

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): **September 17, 2004**

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

**Fannie Mae**

**Federally chartered corporation**  
(State or other jurisdiction  
of incorporation)

**0-50231**  
(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 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.***

On September 17, 2004, Anne Mulcahy resigned from the Board of Directors of Fannie Mae (formally, the Federal National Mortgage Association), effective October 19, 2004.

***Item 7.01. Regulation FD Disclosure.***

On September 20, 2004, Fannie Mae issued its monthly financial summary release and voluntary initiatives disclosure for the month of August 2004. The summary and voluntary initiatives disclosure, copies of which are furnished as Exhibit 99.1 to this report, are incorporated herein by reference.

The information in this item, including the exhibit 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.

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/ Leanne G. Spencer  
Leanne G. Spencer  
Senior Vice President and Controller

Date: September 21, 2004

EXHIBIT INDEX

The following exhibit is furnished herewith.

**Exhibit Number**

**Description of Exhibit**

99.1

Monthly summary release and voluntary initiatives disclosure for August 2004 issued by Fannie Mae on September 20, 2004.

**FANNIE MAE  
MONTHLY SUMMARY****August 2004**

Fannie Mae's summary of monthly business volumes, delinquency rates, and interest rate risk measures reflect the company's continued record of disciplined growth.

Because of increased levels of actual and anticipated variability in performance measures on a month-to-month and quarter-to-quarter basis, management believes that it is important to view these measures on a year-to-date basis, and in the context of our longer-term outlook.

**HIGHLIGHTS FOR AUGUST INCLUDE:**

- The mortgage portfolio grew at a 3.7 percent annual rate in August, driven by moderate portfolio purchases and slightly lower liquidations.
- Outstanding MBS grew at a 5.0 percent annual rate in August compared with 2.9 percent in July.
- August mortgage portfolio purchases rose slightly to \$21.8 billion. Retained commitments rose to \$24.7 billion from \$19.5 billion in July.
- Fannie Mae's book of business grew at an annual rate of 4.5 percent in August.
- The duration gap on Fannie Mae's mortgage portfolio averaged a negative two months in August.
- The conventional single-family delinquency rate remained stable at 0.57 percent in July, while the multifamily delinquency rate fell one basis point to 0.13 percent.

**MORTGAGE MARKET HIGHLIGHTS:**

- Total residential mortgage debt outstanding grew at a compound annual rate of 12.4 percent during the second quarter of 2004. This was the 9<sup>th</sup> consecutive quarter during which total residential MDO grew by at least 10 percent.



**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/
September 2003	\$917,131	100.5%	\$1,211,079	(14.6%)	\$2,128,210	22.5%
October 2003	912,665	(5.7%)	1,239,925	32.6%	2,152,590	14.6%
November 2003	906,387	(7.9%)	1,264,673	26.8%	2,171,060	10.8%
December 2003	898,445	(10.0%)	1,300,166	39.4%	2,198,611	16.3%
<b>Full year 2003</b>	<b>\$898,445</b>	<b>13.1%</b>	<b>\$1,300,166</b>	<b>26.3%</b>	<b>\$2,198,611</b>	<b>20.6%</b>
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	(.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	(.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%
<b>YTD 2004</b>	<b>\$895,428</b>	<b>(.5%)</b>	<b>\$1,368,918</b>	<b>8.0%</b>	<b>\$2,264,345</b>	<b>4.5%</b>

**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
September 2003	\$ 116,105	\$ 4,192	\$ 120,297	\$ 73,504	\$ 46,793	\$ 98,804	\$ 145,597
October 2003	78,765	3,009	81,774	9,110	72,664	27,609	100,273
November 2003	56,840	3,657	60,497	2,888	57,609	17,596	75,205
December 2003	56,598	4,265	60,863	1,226	59,637	13,775	73,412
<b>Full year 2003</b>	<b>\$1,175,599</b>	<b>\$23,018</b>	<b>\$1,198,617</b>	<b>\$348,413</b>	<b>\$850,204</b>	<b>\$572,852</b>	<b>\$1,423,056</b>
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
<b>YTD 2004</b>	<b>\$ 367,370</b>	<b>\$ 4,982</b>	<b>\$ 372,353</b>	<b>\$ 51,505</b>	<b>\$320,848</b>	<b>\$175,708</b>	<b>\$ 496,557</b>

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

	Retained Commitments	Purchases			Net Yield 7/	Mortgage Portfolio Sales
		Single-family	Multifamily	Total Purchases		
September 2003	\$ 27,961	\$ 97,693	\$ 1,111	\$ 98,804	4.85%	\$ 581
October 2003	12,313	26,353	1,256	27,609	4.98%	1,227
November 2003	13,104	16,540	1,056	17,596	4.20%	1,452
December 2003	8,057	12,249	1,526	13,775	4.96%	2,875
<b>Full year 2003</b>	<b>\$489,073</b>	<b>\$559,669</b>	<b>\$13,183</b>	<b>\$572,852</b>	<b>5.00%</b>	<b>\$13,727</b>
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
<b>YTD 2004</b>	<b>\$184,788</b>	<b>\$166,884</b>	<b>\$ 8,823</b>	<b>\$175,708</b>	<b>4.38%</b>	<b>\$11,150</b>

1/ Represents unpaid principal balance.

2/ Excludes mark-to-market adjustments, deferred balances and allowance for losses. Includes \$519 billion of Fannie Mae MBS as of August 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 \$682 million in August 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/**

	Mortgage Portfolio Liquidations		Outstanding MBS Liquidations	
	Amount	Annual Rate	Amount	Annual Rate
September 2003	\$ 44,244	59.65%	\$ 63,577	62.58%
October 2003	30,862	40.48%	44,975	44.04%
November 2003	22,438	29.60%	34,214	32.78%
December 2003	18,859	25.08%	26,301	24.61%
<b>Full year 2003</b>	<b>\$451,487</b>	<b>53.29%</b>	<b>\$591,351</b>	<b>50.15%</b>
January 2004	\$ 18,274	24.57%	\$ 27,717	25.40%
February 2004	15,419	20.92%	22,948	20.75%
March 2004	20,444	27.83%	29,702	26.58%
April 2004	26,086	35.54%	40,419	35.94%
May 2004	27,917	38.09%	48,013	42.56%
June 2004	22,783	30.90%	36,063	31.89%
July 2004	19,467	26.19%	31,363	27.64%
August 2004	17,179	23.06%	26,442	23.23%
<b>YTD 2004</b>	<b>\$167,567</b>	<b>28.33%</b>	<b>\$262,667</b>	<b>29.31%</b>

**DELINQUENCY RATES**

	Single-family Conventional 2/			Multifamily Total 6/
	Non-Credit Enhancement 3/	Credit Enhancement 4/	Total 5/	
	0.29%	1.56%	0.58%	0.12%
	0.29%	1.56%	0.57%	0.12%
	0.30%	1.63%	0.59%	0.13%
	0.30%	1.65%	0.60%	0.27%
	0.31%	1.70%	0.61%	0.24%
	0.31%	1.70%	0.61%	0.24%
	0.30%	1.62%	0.58%	0.17%
	0.29%	1.58%	0.56%	0.16%
	0.29%	1.61%	0.57%	0.14%
	0.29%	1.62%	0.57%	0.14%
	0.29%	1.65%	0.57%	0.13%

**AVERAGE INVESTMENT BALANCES (\$ in Millions)**

	Net Mortgages	Liquid Investments	Total Net Investments
September 2003	\$876,724	\$78,892	\$955,617
October 2003	906,989	68,317	975,305
November 2003	902,601	63,262	965,863
December 2003	898,858	65,966	964,824
<b>Full year 2003</b>	<b>\$839,171</b>	<b>\$75,114</b>	<b>\$914,286</b>
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
<b>YTD 2004</b>	<b>\$878,787</b>	<b>\$69,713</b>	<b>\$948,500</b>

**INTEREST RATE RISK DISCLOSURES**

	Effective Duration Gap 7/ (in months)	Rate Level Shock (50bp) 8/		Rate Slope Shock (25bp) 8/	
		1 Year Portfolio Net Interest Income at Risk	4 Year Portfolio Net Interest Income at Risk	1 Year Portfolio Net Interest Income at Risk	4 Year Portfolio Net Interest Income at Risk
September 2003	1	2.7%	1.3%	5.2%	6.8%
October 2003	1	4.5%	2.4%	4.1%	5.9%
November 2003	-1	3.7%	2.7%	3.7%	6.1%
December 2003	-1	2.6%	2.1%	3.6%	6.1%
January 2004	-1	0.9%	3.1%	3.0%	6.4%
February 2004	-1	1.4%	3.3%	3.7%	6.7%
March 2004	0	3.8%	5.4%	4.0%	6.6%
April 2004	3	5.0%	5.3%	2.9%	5.4%
May 2004	3	2.9%	2.5%	2.5%	4.5%
June 2004	2	1.6%	3.5%	2.3%	4.1%
July 2004	0	0.8%	1.9%	2.3%	4.6%
August 2004	-2	2.8%	3.2%	4.0%	6.6%

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 two or more months delinquent as a percent of loan dollars and includes the total mortgage credit book of business.

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

8/ Expresses projected core net interest income under the more adverse of the interest rate and yield curve scenarios as a percentage of projected net interest income without the rate shocks.

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. The data should be read in conjunction with audited financial statements and notes to financial statements that are available from the corporation. For more information regarding Fannie Mae, or for a more detailed quarterly report on Fannie Mae's activity, please visit [www.fanniemae.com](http://www.fanniemae.com) or contact us at (202) 752-7115.



Voluntary Initiatives Disclosure  
August 2004

## INTEREST RATE RISK

	Effective Duration Gap (in months)	Rate Level Shock (50bp)		Rate Slope Shock (25bp)	
		1 Year Portfolio Net Interest Income at Risk	4 Year Portfolio Net Interest Income at Risk	1 Year Portfolio Net Interest Income at Risk	4 Year Portfolio Net Interest Income at Risk
<b>2003</b>					
August	4	4.8%	3.2%	3.4%	5.2%
September	1	2.7%	1.3%	5.2%	6.8%
October	1	4.5%	2.4%	4.1%	5.9%
November	-1	3.7%	2.7%	3.7%	6.1%
December	-1	2.6%	2.1%	3.6%	6.1%
<b>2004</b>					
January	-1	0.9%	3.1%	3.0%	6.4%
February	-1	1.4%	3.3%	3.7%	6.7%
March	0	3.8%	5.4%	4.0%	6.6%
April	3	5.0%	5.3%	2.9%	5.4%
May	3	2.9%	2.5%	2.5%	4.5%
June	2	1.6%	3.5%	2.3%	4.1%
July	0	0.8%	1.9%	2.3%	4.6%
August	-2	2.8%	3.2%	4.0%	6.6%

- **Effective duration gap** — measures the extent the effective duration of the portfolio's assets and liabilities are matched. A positive duration gap indicates that the effective duration of our assets exceeds the effective duration of our liabilities by that amount, while a negative duration gap indicates the opposite. The duration gap is a calculated weighted-average for the month.

- **Net interest income at risk** — compares Fannie Mae's projected change in portfolio net interest income under the financially more adverse of a 50 basis point increase and decrease in interest rates. Fannie Mae also compares the expected change in portfolio net interest income for the more adverse of a 25 basis point decrease and increase in the slope of the yield curve. Both measurements are done for one-year and four-year periods.

A positive number indicates the percent by which net interest income could be reduced by the increased rate shock. A negative number would indicate the percent by which net interest income could be increased by the shock.

## LIQUIDITY

Ratio of liquid to total assets	Ratio
September 30, 2003	5.6%
December 31, 2003	6.5%
March 31, 2004	6.4%
June 30, 2004	5.2%

- Fannie Mae will maintain at least three months of liquidity to ensure the company can meet all of its obligations in any period of time in which it does not have access to the debt markets. Fannie Mae also will comply with the Basel Committee on Banking Supervision's fourteen principles for sound liquidity management.

- To fulfill its liquidity commitment, Fannie Mae will maintain more than five percent of its on-balance sheet assets in high-quality, liquid assets.

## CREDIT RISK

Lifetime credit loss sensitivity as of:	Before Credit Enhancements	After Credit Enhancements
	(Dollars in millions)	
June 30, 2003	\$2,408	\$ 983
September 30, 2003	2,678	1,138
December 31, 2003	2,402	1,113
March 31, 2004 (1)	3,231	1,453

- **Lifetime credit loss sensitivity** measures the sensitivity of Fannie Mae's expected future credit losses to an immediate five percent decline in home values for all single-family mortgages held in Fannie Mae's retained portfolio and underlying guaranteed MBS.

- Credit loss sensitivity is reported in present value terms and measures expected losses in two ways: before receipt of private mortgage insurance claims and any other credit enhancements and after receipt of expected mortgage insurance and other credit enhancements.

## SUBORDINATED DEBT

Total capital and subordinated debt	Total Capital	Net Proceeds on Subordinated Debt	
		Debt	Percent
(Dollars in billions)			
March 31, 2004	\$36.481	\$12.429	4.3
June 30, 2004	36.862	12.432	4.4

- Fannie Mae will issue subordinated debt in an amount sufficient to bring the sum of total capital (core capital plus general allowance for losses) and subordinated debt to 4% of on-balance sheet assets, after providing for the capitalization of off-balance sheet MBS.

- Subordinated debt only includes net proceeds on issuances from January 1, 2001.

- Fannie Mae will maintain a weighted-average maturity of subordinated debt of at least five years. At June 30, 2004, the original weighted-average term to maturity was 8.1 years with a remaining weighted-average maturity of 6.1 years.

(1) Most recent data available.