

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **January 21, 2005**

Federal National Mortgage Association
(Exact name of registrant as specified in its charter)

Fannie Mae

Federally chartered corporation
(State or other jurisdiction
of incorporation)

000-50231
(Commission
File Number)

52-0883107
(IRS Employer
Identification Number)

3900 Wisconsin Avenue, NW
Washington, DC
(Address of principal executive offices)

20016
(Zip Code)

Registrant's telephone number, including area code: 202-752-7000

(Former Name or Former Address, if Changed Since Last Report): _____

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 7.01. Regulation FD Disclosure.

On January 18, 2005, Fannie Mae (formally, the Federal National Mortgage Association) announced that its board of directors approved dividends on the company's common stock and preferred stock. The announcement indicated that the board of directors decided to reduce the first quarter common stock dividend by 50 percent in order to increase in the company's capital. The announcement, a copy of which is furnished as Exhibit 99.1 to this report, is incorporated herein by reference.

On January 21, 2005, Fannie Mae issued its monthly financial summary release for the month of December 2004. The summary, a copy of which is furnished as Exhibit 99.2 to this report, is incorporated herein by reference.

The information in this item, including the exhibits submitted herewith, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any disclosure document of Fannie Mae, except as shall be expressly set forth by specific reference in such document.

Item 9.01. Financial Statements and Exhibits.

(c) *Exhibits.* The exhibit index filed herewith is incorporated herein by reference.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

By: /s/ David C. Hisey
David C. Hisey
Senior Vice President, Financial Controls and
Operations

Date: January 24, 2005

EXHIBIT INDEX

The following exhibits are submitted herewith:

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
99.1	January 18, 2005 news release regarding common and preferred stock dividends.
99.2	Monthly summary release for December 2004 issued by Fannie Mae on January 21, 2005.

Media Hotline: 1-888-326-6694

Consumer Resource Center: 1-800-732-6643

Contact: Chuck Greener
202-752-2616

Janis Smith
202-752-6673

Number: 3430

Date: January 18, 2005

Fannie Mae Announces Reduction in First Quarter Common Stock Dividend as Company Builds Capital

WASHINGTON, DC — The Board of Directors of Fannie Mae (FNM/NYSE) today declared its first quarter dividend on the company's common stock of twenty-six cents (\$0.26) per share and dividends on the company's preferred stock in accordance with the terms of the stock. The Board decided to reduce the first quarter common stock dividend by 50 percent in order to accelerate an increase in the company's capital. The Office of Federal Housing Enterprise Oversight (OFHEO) has approved payment of these dividends.

"The Board of Directors believes that this is a prudent and responsible action to take as the company moves expeditiously to increase its capital," said Stephen Ashley, non-executive chairman of the Fannie Mae Board of Directors. Fannie Mae has submitted a capital restoration plan to OFHEO for its review and approval and is working with OFHEO to address any comments or concerns. "We look forward to continue working with OFHEO to attain the capital restoration plan," Ashley added. Reducing the common stock dividend will contribute toward building Fannie Mae's capital to a 30 percent surplus over its minimum capital requirement.

On December 21, 2004, OFHEO classified Fannie Mae as significantly undercapitalized as of September 30, 2004, which requires the Director of OFHEO's approval before the payment of any dividend on Fannie Mae's capital stock. The Board will continue to assess dividend payments for each quarter, and OFHEO has indicated that it will continue to review dividend payment requests for each quarter based upon the facts and conditions existing at the time.

The dividend payments declared by the Board are as follows:

- a dividend on its outstanding common stock of \$0.26 per share;
- a dividend on its outstanding preferred stock, Series D, of \$0.65625 per share;
- a dividend on its outstanding preferred stock, Series E, of \$0.63750 per share;

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First Quarter Common Stock Dividend
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- a dividend on its outstanding preferred stock, Series F, of \$0.1713 per share;
- a dividend on its outstanding preferred stock, Series G, of \$0.2938 per share;
- a dividend on its outstanding preferred stock, Series H, of \$0.7263 per share;
- a dividend on its outstanding preferred stock, Series I, of \$0.6719 per share;
- a dividend on its outstanding preferred stock, Series J, of \$0.5895 per share;
- a dividend on its outstanding preferred stock, Series L, of \$0.6406 per share;
- a dividend on its outstanding preferred stock, Series M, of \$0.5938 per share;
- a dividend on its outstanding preferred stock, Series N, of \$0.6875 per share;
- a dividend on its outstanding preferred stock, Series O, of \$0.8847 per share; and
- a dividend on its outstanding Convertible Series 2004-1 preferred stock, of \$1,358.68 per share.

The dividend payment on the common stock will be made to registered holders of common stock as shown on the books of the corporation at the close of business on January 31, 2005, to be payable on February 25, 2005. The preferred stock dividends were declared in accordance with their respective Certificate of Designation of Terms, all of which are available on the company's Web site, www.fanniemae.com.

A dividend of \$0.65625 per share will be paid to the registered holders of preferred stock, Series D, as shown on the books of the corporation at the close of business on March 15, 2005, that is outstanding at the close of business on March 15, 2005, for the period from and including December 31, 2004, to but excluding March 31, 2005, to be payable on March 31, 2005.

A dividend of \$0.63750 per share will be paid to the registered holders of preferred stock, Series E, as shown on the books of the corporation at the close of business on March 15, 2005, that is outstanding at the close of business on March 15, 2005, for the period from and including December 31, 2004, to but excluding March 31, 2005, to be payable on March 31, 2005.

A dividend of \$0.1713 per share will be paid to the registered holders of preferred stock, Series F, as shown on the books of the corporation at the close of business on March 15, 2005, that is outstanding at the close of business on March 15, 2005, for the period from and including December 31, 2004, to but excluding March 31, 2005, to be payable on March 31, 2005.

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**First Quarter Common Stock Dividend
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A dividend of \$0.2938 per share will be paid to the registered holders of preferred stock, Series G, as shown on the books of the corporation at the close of business on March 15, 2005, that is outstanding at the close of business on March 15, 2005, for the period from and including December 31, 2004, to but excluding March 31, 2005, to be payable on March 31, 2005.

A dividend of \$0.7263 per share will be paid to the registered holders of preferred stock, Series H, as shown on the books of the corporation at the close of business on March 15, 2005, that is outstanding at the close of business on March 15, 2005, for the period from and including December 31, 2004, to but excluding March 31, 2005, to be payable on March 31, 2005.

A dividend of \$0.6719 per share will be paid to the registered holders of preferred stock, Series I, as shown on the books of the corporation at the close of business on March 15, 2005, that is outstanding at the close of business on March 15, 2005, for the period from and including December 31, 2004, to but excluding March 31, 2005, to be payable on March 31, 2005.

A dividend of \$0.5895 per share will be paid to the registered holders of preferred stock, Series J, as shown on the books of the corporation at the close of business on March 15, 2005, that is outstanding at the close of business on March 15, 2005, for the period from and including December 31, 2004, to but excluding March 31, 2005, to be payable on March 31, 2005.

In accordance with the terms of our preferred stock, Series K, on March 18, 2005, the dividend rate for Series K preferred stock will be replaced by the applicable 2-year swap rate plus 1.33 percent. The dividend for the period from and including December 31, 2004, to but excluding March 31, 2005, is therefore subject to the approval of our Board of Directors after the new rate is determined but before the payment date on March 31, 2005.

A dividend of \$0.6406 per share will be paid to the registered holders of preferred stock, Series L, as shown on the books of the corporation at the close of business on March 15, 2005, that is outstanding at the close of business on March 15, 2005, for the period from and including December 31, 2004, to but excluding March 31, 2005, to be payable on March 31, 2005.

(more)

**First Quarter Common Stock Dividend
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A dividend of \$0.5938 per share will be paid to the registered holders of preferred stock, Series M, as shown on the books of the corporation at the close of business on March 15, 2005, that is outstanding at the close of business on March 15, 2005, for the period from and including December 31, 2004, to but excluding March 31, 2005, to be payable on March 31, 2005.

A dividend of \$0.6875 per share will be paid to the registered holders of preferred stock, Series N, as shown on the books of the corporation at the close of business on March 15, 2005, that is outstanding at the close of business on March 15, 2005, for the period from and including December 31, 2004, to but excluding March 31, 2005, to be payable on March 31, 2005.

A dividend of \$0.8847 per share will be paid to the registered holders of preferred stock, Series O, as shown on the books of the corporation at the close of business on March 15, 2005, that is outstanding at the close of business on March 15, 2005, for the period from and including December 30, 2004, to but excluding March 31, 2005, to be payable on March 31, 2005.

A dividend of \$1,358.68 per share will be paid to the registered holders of Convertible Series 2004-1 preferred stock, as shown on the books of the corporation at the close of business on March 15, 2005, that is outstanding at the close of business on March 15, 2005, for the period from and including December 30, 2004, to but excluding March 31, 2005, to be payable on March 31, 2005.

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Fannie Mae is a New York Stock Exchange company and the largest non-bank financial services company in the world. It operates pursuant to a federal charter and is the nation's largest source of financing for home mortgages. Fannie Mae has pledged through its "American Dream Commitment" to expand access to homeownership for millions of first-time home buyers; help raise the minority homeownership rate to 55 percent; make homeownership and rental housing a success for millions of families at risk of losing their homes; and expand the supply of affordable housing where it is needed most. Since 1968, Fannie Mae has provided \$6.3 trillion of mortgage financing for 63 million families. More information about Fannie Mae can be found on the Internet at <http://www.fanniemae.com>.

Style Usage: Fannie Mae's Board of Directors has authorized the company to operate as "Fannie Mae," and the company's stock is now listed on the NYSE as "FNM." In order to facilitate clarity and avoid confusion, news organizations are asked to refer to the company exclusively as "Fannie Mae."

**FANNIE MAE
MONTHLY SUMMARY**

December 2004

HIGHLIGHTS FOR DECEMBER INCLUDE:

- Total business volume was \$50.7 billion in December, compared with \$52.7 billion the previous month.
- Outstanding MBS grew at an 8.5 percent annualized rate in December. The growth rate for the year was 7.9 percent.
- The mortgage portfolio declined at a 10.1 percent annualized rate in December. It grew at an annualized rate of 0.7 percent for the year.
- Retained commitments were \$9.3 billion in December compared with \$11.9 billion the previous month.
- December mortgage portfolio purchases were \$13.0 billion, compared with \$19.1 billion in November.
- The conventional single-family delinquency rate rose two basis points to 0.64 percent in November. The multifamily delinquency rate fell two basis points to 0.10 percent.
- The duration gap on Fannie Mae's mortgage portfolio averaged a minus one month in December, for the second consecutive month.

MORTGAGE MARKET HIGHLIGHTS

- Total single-family mortgage originations were \$2.8 trillion in 2004 down from a record \$3.8 trillion in 2003.



BUSINESS BALANCES AND GROWTH (\$ in Millions) 1/

	Mortgage Portfolio, Gross 2/		Outstanding MBS 3/		Book of Business	
	End Balance	Growth Rate 4/	End Balance	Growth Rate 4/	End Balance	Growth Rate 4/
Full year 2003	\$898,445	13.1%	\$1,300,166	26.3%	\$2,198,611	20.6%
January 2004	\$886,730	(14.6%)	\$1,318,711	18.5%	\$2,205,441	3.8%
February 2004	882,124	(6.1%)	1,335,714	16.6%	2,217,838	7.0%
March 2004	880,911	(1.6%)	1,345,892	9.5%	2,226,803	5.0%
April 2004	880,481	(0.6%)	1,353,399	6.9%	2,233,880	3.9%
May 2004	878,386	(2.8%)	1,354,160	0.7%	2,232,546	(0.7%)
June 2004	891,210	19.0%	1,360,045	5.3%	2,251,255	10.5%
July 2004	892,724	2.1%	1,363,317	2.9%	2,256,041	2.6%
August 2004	895,428	3.7%	1,368,918	5.0%	2,264,345	4.5%
September 2004	904,543	12.9%	1,377,680	8.0%	2,282,223	9.9%
October 2004	913,246	12.2%	1,386,272	7.7%	2,299,518	9.5%
November 2004	912,608	(0.8%)	1,393,205	6.2%	2,305,813	3.3%
December 2004	904,555	(10.1%)	1,402,761	8.5%	2,307,316	0.8%
Full year 2004	\$904,555	0.7%	\$1,402,761	7.9%	\$2,307,316	4.9%

BUSINESS VOLUMES (\$ in Millions) 1/

	MBS						
	Single-family Issues	Multifamily Issues	Total Lender-originated Issues 5/	Fannie Mae MBS Purchases 6/	MBS Issues Acquired by Others	Portfolio Purchases	Business Volume
Full year 2003	\$1,175,599	\$23,018	\$1,198,617	\$348,413	\$850,204	\$572,852	\$1,423,056
January 2004	\$ 44,289	\$ 505	\$ 44,794	\$ 268	\$ 44,527	\$ 8,573	\$ 53,100
February 2004	38,605	200	38,804	181	38,624	12,170	50,794
March 2004	44,345	1,019	45,365	6,507	38,858	20,260	59,118
April 2004	56,117	424	56,541	10,198	46,344	27,448	73,792
May 2004	57,629	931	58,559	10,670	47,889	26,686	74,575
June 2004	52,981	711	53,692	13,330	40,362	37,164	77,526
July 2004	38,719	916	39,636	5,676	33,960	21,618	55,578
August 2004	34,685	276	34,961	4,676	30,285	21,787	52,072
September 2004	40,647	224	40,870	5,074	35,796	27,661	63,457
October 2004	37,594	694	38,289	3,665	34,623	27,142	61,766
November 2004	35,739	520	36,259	2,717	33,542	19,121	52,662
December 2004	38,941	434	39,375	1,642	37,732	13,016	50,748
Full year 2004	\$ 520,292	\$ 6,854	\$ 527,146	\$ 64,604	\$462,542	\$262,647	\$ 725,189

MORTGAGE PORTFOLIO COMMITMENTS, PURCHASES, AND SALES (\$ in Millions) 1/

	Retained Commitments	Purchases			Net Yield 7/	Mortgage Portfolio Sales
		Single-family	Multifamily	Total Purchases		
Full year 2003	\$489,073	\$559,669	\$13,183	\$572,852	5.00%	\$13,727
January 2004	\$ 11,696	\$ 7,996	\$ 577	\$ 8,573	4.77%	\$ 2,025
February 2004	12,576	11,834	337	12,170	3.68%	1,326
March 2004	29,411	19,406	854	20,260	4.53%	1,023
April 2004	28,860	25,997	1,451	27,448	4.37%	1,583
May 2004	28,389	25,461	1,226	26,686	4.55%	885
June 2004	29,668	34,775	2,389	37,164	4.44%	1,695
July 2004	19,504	20,667	950	21,618	4.44%	681
August 2004	24,683	20,747	1,040	21,787	4.14%	1,932
September 2004	30,783	24,193	3,468	27,661	3.61%	1,195
October 2004	19,356	23,109	4,034	27,142	3.59%	941
November 2004	11,887	16,634	2,486	19,121	4.16%	1,511
December 2004	9,330	10,980	2,036	13,016	4.71%	1,653
Full year 2004	\$256,144	\$241,800	\$20,848	\$262,647	4.22%	\$16,449

1/ Represents unpaid principal balance.

2/ Excludes mark-to-market adjustments, deferred balances and allowance for losses. Includes \$493 billion of Fannie Mae MBS as of December 31, 2004.

3/ MBS held by investors other than Fannie Mae's portfolio.

4/ Growth rates are compounded.

5/ Excludes MBS issued from Fannie Mae's portfolio, which was \$1,346 million in December 2004.

6/ Included in total portfolio purchases.

7/ Yields shown on a taxable-equivalent basis.

Numbers may not foot due to rounding.

	LIQUIDATIONS (\$ in Millions) 1/				DELINQUENCY RATES			
	Mortgage Portfolio Liquidations		Outstanding MBS Liquidations		Single-family Conventional 2/			Multifamily
	Amount	Annual Rate	Amount	Annual Rate	Non-Credit	Credit	Total 5/	Total 6/
					Enhancement 3/	Enhancement 4/		
January 2004	\$ 18,274	24.57%	\$ 27,717	25.40%	0.31%	1.70%	0.61%	0.24%
February 2004	15,419	20.92%	22,948	20.75%	0.31%	1.70%	0.61%	0.24%
March 2004	20,444	27.83%	29,702	26.58%	0.30%	1.62%	0.58%	0.17%
April 2004	26,086	35.54%	40,419	35.94%	0.29%	1.58%	0.56%	0.16%
May 2004	27,917	38.09%	48,013	42.56%	0.29%	1.61%	0.57%	0.14%
June 2004	22,783	30.90%	36,063	31.89%	0.29%	1.62%	0.57%	0.14%
July 2004	19,467	26.19%	31,363	27.64%	0.29%	1.65%	0.57%	0.13%
August 2004	17,179	23.06%	26,442	23.23%	0.30%	1.67%	0.58%	0.13%
September 2004	17,361	23.15%	27,168	23.74%	0.30%	1.72%	0.59%	0.12%
October 2004	17,529	23.14%	26,970	23.42%	0.32%	1.77%	0.62%	0.12%
November 2004	18,295	24.05%	28,104	24.27%	0.33%	1.84%	0.64%	0.10%
December 2004	19,449	25.69%	29,779	25.56%				
Full year 2004	\$240,201	26.87%	\$374,688	27.58%				

AVERAGE INVESTMENT BALANCES (\$ in Millions)

	Net Mortgages	Liquid Investments	Total Net Investments
January 2004	\$888,908	\$68,830	\$957,738
February 2004	883,892	63,749	947,641
March 2004	876,205	66,996	943,201
April 2004	870,446	75,787	946,232
May 2004	866,855	82,711	949,567
June 2004	873,386	71,698	945,084
July 2004	883,135	63,078	946,213
August 2004	887,471	64,853	952,324
September 2004	895,590	69,256	964,846
October 2004	903,065	61,445	964,510
November 2004	907,233	62,836	970,069
December 2004	904,200	58,877	963,077
YTD 2004	\$886,699	\$67,510	\$954,208

INTEREST RATE RISK DISCLOSURE*

	Effective Duration Gap 7/ (in months)
January 2004	-1
February 2004	-1
March 2004	0
April 2004	3
May 2004	3
June 2004	2
July 2004	0
August 2004	-2
September 2004	-2
October 2004	0
November 2004	-1
December 2004	-1

* Note: Fannie Mae's monthly summary excludes net interest income at risk information. On December 15, 2004, the Office of the Chief Accountant of the Securities and Exchange Commission (the "SEC") issued a statement (the "Statement") regarding a review of certain accounting issues relating to Fannie Mae, including a determination by the SEC that Fannie Mae should restate its financial statements to eliminate the use of hedge accounting. The restatement will affect Fannie Mae's net interest income at risk information. On December 16, 2004, Fannie Mae filed a Current Report on Form 8-K with the SEC that includes a copy of the Statement.

1/ Represents unpaid principal balance.

2/ Includes conventional loans three or more months delinquent or in foreclosure process as a percent of the number of loans.

3/ Loans without primary mortgage insurance or any credit enhancements.

4/ Loans with primary mortgage insurance and other credit enhancements.

5/ Total of single-family non-credit enhanced and credit enhanced loans.

6/ Includes loans and securities 60 days or more past due and is calculated based on mortgage credit book of business.

7/ The duration gap is a weighted average for the month.

Numbers may not foot due to rounding.

The information presented in this report is unaudited and includes, in the opinion of management, all adjustments (consisting of normally recurring accruals) necessary for a fair presentation. Fannie Mae has announced that its previously issued financial statements and information should no longer be relied upon in light of the SEC's determination that the financial statements were prepared applying accounting practices that did not comply with generally accepted accounting principles, or GAAP. Fannie Mae has also announced that it will restate its previously issued financial statements and that its audit committee has approved the engagement of new auditors to serve as Fannie Mae's independent auditors for 2001 through 2004. It is possible that the re-audit and restatement of Fannie Mae's financial statements may result in changes to

some of the information in this report.

For more information about the restatement and the reaudit, please see the Form 8-Ks Fannie Mae filed with the SEC on December 22, 2004 and January 4, 2005. For more information regarding Fannie Mae, please visit www.fanniemae.com or contact us at (202) 752-7115.