
**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): **June 28, 2006**

Federal National Mortgage Association

(Exact name of registrant as specified in its charter)

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))
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Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

(b) On June 28, 2006, Donald B. Marron resigned from the Board of Directors of Fannie Mae (formally, the Federal National Mortgage Association), effective July 31, 2006. Mr. Marron felt it was important to stay on the Board of Directors through the Paul, Weiss investigation and the Office of Federal Housing Enterprise Oversight (“OFHEO”) special examination, which are now complete. Mr. Marron has been and will remain very supportive of Fannie Mae’s affordable housing mission and the financial stability of the company.

Item 7.01. Regulation FD Disclosure.

On June 29, 2006, Fannie Mae issued its monthly financial summary release for the month of May 2006. The summary, a copy of which is furnished as Exhibit 99.1 to this report, is incorporated herein by reference.

The information in this item, including Exhibit 99.1 submitted herewith, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities of Section 18, nor shall it be deemed incorporated by reference into any disclosure document relating to Fannie Mae, except to the extent, if any, 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 and Controller

Date: June 30, 2006

EXHIBIT INDEX

The following exhibit is submitted herewith:

| <u>Exhibit Number</u> | <u>Description of Exhibit</u> |
|-----------------------|--|
| 99.1 | Monthly summary release for May 2006 issued by Fannie Mae on June 29, 2006 |

**FANNIE MAE
MONTHLY SUMMARY****MAY 2006****HIGHLIGHTS FOR MAY INCLUDE:**

- The gross mortgage portfolio balance was \$733.8 billion in May. We currently estimate that our “mortgage portfolio” assets for purposes of the OFHEO consent agreement were approximately \$724 billion in May. (For a discussion of the differences between these measures see Portfolio Note on page 2.)
- Fannie Mae’s book of business grew at a compound annualized rate of 5.9 percent in May compared with 7.3 percent in April.
- Total business volume was \$47.9 billion, compared with \$52.1 billion the previous month.
- Lender-originated MBS issues were \$35.5 billion. Outstanding MBS grew at a 6.0 percent compound annualized rate in May.
- Net retained commitments decreased to \$12.2 billion in May, compared with \$17.4 billion the previous month.
- The conventional single-family delinquency rate (90 days or more delinquent) fell three basis points in April to 0.64 percent. The multifamily delinquency rate (60 days or more delinquent) fell eight basis points to 0.18 percent.
- The duration gap on Fannie Mae’s portfolio averaged zero months in May.

MORTGAGE MARKET HIGHLIGHTS:

- Total residential mortgage debt outstanding (MDO) grew at a compound annualized rate of 12.5 percent to a level of \$10.1 trillion during the first quarter of 2006.

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/ |
| June 2005 | \$ 808,579 | (25.2%) | \$ 1,485,149 | 17.9% | \$ 2,293,728 | 0.2% |
| July 2005 | 789,141 | (25.3%) | 1,498,717 | 11.5% | 2,287,858 | (3.0%) |
| August 2005 | 768,636 | (27.1%) | 1,520,943 | 19.3% | 2,289,579 | 0.9% |
| September 2005 | 728,187 | (47.7%) | 1,573,810 | 50.7% | 2,301,997 | 6.7% |
| October 2005 | 717,618 | (16.1%) | 1,587,014 | 10.6% | 2,304,632 | 1.4% |
| November 2005 | 715,896 | (2.8%) | 1,594,277 | 5.6% | 2,310,172 | 2.9% |
| December 2005 | 727,545 | 21.4% | 1,598,079 | 2.9% | 2,325,624 | 8.3% |
| Full year 2005 | \$ 727,545 | (19.6%) | \$ 1,598,079 | 13.9% | \$ 2,325,624 | 0.8% |
| January 2006 | \$ 725,661 | (3.1%) | \$ 1,613,005 | 11.8% | \$ 2,338,666 | 6.9% |
| February 2006 | 721,189 | (7.1%) | 1,630,900 | 14.2% | 2,352,089 | 7.1% |
| March 2006 | 721,544 | 0.6% | 1,644,793 | 10.7% | 2,366,337 | 7.5% |
| April 2006 | 730,367 | 15.7% | 1,649,919 | 3.8% | 2,380,286 | 7.3% |
| May 2006 | 733,786 | 5.8% | 1,657,987 | 6.0% | 2,391,773 | 5.9% |
| YTD 2006 | \$ 733,786 | 2.1% | \$ 1,657,987 | 9.2% | \$ 2,391,773 | 7.0% |

BUSINESS VOLUMES (\$ in Millions) 1/

| | MBS | | | | |
|-----------------------|--------------------------------|-----------------------------------|-------------------------------------|------------------------|--------------------|
| | Lender-originated Issues 5/ | Fannie Mae MBS Purchases 6/ | MBS Issues Acquired by Others | Portfolio Purchases | Business Volume |
| June 2005 | \$ 40,039 | \$ 210 | 39,829 | \$ 8,964 | \$ 48,793 |
| July 2005 | 43,344 | 207 | 43,138 | 9,365 | 52,502 |
| August 2005 | 46,540 | 176 | 46,363 | 11,564 | 57,927 |
| September 2005 | 61,013 | 410 | 60,603 | 10,021 | 70,625 |
| October 2005 | 41,563 | 446 | 41,117 | 10,136 | 51,253 |
| November 2005 | 37,818 | 1,823 | 35,995 | 16,021 | 52,016 |
| December 2005 | 39,553 | 10,393 | 29,160 | 28,760 | 57,920 |
| Full year 2005 | \$ 481,260 | \$ 15,628 | \$ 465,632 | \$ 146,640 | \$612,272 |
| January 2006 | \$ 41,524 | \$ 2,606 | \$ 38,918 | \$ 12,199 | \$ 51,117 |
| February 2006 | 34,416 | 821 | 33,595 | 11,417 | 45,012 |
| March 2006 | 34,236 | 1,073 | 33,162 | 14,165 | 47,327 |
| April 2006 | 36,968 | 7,926 | 29,042 | 23,042 | 52,084 |
| May 2006 | 35,494 | 6,341 | 29,153 | 18,704 | 47,857 |
| YTD 2006 | \$ 182,638 | \$ 18,768 | \$ 163,870 | \$ 79,527 | \$243,397 |

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

| | Net Retained | | | Purchase Yield 8/ | Mortgage Portfolio Sales |
|-----------------------|------------------|-------------------|--|-------------------|--------------------------------|
| | Commitments 7/ | Purchases | | | |
| June 2005 | \$ (3,185) | \$ 8,964 | | 5.33% | \$ 10,350 |
| July 2005 | 3,858 | 9,365 | | 5.43% | 9,288 |
| August 2005 | (21,943) | 11,564 | | 5.27% | 12,507 |
| September 2005 | (403) | 10,021 | | 5.44% | 31,071 |
| October 2005 | 8,314 | 10,136 | | 5.50% | 4,437 |
| November 2005 | 20,084 | 16,021 | | 5.17% | 2,571 |
| December 2005 | 19,595 | 28,760 | | 5.43% | 2,876 |
| Full year 2005 | \$ 35,469 | \$ 146,640 | | 5.16% | \$ 113,295 |
| January 2006 | \$ 9,187 | \$ 12,199 | | 5.47% | \$ 1,774 |
| February 2006 | 9,704 | 11,417 | | 5.68% | 5,142 |
| March 2006 | 16,584 | 14,165 | | 5.76% | 2,547 |
| April 2006 | 17,378 | 23,042 | | 5.47% | 2,436 |

| | | | | | |
|-----------------|-----------|---------------|------------------|--------------|------------------|
| May 2006 | | 12,186 | 18,704 | 5.88% | 3,729 |
| YTD 2006 | \$ | 65,039 | \$ 79,527 | 5.63% | \$ 15,628 |

- 1/ Represents unpaid principal balance.
- 2/ Excludes mark-to-market adjustments for available for sale securities, allowance for loan losses and unamortized premiums and discounts. Includes \$333 billion of Fannie Mae MBS as of May 31, 2006.
- 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 \$1,528 million in May 2006.
- 6/ Included in total portfolio purchases.
- 7/ Represents commitments to purchase, net of commitments to sell, entered into during the month, including any modifications to original amounts.
- 8/ Calculated as commitment yield for single-family loans, pass-thru rate for multifamily loans and coupon divided by price for securities. Yields are presented on a taxable-equivalent basis.

Numbers may not sum due to rounding.

| LIQUIDATIONS (\$ in Millions) 1/ | | | | | DELINQUENCY RATES | | | |
|----------------------------------|------------------|---------------|------------------------------|---------------|-------------------------------|-----------------------|----------|------|
| Mortgage Portfolio Liquidations | | | Outstanding MBS Liquidations | | Single-family Conventional 2/ | | | Mult |
| | Amount | Annual Rate | Amount | Annual Rate | Non-Credit Enhancement 3/ | Credit Enhancement 4/ | Total 5/ | To |
| June 2005 | \$ 18,502 | 27.13% | \$ 29,243 | 23.79% | 0.30% | 1.69% | 0.57% | |
| July 2005 | 19,575 | 29.41% | 34,429 | 27.69% | 0.32% | 1.74% | 0.59% | |
| August 2005 | 19,624 | 30.23% | 34,976 | 27.80% | 0.32% | 1.76% | 0.59% | |
| September 2005 | 19,468 | 31.22% | 37,036 | 28.72% | 0.33% | 1.78% | 0.61% | |
| October 2005 | 16,407 | 27.23% | 32,350 | 24.56% | 0.35% | 1.86% | 0.64% | |
| November 2005 | 15,247 | 25.53% | 31,156 | 23.50% | 0.46% | 2.11% | 0.77% | |
| December 2005 | 14,318 | 23.81% | 28,167 | 21.18% | 0.47% | 2.14% | 0.79% | |
| Full year 2005 | \$211,416 | 26.24% | \$368,067 | 24.59% | | | | |
| January 2006 | \$ 12,405 | 20.49% | \$ 25,765 | 19.26% | 0.45% | 2.12% | 0.77% | |
| February 2006 | 10,843 | 17.99% | 20,830 | 15.41% | 0.43% | 2.05% | 0.74% | |
| March 2006 | 11,366 | 18.91% | 21,433 | 15.70% | 0.39% | 1.85% | 0.67% | |
| April 2006 | 11,895 | 19.66% | 26,149 | 19.05% | 0.37% | 1.79% | 0.64% | |
| May 2006 | 11,669 | 19.13% | 22,707 | 16.47% | | | | |
| YTD 2006 | \$ 58,178 | 19.21% | \$116,885 | 17.18% | | | | |

AVERAGE INVESTMENT BALANCES

Fannie Mae has determined at this time not to provide average investment balances, which are derived from numbers that are subject to restatement.

INTEREST RATE RISK DISCLOSURE

| | Effective Duration Gap 7/ (in months) |
|----------------|---------------------------------------|
| June 2005 | 0 |
| July 2005 | 1 |
| August 2005 | 0 |
| September 2005 | 1 |
| October 2005 | 1 |
| November 2005 | 0 |
| December 2005 | 0 |
| January 2006 | 0 |
| February 2006 | 0 |
| March 2006 | 0 |
| April 2006 | 1 |
| May 2006 | 0 |

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/or 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. Since October 2005, we have included non-mortgage assets and liabilities in the duration gap calculation. Our portfolio duration gap calculation excludes any interest rate sensitivity of the guaranty business.

Numbers may not sum due to rounding.

PORTFOLIO NOTE:

As previously announced, on May 23, 2006, Fannie Mae entered into a consent agreement with its regulator, OFHEO, not to increase its “mortgage portfolio” assets above the amount shown in its December 31, 2005 minimum capital report, except as provided in a plan submitted to OFHEO within 60 days and subject to OFHEO’s approval. Fannie Mae believes it is in compliance with the terms of its agreement with OFHEO.

The “gross mortgage portfolio” balances set forth in this monthly summary report represent unpaid principal balances, which represent statistical measures rather than amounts computed in accordance with GAAP. “Mortgage portfolio” assets that are reported to OFHEO under the agreement reflect GAAP adjustments, including mark-to-market adjustments for available-for-sale securities, allowance for loan losses and unamortized premiums and discounts. These adjustments are not reflected in the “gross mortgage portfolio” amounts shown in this report.

We expect that some of the information in this monthly summary report will change when the financial statements and related audits for the relevant periods are completed. Management believes that the information may be useful to investors for comparing current business activities with those of prior periods and for reviewing trends in our business, notwithstanding that information may change, perhaps materially, from what is reported herein. Issues under review that will cause some of this information to change include those related to securities accounting, loan accounting, consolidation and amortization. Information regarding the restatement of our financial statements may be found in Forms 8-K Fannie Mae filed with the Securities and Exchange Commission, including Forms 8-K filed on March 13, 2006 and May 9, 2006.

For more information about Fannie Mae, please visit www.fanniemae.com or contact us at (202)752-7115.