual or Joint/Group Filing (Check applicable)           x         Form filed by One Reporting Person           Form filed by More than One Reporting Person			
(City)	(State)	(Zip)	Table I Non-Derivative Securities Benef	ficially Owned			

1. Title of Security (Instr. 3)	2. Trans- action Date	2A. Deemed Execution Date, if any	3. Trans- action Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following	6. Owner- ship Form: Direct (D) or	7. Nature of Indirect Beneficial Owner- ship
	(Month/ Day/ Year)	(Month/ Day/ Year)	Code	V	Amount	(A) or (D)	Price	Reported Transaction(s) (Instr. 3 and 4)	Indirect (I) (Instr. 4)	(Instr. 4)
Common Stock	08/22/2006		G	V	700 (1)	D	\$0.00	151392.365 (2)(3)(4)	D	
Common Stock								846.747 ( <b>4</b> )	I	By ESOP
Common Stock								6000	I	By Spouse
Common Stock								700	1	By Reporting Person as UGMA custodian for daughter
Common Stock								700	1	By Reporting Person as UGMA custodian for daughter

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly

\* If the form is filed by more than one reporting person, see Instructions 4(b)(v).

Persons who respond to the collection of the information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

#### FORM 4 (continued)

#### Table II -- Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conver- sion or Exercise Price of Deri- vative Security	3. Trans- action Date (Month/ Day/ Year)	3A. Deemed Exec- ution Date, if any (Month/ Day/ Year)	4. Trans- action Code (Instr. 8)		5. Number of Deriv- ative Securities Ac- quired (A) or Dis- posed of (D) (Instr. 3, 4 and 5)		6. Date Exer- cisable and Expiration Date (Month/Day/ Year)		<ol> <li>Title and Amount of Underlying Secur- ities (Instr. 3 and 4)</li> </ol>		8. Price of Deriv- ative Secur- ity (Instr. 5)	9. Number of deriv- ative Secur- ities Bene- ficially Owned Follow-	10. Owner- ship Form of Deriv- ative Security: Direct (D) or Indirect	11. Nature of Indirect Benefi- cial Ownership (Instr. 4)
				Code	v	(A)	(D)	Date Exer- cisable	Expira- tion Date	Title	Amount or Number of Shares		ing Reported Trans- action(s) (Instr. 4)	(I) (Instr. 4)	

Explanation of Responses:

See attached footnote page.

**	Intentional misstatements or omissions of facts constitute Federal Criminal Violation	ns.
	see 18 U.S.C. 1001 and 15 U.S.C. 78ff(a)	

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

/s/ Michael J. Williams 08/23/2006

\*\* Signature of Reporting Person

Date

FORM 4 (continued)	FOOTNOTES						
1	The reported transaction represents a charitable gift by the reporting person.						
2	Under Fannie Mae's Performance Share Program, as a member of Fannie Mae's senior management, the reporting person has previously received awards that entitle the reporting person to receive shares of Fannie Mae common stock in an amount based upon and subject to Fannie Mae's meeting corporate performance objectives over three-year periods. Generally, Fannie Mae's Compensation Committee determines in January of the year following completion of the cycle the number of shares of common stock each awardee is entitled to receive, and the shares are paid out in two equal annual installments beginning that January. (Footnote 2 is continued in 3 below.)						
3	For the three-year performance cycle completed in 2003, the reporting person was determined in January 2004 to be entitled to receive 23,850 shares, of which the reporting person received 11,925 shares in accordance with the program and the balance was scheduled to be received in January 2005. As previously announced, Fannie Mae's Board of Directors and Compensation Committee have determined to defer payment of unpaid performance shares for the performance cycle completed in 2003 until reliable financial data for the relevant period are available. As a result, 11,925 shares scheduled to be issued to the reporting person in January 2005 have not yet been issued. These shares are included in the reporting person's total holdings above.						
4	End of period holdings include additional shares acquired from the reinvestment of dividends in issuer's Dividend Reinvestment Plan and in the ESOP through May 25, 2006.						

### **BOWNEFILE16**\*