

Prospectus Supplement

(To Prospectus dated January 4, 1990)

\$200,000,000

Federal National Mortgage Association



Guaranteed REMIC Pass-Through Certificates
Fannie Mae REMIC Trust 1992-212

The Guaranteed REMIC Pass-Through Certificates offered hereby (the "REMIC Certificates") represent beneficial ownership interests in one of two trust funds. The REMIC Certificates, other than the Class 212-RL REMIC Certificate, represent beneficial ownership interests in Fannie Mae REMIC Trust 1992-212 (the "Trust").

Elections will be made to treat the Lower Tier REMIC and the Trust as "real estate mortgage investment conduits" ("REMICs") pursuant to the Internal Revenue Code of 1986, as amended (the "Code").

(Cover continued on next page)

THE OBLIGATIONS OF FANNIE MAE UNDER ITS GUARANTY OF THE REMIC CERTIFICATES ARE OBLIGATIONS OF FANNIE MAE ONLY AND ARE NOT BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES. THE REMIC CERTIFICATES ARE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933 AND ARE "EXEMPTED SECURITIES" WITHIN THE MEANING OF THE SECURITIES EXCHANGE ACT OF 1934.

Table with 4 columns: Class, Original Principal Balance, Interest Rate, Final Distribution Date. Rows include Class 212-A through Class 212-RL.

- (1) The interest rate is subject to monthly adjustment by reference to the London interbank offered rate for one-month U.S. dollar deposits ("LIBOR")...
(2) The Class 212-S REMIC Certificates are interest only certificates, have no principal balance and will bear interest on a notional principal balance...
(3) The Class 212-R REMIC Certificate does not have a principal balance and does not bear interest...
(4) The Class 212-RL REMIC Certificate does not have a principal balance and does not bear interest...

The REMIC Certificates are being offered by Bear Stearns from time to time in negotiated transactions, at varying prices to be determined at the time of sale.

The REMIC Certificates are offered by Bear Stearns, subject to issuance by Fannie Mae, to prior sale or to withdrawal or modification of the offer without notice, when, as and if delivered to and accepted by Bear Stearns, and subject to approval of certain legal matters by counsel.

Bear, Stearns & Co. Inc.

October 29, 1992

*(Cover continued from previous page)*

Interest on each Class of interest bearing REMIC Certificates at the applicable per annum interest rate set forth on the cover or described herein will be distributed on the 25th day of each month (or, if such 25th day is not a business day, on the first business day next succeeding such 25th day), commencing in December 1992 (each, a "Distribution Date"). See "Description of the REMIC Certificates—Distributions of Interest" herein.

The principal distribution on the REMIC Certificates on each Distribution Date will be in an amount equal to the aggregate distributions of principal concurrently made on the MBS Certificates. On each Distribution Date, distributions of principal of the REMIC Certificates will be allocated among the Classes of REMIC Certificates in accordance with the priorities described under "Description of the REMIC Certificates—Distributions of Principal" herein. Both the Trust and the Lower Tier REMIC are subject to early termination only under the limited circumstances described herein under "Description of the REMIC Certificates—General—*Optional Termination*" and in the REMIC Prospectus under "The Trust Agreement—Termination."

**The yield to investors in each Class of REMIC Certificates will be sensitive in varying degrees to the rate of principal payments (including prepayments) of the Mortgage Loans, which generally can be prepaid at any time. In addition, the yield to maturity on a Class of REMIC Certificates may vary depending on the extent to which such Class is purchased at a discount or premium. Holders of the REMIC Certificates (other than the Class 212-S REMIC Certificates) should consider, in the case of any REMIC Certificates purchased at a discount, the risk that a slower than anticipated rate of principal payments could result in an actual yield that is lower than the anticipated yield and, in the case of any REMIC Certificates purchased at a premium, the risk that a faster than anticipated rate of principal payments could result in an actual yield that is lower than the anticipated yield. Holders of the Class 212-S REMIC Certificates should consider the risk that a faster than anticipated rate of principal payments will result in an actual yield that is lower than the anticipated yield. In addition, the yield on any Class that bears an interest rate that fluctuates in response to changes in an index will be sensitive to the level of such index, and the yield on any Class that bears an interest rate that fluctuates as a multiple of an index will be very sensitive to the level of such index. See "Description of the REMIC Certificates—Yield Considerations" herein.**

The Class 212-R and Class 212-RL REMIC Certificates will be subject to certain transfer restrictions. In addition, any transferee of the Class 212-R or Class 212-RL REMIC Certificate will be required to execute and deliver an affidavit as provided herein and in the REMIC Prospectus. See "Description of the REMIC Certificates—Characteristics of the Class 212-R and Class 212-RL REMIC Certificates" herein and "Description of the REMIC Certificates—Additional Characteristics of Residual Certificates" and "Certain Federal Income Tax Consequences—Sales of Certificates—*Residual Certificates Transferred to or Held by Disqualified Organizations*" in the REMIC Prospectus.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of this Prospectus Supplement, the REMIC Prospectus or the MBS Prospectus. Any representation to the contrary is a criminal offense.

**This Prospectus Supplement does not contain complete information about the REMIC Certificates. Investors should purchase REMIC Certificates only after reading this Prospectus Supplement, the REMIC Prospectus, the MBS Prospectus dated August 1, 1992 and the Fannie Mae Information Statement dated March 30, 1992 and any supplements thereto (the "Information Statement"). The MBS Prospectus and the Information Statement are incorporated herein by reference and may be obtained from Fannie Mae by writing or calling its REMIC Prospectus Department at 3900 Wisconsin Avenue, N.W., Area 2H-3S, Washington, D.C. 20016 (telephone 202-752-7585). Such documents may also be obtained from Bear Stearns by writing or calling its Prospectus Department at One MetroTech Center North, Brooklyn, NY 11201 (telephone 212-272-1581).**

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## DESCRIPTION OF THE REMIC CERTIFICATES

The following summaries describing certain provisions of the REMIC Certificates do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the REMIC Prospectus, the MBS Prospectus and the provisions of the Trust Agreement (defined below). Capitalized terms used and not otherwise defined in this Prospectus Supplement have the respective meanings assigned to such terms in the REMIC Prospectus, the MBS Prospectus or the Trust Agreement (as the context may require).

### General

*Structure.* The REMIC Certificates will be issued and guaranteed by the Federal National Mortgage Association (“Fannie Mae”), a corporation organized and existing under the laws of the United States, under the authority contained in Section 304(d) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 *et seq.*). A description of Fannie Mae and its business, together with certain financial statements and other financial information are contained in the Information Statement incorporated herein by reference. The REMIC Certificates in the Classes and aggregate original principal balances set forth on the cover page hereof will be issued pursuant to a trust agreement dated as of November 1, 1992 (the “Trust Agreement”), executed by Fannie Mae in its corporate capacity and in its capacity as Trustee. The Trust and the Lower Tier REMIC will be created pursuant to the Trust Agreement, and elections will be made to treat each of the Trust and the Lower Tier REMIC as a REMIC for federal income tax purposes.

The assets of the Trust will consist of the Lower Tier Regular Interests. The entire beneficial ownership interest in the Trust will be evidenced by the REMIC Certificates, other than the Class 212-RL REMIC Certificate, as described herein.

The assets of the Lower Tier REMIC will consist of the MBS Certificates. The Lower Tier Regular Interests and the Class 212-RL REMIC Certificate, in the aggregate (the “Lower Tier Interests”), will evidence the entire beneficial ownership interest in the distributions of principal and interest on the MBS Certificates. Each of the Lower Tier Regular Interests will be designated as a “regular interest” in the Lower Tier REMIC. The Class 212-RL REMIC Certificate will be designated as the “residual interest” in the Lower Tier REMIC and will have the characteristics described herein.

*MBS Distributions.* The MBS Certificates will provide that principal and interest on the underlying Mortgage Loans will be passed through monthly, commencing on the 25th day of the month following the month of the initial issuance of the MBS Certificates.

*Fannie Mae Guaranty.* Pursuant to its guaranty of the MBS Certificates, Fannie Mae will guaranty the timely payment of scheduled installments of principal of and interest on the underlying Mortgage Loans, whether or not received, together with the full principal balance of any foreclosed Mortgage Loan, whether or not such balance is actually recovered. In addition, Fannie Mae will be obligated to distribute on a timely basis to the Holders of REMIC Certificates required installments of principal and interest and to distribute the principal balance of each Class of REMIC Certificates in full no later than the applicable Final Distribution Date, whether or not sufficient funds are available in the Certificate Account. If Fannie Mae were unable to perform these guaranty obligations, distributions to Certificateholders would consist solely of payments and other recoveries on the Mortgage Loans and, accordingly, delinquencies and defaults on the Mortgage Loans would affect distributions to Certificateholders. The guaranties of Fannie Mae are not backed by the full faith and credit of the United States. See “Description of the REMIC Certificates—Fannie Mae’s Guaranty” in the REMIC Prospectus and “Description of Certificates—The Corporation’s Guaranty” in the MBS Prospectus.

*Characteristics of REMIC Certificates.* The REMIC Certificates, other than the Class 212-R and Class 212-RL REMIC Certificates, will be issued and maintained and may be transferred by Holders only on the book-entry system of the Federal Reserve Banks. Book-entry REMIC Certificates may be

held of record only by entities eligible to maintain book-entry accounts with a Federal Reserve Bank. Such entities whose names appear on the book-entry records of a Federal Reserve Bank as the entities for whose accounts such REMIC Certificates have been deposited are herein referred to as “Holders” or “Certificateholders.” A Holder is not necessarily the beneficial owner of a book-entry REMIC Certificate. Beneficial owners ordinarily will hold book-entry REMIC Certificates through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations and must depend on such intermediaries for the enforcement of their rights. See “Description of the REMIC Certificates—Denominations, Book-Entry Form” in the REMIC Prospectus.

The Class 212-R and Class 212-RL REMIC Certificates will not be issued in book-entry form but will be issued in fully registered, certificated form. As to the Class 212-R or Class 212-RL REMIC Certificate, “Holder” or “Certificateholder” refers to the registered owner thereof. The Class 212-R and Class 212-RL REMIC Certificates will be transferable at the corporate trust office of the Transfer Agent, or at the agency of the Transfer Agent in New York, New York. The Transfer Agent initially will be State Street Bank and Trust Company in Boston, Massachusetts (“State Street”). A service charge may be imposed for any registration of transfer of the Class 212-R or Class 212-RL REMIC Certificate and Fannie Mae may require payment of a sum sufficient to cover any tax or other governmental charge. See “Characteristics of the Class 212-R and Class 212-RL REMIC Certificates” herein.

The distribution to the Holder of the Class 212-R or Class 212-RL REMIC Certificate of the proceeds of any remaining assets of the Trust or the Lower Tier REMIC, respectively, will be made only upon presentation and surrender of the respective Certificate at the office of the Paying Agent, initially State Street.

*Interest Only Class.* The Class 212-S REMIC Certificates are interest only certificates, have no principal balance and bear interest on a notional principal balance. The notional principal balance of an interest only Class of REMIC Certificates is used for purposes of the determination of interest distributions on such Class and does not represent an interest in the principal distributions of the MBS Certificates or the underlying Mortgage Loans. Although an interest only Class of REMIC Certificates will not have a principal balance, a REMIC Trust Factor will be published which will be applicable to the notional principal balance, and references herein to the principal balances of the REMIC Certificates shall be deemed to refer to the notional principal balance of the Class 212-S REMIC Certificates.

*Authorized Denominations.* The REMIC Certificates, other than the Class 212-R and Class 212-RL REMIC Certificates, will be issued in minimum denominations of \$1,000 and integral multiples of \$1 in excess thereof. Each of the Class 212-R and Class 212-RL REMIC Certificates will be issued as a single certificate and will not have a principal balance.

*Record Date.* Each monthly distribution on the REMIC Certificates will be made to Holders of record on the last day of the preceding month.

*REMIC Trust Factors.* As soon as practicable following the eleventh calendar day of each month, Fannie Mae will publish or otherwise make available for each Class of REMIC Certificates the factor (carried to eight decimal places) which, when multiplied by the original principal balance of a REMIC Certificate of such Class, will equal the amount of principal remaining to be distributed with respect to such REMIC Certificate after giving effect to the distribution of principal to be made on the following Distribution Date.

*Optional Termination.* Consistent with its policy described under “Description of Certificates—Termination” in the MBS Prospectus, Fannie Mae has agreed in the Trust Agreement not to effect indirectly an early termination of the Trust or the Lower Tier REMIC through the exercise of its right to repurchase the Mortgage Loans underlying any MBS Certificate unless only one Mortgage Loan remains in the related Pool or the principal balance of such Pool at the time of repurchase is less than one percent of the original principal balance thereof.

## **The MBS Certificates**

The MBS Certificates underlying the REMIC Certificates are Fannie Mae Guaranteed Mortgage Pass-Through Certificates, which will have an aggregate unpaid principal balance of \$200,000,000, Pass-Through Rates of 6.50% and the general characteristics described in the MBS Prospectus incorporated herein by reference. The Mortgage Loans that underlie the MBS Certificates are conventional Level Payment Mortgage Loans, each secured by a first mortgage or deed of trust on a one- to four-family (“single-family”) residential property, each providing for a balloon payment at maturity and each having an original maturity of up to 7 years, as described under “The Mortgage Pools” and “Yield Considerations” in the MBS Prospectus. The weighted average coupon of the Mortgage Loans in each Pool (“WAC”) at the issue date of the related MBS Certificate or the current WAC as of November 1, 1992 (the “REMIC Issue Date”), if available, will be within the range of 6.75% to 9.00% per annum. The weighted average remaining term to maturity, in months, of the Mortgage Loans in each Pool (“WAM”) at the issue date of the related MBS Certificate, less the number of months elapsed from such issue date through the REMIC Issue Date (“Adjusted WAM”), or the current WAM as of the REMIC Issue Date, if available, is not expected to be less than 60 or greater than 84. The weighted average of the current WAMs (or Adjusted WAMs, to the extent the current WAMs are not available) of all the MBS Certificates underlying the REMIC Certificates is expected to be approximately 81 months. The weighted average calculated loan age of the Mortgage Loans in each Pool (“CAGE”) is determined by subtracting the original WAM for such pool from 84 months, and adding thereto the number of months elapsed since the issue date of the related MBS Certificate. The weighted average of the CAGEs of the Pools at the REMIC Issue Date is expected to be approximately 3 months. Following the issuance of the REMIC Certificates, Fannie Mae will prepare a Final Data Statement setting forth the Pool number, the current WAC (or original WAC, if the current WAC is not available) and the current WAM (or Adjusted WAM, if the current WAM is not available) of each MBS Certificate underlying the REMIC Certificates, along with the weighted average of all the current or original WACs and the weighted average of all the current or Adjusted WAMs, based on the current unpaid principal balances of the MBS Certificates as of the REMIC Issue Date. The Final Data Statement will not accompany this Prospectus Supplement but will be made available by Fannie Mae. To request the Final Data Statement, telephone Fannie Mae at (202) 752-7585. The contents of the Final Data Statement and other data specific to the REMIC Certificates are available in electronic form by calling Fannie Mae at (202) 752-6000.

## **Prepayment Considerations and Risks**

The rate of principal payments of the MBS Certificates, and therefore of distributions on the REMIC Certificates, is related directly to the rate of payments of principal of the underlying Mortgage Loans, which may be in the form of scheduled amortization or prepayments (for this purpose, the term “prepayment” includes prepayments and liquidations resulting from default, casualty or condemnation and payments made pursuant to any guaranty of payment by, or option to repurchase of, Fannie Mae). In general, when the level of prevailing interest rates declines sufficiently relative to the interest rates on fixed-rate mortgage loans, the rate of prepayment is likely to increase, although the prepayment rate is influenced by a number of other factors, including general economic conditions and homeowner mobility. While the underlying Mortgage Loans have original maturities of 7 years, each such Mortgage Loan will provide for monthly payments based upon a 30-year amortization schedule, with a lump sum payment equal to the unpaid principal balance thereof due at maturity. In addition, the Mortgage Loans will provide that upon the satisfaction of certain conditions at maturity (or, at the lender’s option, up to six months prior to maturity), the unpaid principal balances thereof may be refinanced for an additional period of 23 years. Investors in the REMIC Certificates must make their own determinations as to the anticipated effect of these features on the rate of principal payments (including prepayments) of the Mortgage Loans. See “Maturity and Prepayment Assumptions” in the MBS Prospectus.

Acceleration of mortgage payments as a result of transfers of the mortgaged property is another factor affecting prepayment rates. The Mortgage Loans underlying the MBS Certificates will generally provide by their terms that, in the event of the transfer or prospective transfer of title to the underlying mortgaged property, the full unpaid principal balance of the Mortgage Loan is due and payable at the option of the holder. As set forth under “Description of Certificates—Collection and Other Servicing Procedures” in the MBS Prospectus, Fannie Mae is required to exercise its right to accelerate the maturity of Mortgage Loans containing enforceable “due-on-sale” provisions upon certain transfers of the mortgaged property.

Prepayments of mortgage loans commonly are measured relative to a prepayment standard or model. The model used in this Prospectus Supplement, the Public Securities Association’s standard prepayment model (“PSA”), represents an assumed rate of prepayment each month of the then outstanding principal balance of a pool of new mortgage loans. *PSA does not purport to be either an historical description of the prepayment experience of any pool of mortgage loans or a prediction of the anticipated rate of prepayment of any pool of mortgage loans, including the Mortgage Loans underlying the MBS Certificates backing the REMIC Certificates.* 100% PSA assumes prepayment rates of 0.2% per annum of the then unpaid principal balance of such pool of mortgage loans in the first month of the life of such mortgage loans and an additional 0.2% per annum in each month thereafter (for example, 0.4% per annum in the second month) until the 30th month. Beginning in the 30th month and in each month thereafter during the life of such mortgage loans, 100% PSA assumes a constant prepayment rate of 6% per annum. Multiples will be calculated from this prepayment rate series; for example, 250% PSA assumes prepayment rates will be 0.50% per annum in month one, 1.00% per annum in month two, reaching 15.0% per annum in month 30 and remaining constant at 15.0% per annum thereafter. 0% PSA assumes no prepayments.

## **Distributions of Interest**

*General.* The interest bearing REMIC Certificates will bear interest at the respective per annum interest rates set forth on the cover or described herein. Interest on the interest bearing REMIC Certificates is calculated on the basis of a 360-day year consisting of twelve 30-day months and is distributable monthly on each Distribution Date, commencing in December 1992. Interest to be distributed on each interest bearing REMIC Certificate on a Distribution Date will consist of one month’s interest on the outstanding principal balance of such REMIC Certificate immediately prior to such Distribution Date. Interest to be distributed on the interest bearing REMIC Certificates on a Distribution Date will accrue on such REMIC Certificates, other than the Class 212-F, Class 212-S, Class 212-FA, Class 212-SA and Class 212-SB REMIC Certificates, during the calendar month preceding the month in which such Distribution Date occurs; in the case of the Class 212-F, Class 212-S, Class 212-FA, Class 212-SA and Class 212-SB REMIC Certificates, interest will accrue on such REMIC Certificates during the one-month period beginning on the 25th day of such preceding month and ending on the 24th day of the month of such Distribution Date (each, an “Interest Accrual Period”). The effective yield on the REMIC Certificates, other than the Class 212-F, Class 212-S, Class 212-FA, Class 212-SA and Class 212-SB REMIC Certificates, will be reduced below the yield otherwise produced because interest payable with respect to an Interest Accrual Period will not be distributed until the 25th day following the end of such Interest Accrual Period and will not bear interest during such delay.

*The Class 212-S REMIC Certificates.* The Class 212-S REMIC Certificates are interest only certificates, have no principal balance and will bear interest at the per annum rate described below during each Interest Accrual Period on a notional principal balance equal to 20% of the outstanding principal balance of the Class 212-F REMIC Certificates immediately prior to each Distribution Date (initially equal to \$11,428,400).

*Floating Rate Certificates.* The following Classes of REMIC Certificates will bear interest during their initial Interest Accrual Period at the respective Initial Interest Rates set forth below, and will

bear interest during each Interest Accrual Period thereafter at the respective rates determined as described below:

<u>Class</u>	<u>Initial Interest Rate</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate</u>
212-F .....	3.78000%	9.00000%	0.53%	LIBOR + 53 basis points
212-S .....	26.10000%	42.35000%	0.00%	42.35% - (5 × LIBOR)
212-FA .....	3.75000%	9.00000%	0.50%	LIBOR + 50 basis points
212-SA .....	8.37715%	14.78323%	0.00%	14.78323% - (1.9711 × LIBOR)
212-SB .....	7.75000%	7.75000%	0.00%	65.875% - (7.75 × LIBOR)

The yields with respect to such Classes of REMIC Certificates will be affected by changes in the level of LIBOR, which changes may not correlate with changes in mortgage interest rates. It is possible that lower mortgage interest rates could occur concurrently with an increase in the level of LIBOR. Conversely, higher mortgage interest rates could occur concurrently with a decrease in the level of LIBOR.

### Calculation of LIBOR

On the second business day preceding the first day of each Interest Accrual Period (each, a “LIBOR Determination Date”), commencing in December 1992, until the principal balances of the Class 212-F, Class 212-S, Class 212-FA, Class 212-SA and Class 212-SB REMIC Certificates have been reduced to zero, Fannie Mae or its agent (initially State Street) will request each of the designated reference banks meeting the criteria set forth herein (the “Reference Banks”) to inform State Street of the quotation offered by its principal London office for making one-month United States dollar deposits in leading banks in the London interbank market, as of 11:00 a.m. (London time) on such LIBOR Determination Date. (For purposes of calculating LIBOR, “business day” means a day on which banks are open for dealing in foreign currency and exchange in London, Boston and New York City.) In lieu of making a request of the Reference Banks, State Street may rely on the quotations for those Reference Banks that appear at such time on the Reuters Screen LIBO Page (as defined in the International Swap Dealers Association, Inc. Code of Standard Wording, Assumptions and Provisions for Swaps, 1986 Edition), to the extent available.

LIBOR will be established by State Street on each LIBOR Determination Date as follows:

(a) If on any LIBOR Determination Date two or more Reference Banks provide such offered quotations, LIBOR for the next Interest Accrual Period shall be the arithmetic mean of such offered quotations (rounded upwards if necessary to the nearest whole multiple of  $\frac{1}{32}\%$ ).

(b) If on any LIBOR Determination Date only one or none of the Reference Banks provides such offered quotations, LIBOR for the next Interest Accrual Period shall be whichever is the higher of (i) LIBOR as determined on the previous LIBOR Determination Date or (ii) the Reserve Interest Rate. The “Reserve Interest Rate” shall be the rate per annum which State Street determines to be either (i) the arithmetic mean (rounded upwards if necessary to the nearest whole multiple of  $\frac{1}{32}\%$ ) of the one-month United States dollar lending rates that New York City banks selected by State Street are quoting, on the relevant LIBOR Determination Date, to the principal London offices of at least two of the Reference Banks to which such quotations are, in the opinion of State Street, being so made, or (ii) in the event that State Street can determine no such arithmetic mean, the lowest one-month United States dollar lending rate which New York City banks selected by State Street are quoting on such LIBOR Determination Date to leading European banks.

(c) If on the December 1992 LIBOR Determination Date, State Street is required but is unable to determine the Reserve Interest Rate in the manner provided in paragraph (b) above, LIBOR shall be 3.250%.

Each Reference Bank (i) shall be a leading bank engaged in transactions in Eurodollar deposits in the international Eurocurrency market; (ii) shall not control, be controlled by, or be under common control with Fannie Mae; and (iii) shall have an established place of business in London. If any such Reference Bank should be unwilling or unable to act as such or if Fannie Mae should terminate the appointment of any such Reference Bank, State Street will promptly appoint another leading bank meeting the criteria specified above.

The establishment of LIBOR on each LIBOR Determination Date by State Street and State Street's calculation of the rate of interest for the applicable Classes of REMIC Certificates for the related Interest Accrual Period shall (in the absence of manifest error) be final and binding. Each such rate of interest may be obtained by telephoning Fannie Mae at (202) 752-6547.

### **Distributions of Principal**

Principal will be distributed monthly on the REMIC Certificates in an amount equal to the aggregate distributions of principal concurrently made on the MBS Certificates (the "Principal Distribution Amount").

The Class 212-A, Class 212-B and Class 212-C REMIC Certificates are "Planned Principal REMIC Certificates."

On each Distribution Date, 28.571% of the Principal Distribution Amount will be applied to the distribution of principal of the Class 212-F REMIC Certificates, until the principal balance thereof has been reduced to zero.

On each Distribution Date, the excess of the Principal Distribution Amount over the amount applied pursuant to the preceding paragraph will be applied to the distribution of principal of the REMIC Certificates in the following order of priority:

- (i) sequentially, to the Class 212-A, Class 212-B and Class 212-C REMIC Certificates, in an amount up to the amount necessary to reduce the principal balances thereof to their respective Planned Principal Balances as set forth in the Principal Balance Schedules herein for such Distribution Date;
- (ii) to the Class 212-D REMIC Certificates in an amount up to the amount necessary to reduce the outstanding principal balance thereof to their Targeted Principal Balance as set forth in the Principal Balance Schedules for such Distribution Date;
- (iii) concurrently, to the Class 212-FA, Class 212-SA and Class 212-SB REMIC Certificates, in proportion to their original principal balances (or 61.1111099358%, 31.0035893096% and 7.8853007546%, respectively), until the principal balances thereof have been reduced to zero;
- (iv) to the Class 212-D REMIC Certificates, without regard to their Targeted Principal Balance and until the principal balance thereof has been reduced to zero; and
- (v) to the Classes of Planned Principal REMIC Certificates, in the order set forth in clause (i) above, without regard to their Planned Principal Balances and until the respective principal balances thereof have been reduced to zero.

### **Assumptions Relating to Tables**

*Pricing Assumptions.* Unless otherwise specified, the information in the tables in this Prospectus Supplement has been prepared on the basis of the following assumptions (the "Pricing Assumptions"): (i) each Mortgage Loan provides for monthly payments based upon a 30-year amortization schedule with a lump sum payment equal to the unpaid principal balance thereof due at the maturity date; (ii) each Mortgage Loan bears interest at a rate of 7.125% per annum, has an original term to maturity of 84 months, a CAGE of 3 months and a remaining term to maturity of 81 months; (iii) the Mortgage Loans prepay at the specified *constant* percentages of PSA specified in the related table;

(iv) the closing date for the sale of the REMIC Certificates is November 30, 1992; and (v) the first distribution on the REMIC Certificates is made in December 1992.

*PSA Assumptions.* The Principal Balance Schedules have been prepared on the basis of the Pricing Assumptions and the assumption that the Mortgage Loans prepay at the approximate *constant* levels set forth below:

<u>Principal Balance Schedule References</u>	<u>Related Certificates</u>	<u>PSA Levels</u>
Planned Principal Balances	Planned Principal REMIC Certificates	Between 150% and 300%
Targeted Principal Balances	Class 212-D REMIC Certificates	250%

There is no assurance that the principal balances of the Classes of REMIC Certificates specified above will conform on any Distribution Date to the applicable balances specified for such Distribution Date in the Principal Balance Schedules below, or that distributions of principal will begin or end on the respective Distribution Dates specified therein. Because any excess of the principal available for distribution on any Distribution Date over the amount necessary to reduce the principal balances of the applicable Classes of REMIC Certificates to their respective scheduled principal amounts will be distributed, the ability to so reduce the principal balances of such Classes will not be enhanced by the averaging of high and low principal payments. In addition, even if payments remain within the range specified above, the principal available for distribution may be insufficient to reduce the applicable Classes of REMIC Certificates to their scheduled principal amounts if prepayments do not occur at a *constant* level. Moreover, because of the diverse remaining terms to maturity of the Mortgage Loans (which will include recently originated Mortgage Loans), the REMIC Certificates specified above may not be reduced to their respective scheduled principal amounts, even if prepayments occur at a *constant* level within the range or at the rate specified above.

## Principal Balance Schedules

<u>Distribution Date</u>	<u>Class 212-A Planned Principal Balance</u>	<u>Class 212-B Planned Principal Balance</u>	<u>Class 212-C Planned Principal Balance</u>	<u>Class 212-D Targeted Principal Balance</u>
Initial Balance .....	\$20,128,000.00	\$26,109,000.00	\$18,652,000.00	\$21,245,000.00
December 1992 .....	19,867,899.19	26,109,000.00	18,652,000.00	21,148,419.59
January 1993 .....	19,571,419.72	26,109,000.00	18,652,000.00	21,027,746.30
February 1993 .....	19,238,674.87	26,109,000.00	18,652,000.00	20,883,087.23
March 1993 .....	18,869,805.98	26,109,000.00	18,652,000.00	20,714,598.77
April 1993 .....	18,464,982.35	26,109,000.00	18,652,000.00	20,522,486.74
May 1993 .....	18,024,401.21	26,109,000.00	18,652,000.00	20,307,006.26
June 1993 .....	17,548,287.59	26,109,000.00	18,652,000.00	20,068,461.63
July 1993 .....	17,036,894.18	26,109,000.00	18,652,000.00	19,807,205.95
August 1993 .....	16,490,501.18	26,109,000.00	18,652,000.00	19,523,640.70
September 1993 .....	15,909,416.03	26,109,000.00	18,652,000.00	19,218,215.18
October 1993 .....	15,293,973.23	26,109,000.00	18,652,000.00	18,891,425.72
November 1993 .....	14,644,533.99	26,109,000.00	18,652,000.00	18,543,814.94
December 1993 .....	13,961,485.96	26,109,000.00	18,652,000.00	18,175,970.71
January 1994 .....	13,245,242.83	26,109,000.00	18,652,000.00	17,788,525.14
February 1994 .....	12,496,243.99	26,109,000.00	18,652,000.00	17,382,153.24
March 1994 .....	11,714,954.06	26,109,000.00	18,652,000.00	16,957,571.71
April 1994 .....	10,901,862.45	26,109,000.00	18,652,000.00	16,515,537.41
May 1994 .....	10,057,482.87	26,109,000.00	18,652,000.00	16,056,845.80
June 1994 .....	9,182,352.81	26,109,000.00	18,652,000.00	15,582,329.27
July 1994 .....	8,277,032.97	26,109,000.00	18,652,000.00	15,092,855.34
August 1994 .....	7,342,106.69	26,109,000.00	18,652,000.00	14,589,324.76
September 1994 .....	6,378,179.32	26,109,000.00	18,652,000.00	14,072,669.52
October 1994 .....	5,385,877.57	26,109,000.00	18,652,000.00	13,543,850.77
November 1994 .....	4,365,848.87	26,109,000.00	18,652,000.00	13,003,856.63
December 1994 .....	3,318,760.62	26,109,000.00	18,652,000.00	12,453,699.93
January 1995 .....	2,245,299.49	26,109,000.00	18,652,000.00	11,894,415.93
February 1995 .....	1,146,170.66	26,109,000.00	18,652,000.00	11,327,059.84
March 1995 .....	55,880.26	26,109,000.00	18,652,000.00	10,774,126.57
April 1995 .....	0.00	25,083,358.65	18,652,000.00	10,235,366.45
May 1995 .....	0.00	24,010,536.73	18,652,000.00	9,710,533.59
June 1995 .....	0.00	22,946,345.95	18,652,000.00	9,199,385.87
July 1995 .....	0.00	21,890,718.29	18,652,000.00	8,701,684.85
August 1995 .....	0.00	20,843,586.25	18,652,000.00	8,217,195.73
September 1995 .....	0.00	19,804,882.90	18,652,000.00	7,745,687.26
October 1995 .....	0.00	18,774,541.78	18,652,000.00	7,286,931.79
November 1995 .....	0.00	17,752,497.00	18,652,000.00	6,840,705.10
December 1995 .....	0.00	16,738,683.16	18,652,000.00	6,406,786.41
January 1996 .....	0.00	15,733,035.38	18,652,000.00	5,984,958.32
February 1996 .....	0.00	14,735,489.29	18,652,000.00	5,575,006.80
March 1996 .....	0.00	13,745,981.02	18,652,000.00	5,176,721.05
April 1996 .....	0.00	12,764,447.20	18,652,000.00	4,789,893.56
May 1996 .....	0.00	11,790,824.96	18,652,000.00	4,414,319.99
June 1996 .....	0.00	10,825,051.93	18,652,000.00	4,049,799.13
July 1996 .....	0.00	9,867,066.23	18,652,000.00	3,696,132.87
August 1996 .....	0.00	8,916,806.44	18,652,000.00	3,353,126.20
September 1996 .....	0.00	7,974,211.65	18,652,000.00	3,020,587.08
October 1996 .....	0.00	7,039,221.41	18,652,000.00	2,698,326.44
November 1996 .....	0.00	6,111,775.76	18,652,000.00	2,386,158.15
December 1996 .....	0.00	5,191,815.21	18,652,000.00	2,083,898.94
January 1997 .....	0.00	4,279,280.70	18,652,000.00	1,791,368.44
February 1997 .....	0.00	3,374,113.69	18,652,000.00	1,508,388.98

<u>Distribution Date</u>	<u>Class 212-A Planned Principal Balance</u>	<u>Class 212-B Planned Principal Balance</u>	<u>Class 212-C Planned Principal Balance</u>	<u>Class 212-D Targeted Principal Balance</u>
March 1997 .....	\$ 0.00	\$ 2,476,256.06	\$18,652,000.00	\$ 1,234,785.74
April 1997 .....	0.00	1,585,650.15	18,652,000.00	970,386.57
May 1997 .....	0.00	702,238.76	18,652,000.00	715,022.03
June 1997 .....	0.00	0.00	18,477,965.15	468,525.27
July 1997 .....	0.00	0.00	17,608,773.00	230,732.11
August 1997 .....	0.00	0.00	16,746,606.45	1,480.88
September 1997 .....	0.00	0.00	15,891,410.07	0.00
October 1997 .....	0.00	0.00	15,043,128.86	0.00
November 1997 .....	0.00	0.00	14,201,708.27	0.00
December 1997 .....	0.00	0.00	13,367,094.16	0.00
January 1998 .....	0.00	0.00	12,539,232.82	0.00
February 1998 .....	0.00	0.00	11,718,070.97	0.00
March 1998 .....	0.00	0.00	10,903,555.72	0.00
April 1998 .....	0.00	0.00	10,095,634.64	0.00
May 1998 .....	0.00	0.00	9,294,255.67	0.00
June 1998 .....	0.00	0.00	8,499,367.18	0.00
July 1998 .....	0.00	0.00	7,710,917.94	0.00
August 1998 .....	0.00	0.00	6,928,857.12	0.00
September 1998 .....	0.00	0.00	6,153,134.29	0.00
October 1998 .....	0.00	0.00	5,383,699.42	0.00
November 1998 .....	0.00	0.00	4,620,502.86	0.00
December 1998 .....	0.00	0.00	3,863,495.36	0.00
January 1999 .....	0.00	0.00	3,112,628.05	0.00
February 1999 .....	0.00	0.00	2,367,852.46	0.00
March 1999 .....	0.00	0.00	1,629,120.48	0.00
April 1999 .....	0.00	0.00	896,384.39	0.00
May 1999 .....	0.00	0.00	169,596.83	0.00
June 1999 and thereafter .....	0.00	0.00	0.00	0.00

## Characteristics of the Class 212-R and Class 212-RL REMIC Certificates

The Class 212-R and Class 212-RL REMIC Certificates will not have principal balances and will not bear interest. The Holder of the Class 212-R REMIC Certificate will be entitled to receive the proceeds of the remaining assets of the Trust, if any, after the principal balances of all Classes of REMIC Certificates have been reduced to zero, and the Holder of the Class 212-RL REMIC Certificate will be entitled to receive the proceeds of the remaining assets of the Lower Tier REMIC, if any, after the principal balances of the Lower Tier Interests have been reduced to zero. It is not anticipated that there will be any material assets remaining in either such circumstance.

The Class 212-R and Class 212-RL REMIC Certificates will be subject to certain transfer restrictions. No transfer of record or beneficial ownership in the Class 212-R or Class 212-RL REMIC Certificate (whether pursuant to a purchase, a default under a secured lending agreement or otherwise) will be allowed to a “disqualified organization,” which term includes governmental entities (other than certain taxable instrumentalities) and tax-exempt entities not subject to tax on unrelated business income. Any transferee of the Class 212-R or Class 212-RL REMIC Certificate must execute and deliver (i) an affidavit stating that neither the transferee nor any person for whose account such transferee is acquiring the Class 212-R or Class 212-RL REMIC Certificate is a disqualified organization, as provided in the REMIC Prospectus, and (ii) an Internal Revenue Service Form W-9 on which the transferee provides its taxpayer identification number. In addition, a pass-through entity (including a nominee) that holds the Class 212-R or Class 212-RL REMIC Certificate may be subject to additional taxes if a disqualified organization is a record holder therein. See “Description of the REMIC Certificates—Additional Characteristics of Residual Certificates” and “Certain Federal Income Tax Consequences—Sales of Certificates—*Residual Certificates Transferred to or Held by Disqualified Organizations*” in the REMIC Prospectus.

In addition, no transfer of record or beneficial ownership in the Class 212-R or Class 212-RL REMIC Certificate (whether pursuant to a purchase, a default under a secured lending agreement or otherwise) will be allowed to any person that is not a “U.S. Person” without the written consent of Fannie Mae. The term “U.S. Person” means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof, or an estate or trust that is subject to U.S. federal income tax regardless of the source of its income.

Under the Proposed Regulations (as defined below under the heading “Certain Additional Federal Income Tax Consequences”), a transfer of a “noneconomic residual interest” to a U.S. Person would be disregarded for all federal tax purposes unless no significant purpose of the transfer was to impede the assessment or collection of tax. The Class 212-R or Class 212-RL REMIC Certificate would be treated as constituting a noneconomic residual interest unless, at the time of the transfer, (i) the present value of the expected future distributions on the Class 212-R or Class 212-RL REMIC Certificate is no less than the product of the present value of the “anticipated excess inclusions” with respect to such Certificate and the highest rate of tax specified in section 11(b)(1) of the Code for the year in which the transfer occurs, and (ii) the transferor reasonably expects that the transferee will receive distributions from the Trust, in the case of a transfer of the Class 212-R REMIC Certificate, or from the Lower Tier REMIC, in the case of a transfer of the Class 212-RL REMIC Certificate, in an amount sufficient to satisfy the liability for income tax on any “excess inclusions” at or after the time when such liability accrues. Anticipated excess inclusions are the excess inclusions that are anticipated to be allocated to each calendar quarter (or portion thereof) following the transfer of the Class 212-R or Class 212-RL REMIC Certificate, determined as of the date such Certificate is transferred and based on events that have occurred as of that date and on the Prepayment Assumption. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Original Issue Discount*” and “—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*” in the REMIC Prospectus. Each of the Class 212-R and Class 212-RL REMIC Certificates would constitute a noneconomic residual interest under the

Proposed Regulations. Each transferee of the Class 212-R or Class 212-RL REMIC Certificate must also affirm in the affidavit relating to disqualified organizations discussed above that no purpose of the transfer is to avoid or impede the assessment or collection of tax.

The Holder of the Class 212-R REMIC Certificate will be considered to be the holder of the residual interest in the REMIC constituted by the Trust, and the Holder of the Class 212-RL REMIC Certificate will be considered to be the holder of the residual interest in the REMIC constituted by the Lower Tier REMIC. See “Certain Federal Income Tax Consequences” in the REMIC Prospectus. Pursuant to the Trust Agreement, Fannie Mae will be obligated to provide to such Holders (i) such information as is necessary to enable them to prepare their federal income tax returns and (ii) any reports regarding the REMIC Certificates that may be required under the Code.

## **Yield Considerations**

*General.* There can be no assurance that the Mortgage Loans will have the characteristics assumed herein or will prepay at any of the rates assumed herein or at any other particular rate, that the pre-tax yields on the REMIC Certificates will correspond to any of the pre-tax yields shown herein or that the aggregate purchase prices of the REMIC Certificates will be as assumed. In addition, there can be no assurance that LIBOR will correspond with the levels shown herein. Because the rate of distributions of principal of the REMIC Certificates will be related to the rate of principal payments (including prepayments) of the Mortgage Loans, which will likely include Mortgage Loans that have remaining terms to maturity shorter or longer than those assumed and interest rates higher or lower than those assumed, the distributions on the REMIC Certificates are likely to differ from those assumed, even if all the Mortgage Loans prepay at the indicated constant percentages of PSA. In addition, it is not likely that the Mortgage Loans will prepay at a *constant* rate until maturity, that all of such Mortgage Loans will prepay at the same rate or that the level of LIBOR will remain constant. The timing of changes in the rate of prepayments or the level of LIBOR may significantly affect the actual yield to maturity to investors, even if the average rate of principal prepayments or the average level of LIBOR is consistent with the expectations of investors. In general, the earlier the payment of principal of the Mortgage Loans or change in the level of LIBOR, the greater the effect on an investor’s yield to maturity. As a result, the effect on an investor’s yield of principal prepayments or the level of LIBOR occurring at a rate or level higher (or lower) than the rate or level anticipated by the investor during the period immediately following the issuance of the REMIC Certificates will not be offset by a subsequent like reduction (or increase) in the rate of principal prepayments or level of LIBOR. Investors must make their own decisions as to the appropriate assumptions, including prepayment assumptions, to be used in deciding whether to purchase the REMIC Certificates.

The tables below indicate the sensitivity of the pre-tax corporate bond equivalent yields to maturity of certain Classes of REMIC Certificates to various constant prepayment rates and to changes in LIBOR. The yields set forth in the tables were calculated by determining the monthly discount rates that, when applied to the assumed stream of cash flows to be paid on the applicable Classes of REMIC Certificates, would cause the discounted present value of such assumed stream of cash flows to equal the assumed aggregate purchase prices of such Classes of REMIC Certificates and converting such monthly rates to corporate bond equivalent rates. Such calculations do not take into account variations that may occur in the interest rates at which investors may be able to reinvest funds received by them as distributions on the REMIC Certificates and consequently do not purport to reflect the return on any investment in the REMIC Certificates when such reinvestment rates are considered.

*The Class 212-S REMIC Certificates.* **The yield to investors in the Class 212-S REMIC Certificates will be highly sensitive to the level of LIBOR and will be sensitive to the rate of principal payments (including prepayments) of the Mortgage Loans, which generally can be prepaid at any time. As indicated in the table below, a high level of LIBOR will have a material negative effect on the yield to investors in the Class 212-S REMIC Certificates. It**

is possible that under certain high prepayment or high LIBOR scenarios, investors in the Class 212-S REMIC Certificates would not fully recoup their initial investments.

Changes in LIBOR may not correlate with changes in prevailing mortgage interest rates. It is possible that lower prevailing mortgage interest rates, which might be expected to result in faster prepayments, could occur concurrently with an increased level of LIBOR.

The information set forth in the following table has been prepared on the basis of the Pricing Assumptions and on the assumptions that (i) on the LIBOR Determination Date in December 1992 and on each LIBOR Determination Date thereafter, LIBOR will be at the level shown and (ii) the aggregate purchase price of the Class 212-S REMIC Certificates (including accrued interest) is \$5,242,917.

**Sensitivity of the Class 212-S REMIC Certificates to Prepayments and LIBOR  
(Pre-Tax Yields to Maturity)**

LIBOR	PSA Prepayment Assumption				
	50%	150%	250%	300%	500%
1.25% .....	87.7%	83.2%	78.7%	76.4%	67.1%
3.25% .....	59.2%	54.6%	50.0%	47.7%	38.0%
5.25% .....	30.1%	25.5%	20.8%	18.4%	8.6%
7.25% .....	(5.4)%	(9.8)%	(14.3)%	(16.7)%	(26.4)%
8.47% .....	*	*	*	*	*

\* The pre-tax yield to maturity will be less than (99.9)%.

*The Class 212-SA and Class 212-SB REMIC Certificates.* **The yields to investors in the Class 212-SA and Class 212-SB REMIC Certificates will be sensitive to the level of LIBOR. As indicated in the tables below, a high level of LIBOR will have a material negative effect on the yields to investors in the Class 212-SA and Class 212-SB REMIC Certificates.**

Changes in LIBOR may not correlate with changes in prevailing mortgage interest rates. It is possible that lower prevailing mortgage interest rates, which might be expected to result in faster prepayments, could occur concurrently with an increased level of LIBOR.

The information in the following tables was prepared on the basis of the Pricing Assumptions and on the assumptions that (i) on the LIBOR Determination Date in December 1992 and on each LIBOR Determination Date thereafter, LIBOR will be at the level shown and (ii) the aggregate purchase prices of the Class 212-SA and Class 212-SB REMIC Certificates (including accrued interest) are \$14,393,363 and \$4,030,821, respectively.

**Sensitivity of the Class 212-SA REMIC Certificates to Prepayments and LIBOR  
(Pre-Tax Yields to Maturity)**

LIBOR	PSA Prepayment Assumption				
	50%	150%	250%	300%	500%
1.25% .....	17.4%	17.4%	17.4%	18.0%	21.1%
3.25% .....	12.7%	12.7%	12.8%	13.3%	16.3%
5.25% .....	8.1%	8.1%	8.2%	8.6%	11.5%
7.50% and above .....	3.1%	3.1%	3.2%	3.6%	6.2%

**Sensitivity of the Class 212-SB REMIC Certificates to Prepayments and LIBOR  
(Pre-Tax Yields to Maturity)**

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>150%</u>	<u>250%</u>	<u>300%</u>	<u>500%</u>
7.5% and below .....	10.0%	10.0%	10.0%	10.2%	11.7%
8.0% .....	5.8%	5.8%	5.8%	6.0%	7.4%
8.5% .....	1.7%	1.7%	1.7%	1.9%	3.2%

**Final Distribution Dates**

The Final Distribution Date for REMIC Certificates of a particular Class is the date by which the principal thereof is required to be fully paid and is specified on the cover page. The Final Distribution Dates of the respective Classes of REMIC Certificates have been determined so that distributions on the underlying MBS Certificates will be sufficient to retire each such Class on or before its Final Distribution Date without the necessity of any call on Fannie Mae under its guaranty of the REMIC Certificates. However, because (i) some prepayments of the Mortgage Loans are likely, and (ii) certain of the Mortgage Loans have terms to maturity that are shorter than, and bear interest at rates that are lower than, the term to maturity and interest rate assumed in calculating the Final Distribution Dates, the actual final payment of any Class of REMIC Certificates likely will occur earlier, and could occur significantly earlier, than its Final Distribution Date. However, there can be no assurance that the final distribution of principal of any or all Classes of the REMIC Certificates will be earlier than the Final Distribution Date for such Class.

**Reinvestment Risk**

Because the Mortgage Loans underlying the MBS Certificates may be prepaid at any time, it is not possible to predict the rate at which distributions of principal of the REMIC Certificates will be received. Accordingly, since prevailing interest rates are subject to fluctuation, there can be no assurance that investors in the REMIC Certificates will be able to reinvest the distributions thereon at yields equaling or exceeding the yields on the REMIC Certificates. It is possible that yields on any such reinvestments will be lower, and may be significantly lower, than the yields on the REMIC Certificates. Prospective investors in the REMIC Certificates should carefully consider the related reinvestment risks in light of other investments that may be available to such investors. See “Prepayment Considerations and Risks” herein.

**Weighted Average Lives of the REMIC Certificates**

The weighted average life of a REMIC Certificate is determined by (a) multiplying the amount of the reduction, if any, of the principal balance of such REMIC Certificate from one Distribution Date to the next Distribution Date by the number of years from the date of issuance to the second such Distribution Date, (b) summing the results and (c) dividing the sum by the aggregate amount of the reductions in principal balance of such REMIC Certificate referred to in clause (a).

The weighted average lives of the REMIC Certificates will be influenced by, among other factors, the rate at which principal is paid on the Mortgage Loans. In general, the weighted average lives of the REMIC Certificates will be shortened if the level of prepayments of principal of the Mortgage Loans increases. However, the weighted average lives will depend upon a variety of other factors, including the timing of changes in such rate of principal payments, the priority sequence of distributions of principal of the REMIC Certificates and the distribution of principal of certain Classes of the REMIC Certificates in accordance with the Principal Balance Schedules herein. The interaction of such factors may have different effects on the various Classes of REMIC Certificates and the effects on any Class may vary at different times during the life of such Class. Accordingly, no

assurance can be given as to the weighted average life of any Class of REMIC Certificates. Further, to the extent the prices of the REMIC Certificates represent discounts or premiums to their respective original principal balances, variability in the weighted average lives of such Classes of REMIC Certificates could result in variability in the related yields to maturity. For an example of how the weighted average lives of the REMIC Certificates are affected by the foregoing factors at various *constant* prepayment rates, see the Decrement Tables below.

If the amount distributable as principal of the REMIC Certificates on any Distribution Date exceeds (or is less than) the amount required to reduce the principal balances of certain Classes of REMIC Certificates with higher principal payment priorities to their respective scheduled balances as set forth in the Principal Balance Schedules, such excess principal (or no principal) will be distributed on the remaining Classes of REMIC Certificates on such Distribution Date. Accordingly, the rate of principal payments on the Mortgage Loans is expected to have a greater effect on the weighted average lives of the Class 212-FA, Class 212-SA and Class 212-SB REMIC Certificates and, under certain prepayment scenarios, the Class 212-D REMIC Certificates than on the weighted average lives of the Planned Principal REMIC Certificates. See “Distributions of Principal” herein.

## Decrement Tables

The following tables indicate the percentages of the original principal balances of the specified Classes of REMIC Certificates that would be outstanding after each of the dates shown at various *constant* percentages of PSA and the corresponding weighted average lives of such Classes of REMIC Certificates. The tables have been prepared on the basis of the Pricing Assumptions, except that with respect to the information set forth under 0% PSA, it has been assumed that each Mortgage Loan underlying the MBS Certificates bears an interest rate of 9.00% per annum and has an original and remaining term to maturity of 84 months. It is not likely that (i) all of the underlying Mortgage Loans will have the interest rate, CAGE or remaining term to maturity assumed or (ii) the underlying Mortgage Loans will prepay at a *constant* level of PSA. In addition, the diverse remaining terms to maturity of the Mortgage Loans (which will include recently originated Mortgage Loans) could produce slower or faster principal distributions than indicated in the tables at the various *constant* percentages of PSA specified, even if the weighted average remaining term to maturity and the weighted average CAGE of the Mortgage Loans are identical to the remaining term to maturity and CAGE specified in the Pricing Assumptions.

### Percent of Original Principal Balances Outstanding

Date	Class 212-A					Class 212-B					Class 212-C				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	150%	250%	300%	500%	0%	150%	250%	300%	500%	0%	150%	250%	300%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
November 1993	95	73	73	73	73	100	100	100	100	100	100	100	100	100	100
November 1994	90	22	22	22	22	100	100	100	100	100	100	100	100	100	100
November 1995	84	0	0	0	0	100	68	68	68	68	100	100	100	100	100
November 1996	78	0	0	0	0	100	23	23	23	23	100	100	100	100	100
November 1997	71	0	0	0	0	100	0	0	0	0	100	76	76	76	76
November 1998	63	0	0	0	0	100	0	0	0	0	100	25	25	25	25
November 1999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	5.6	1.4	1.4	1.4	1.4	7.0	3.4	3.4	3.4	3.4	7.0	5.5	5.5	5.5	5.6

  

Date	Class 212-D					Class 212-F and Class 212-S†					Class 212-FA, Class 212-SA and Class 212-SB				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	150%	250%	300%	500%	0%	150%	250%	300%	500%	0%	150%	250%	300%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
November 1993	100	100	87	87	87	99	96	94	93	90	100	100	100	98	88
November 1994	100	100	61	61	61	99	89	83	80	69	100	100	100	93	65
November 1995	100	100	32	32	32	98	80	70	65	48	100	100	100	88	45
November 1996	100	100	11	11	11	97	72	59	53	33	100	100	100	85	36
November 1997	100	100	0	0	0	96	65	49	43	23	100	100	99	82	33
November 1998	100	100	0	0	0	95	58	41	34	16	100	100	96	79	32
November 1999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	7.0	6.7	2.4	2.4	2.4	6.8	5.2	4.6	4.3	3.3	7.0	6.7	6.7	5.9	3.6

\*\* The weighted average life of a REMIC Certificate is determined as specified under "Weighted Average Lives of the REMIC Certificates," herein.

† In the case of the Class 212-S REMIC Certificates, the Decrement Table indicates the percentages of the original notional principal balance outstanding.

## **CERTAIN ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES**

The following tax discussion, when read in conjunction with the discussion of “Certain Federal Income Tax Consequences” in the REMIC Prospectus, describes the current federal income tax treatment of investors in the REMIC Certificates. These two tax discussions do not purport to deal with all federal tax consequences applicable to all categories of investors, some of which may be subject to special rules. Investors should consult their own tax advisors in determining the federal, state, local and any other tax consequences to them of the purchase, ownership and disposition of the REMIC Certificates.

On September 27, 1991, the IRS issued proposed regulations (the “Proposed Regulations”) that provide some guidance regarding the federal income tax consequences associated with the purchase, ownership and disposition of the REMIC Certificates. Generally, the Proposed Regulations are proposed to be effective for any REMIC the Closing Date of which is on or after November 12, 1991. While certain material provisions of the Proposed Regulations are discussed below, investors should consult their own tax advisors regarding the possible application of the Proposed Regulations in their specific circumstances. No assurance can be given that final regulations will adopt the provisions of the Proposed Regulations without amendment, nor can any prediction be made as to when such final regulations will be adopted.

### **REMIC Elections and Special Tax Attributes**

Elections will be made to treat the Lower Tier REMIC and the Trust as REMICs for federal income tax purposes. The REMIC Certificates, other than the Class 212-R and Class 212-RL REMIC Certificates, will be designated as the “regular interests,” and the Class 212-R REMIC Certificate will be designated as the “residual interest,” in the REMIC constituted by the Trust. The Lower Tier Regular Interests will be designated as the “regular interests,” and the Class 212-RL REMIC Certificate will be designated as the “residual interest,” in the Lower Tier REMIC.

As a consequence of the qualification of the Trust and the Lower Tier REMIC as REMICs, the REMIC Certificates generally will be treated as “qualifying real property loans” for mutual savings banks and domestic building and loan associations, “regular or residual interests in a REMIC” for domestic building and loan associations, “real estate assets” for real estate investment trusts, and, except for the Class 212-R and Class 212-RL REMIC Certificates, as “qualified mortgages” for other REMICs. See “Certain Federal Income Tax Consequences—Special Tax Attributes” in the REMIC Prospectus.

### **Taxation of Beneficial Owners of Regular Certificates**

The Class 212-S and Class 212-SA REMIC Certificates will be, and certain other Classes of REMIC Certificates may be, issued with original issue discount for federal income tax purposes, which generally will result in recognition of some taxable income in advance of the receipt of the cash attributable to such income. The Prepayment Assumption that will be used in determining the rate of accrual of original issue discount will be 250% PSA. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Original Issue Discount*” in the REMIC Prospectus. No representation is made as to whether the Mortgage Loans underlying the MBS Certificates will prepay at that or any other rate. See “Description of the REMIC Certificates—Final Distribution Dates” and “—Weighted Average Lives of the REMIC Certificates” herein. In addition, certain Classes of REMIC Certificates may be treated as having been issued at a premium for federal income tax purposes. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Certificates Purchased at a Premium*” in the REMIC Prospectus.

### **Taxation of Beneficial Owners of Residual Certificates**

The Proposed Regulations provide that an organization to which section 593 of the Code applies and which is the beneficial owner of the Class 212-R or Class 212-RL REMIC Certificate may not use its allowable deductions to offset any “excess inclusions” with respect to such Certificate if such

Certificate does not have “significant value.” For this purpose, the Class 212-R REMIC Certificate would have significant value under the Proposed Regulations if (i) its issue price would be at least 2% of the aggregate issue prices of all the REMIC Certificates (other than the Class 212-RL REMIC Certificate) and (ii) its “anticipated weighted average life” would be at least 20% of the “anticipated life” of the Trust. Similarly, the Class 212-RL REMIC Certificate would have significant value if (i) its issue price would be at least 2% of the aggregate issue prices of the Lower Tier Interests and (ii) its anticipated weighted average life would be at least 20% of the anticipated life of the Lower Tier REMIC. The anticipated weighted average lives of the Class 212-R and Class 212-RL REMIC Certificates are based on the Prepayment Assumption and are determined as described in “Description of the REMIC Certificates—Weighted Average Lives of the REMIC Certificates” herein, and the anticipated life of the Trust and the Lower Tier REMIC is the period of time that the Trust and the Lower Tier REMIC are expected to be in existence, based on the Prepayment Assumption. The Class 212-R and Class 212-RL REMIC Certificates will not satisfy either requirement discussed above. Thus, under the Proposed Regulations, neither the Class 212-R nor the Class 212-RL REMIC Certificate would have significant value, the result of which would be to prevent an organization to which section 593 of the Code applies and which is the beneficial owner of the Class 212-R or Class 212-RL REMIC Certificate from using its allowable deductions to offset any excess inclusions with respect to such Certificate. See also “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*” in the REMIC Prospectus.

The Treasury Department also has the authority to issue regulations that would treat all taxable income of the Trust (or the Lower Tier REMIC) as excess inclusions if the Class 212-R (or Class 212-RL) REMIC Certificate does not have “significant value.” Although the Treasury Department did not exercise this authority in the Proposed Regulations, future regulations may contain such a rule. If such a rule were adopted, it is unclear whether the test for significant value that is contained in the Proposed Regulations and discussed above would be applicable. If no such rule is applicable, the rate that would be used for purposes of computing the portion of the taxable income of the Trust (or the Lower Tier REMIC) that will not be treated as excess inclusions is 8.18% (which is 120% of the “federal long-term rate”). See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*” and “—Foreign Investors—*Residual Certificates*” in the REMIC Prospectus. The federal income tax consequences of any consideration paid to a transferee on the transfer of the Class 212-R or Class 212-RL REMIC Certificate are unclear; any transferee receiving such consideration should consult its own tax advisors.

The Treasury Department has adopted temporary regulations that clarify that amounts distributed on the Class 212-R REMIC Certificate that do not constitute an excess inclusion will qualify, subject to certain conditions, as “portfolio interest” within the meaning of section 871(h) of the Code. The regulations further clarify that such distributions on the Class 212-RL REMIC Certificate also will qualify, subject to certain conditions, as portfolio interest, but only to the extent that the Mortgage Loans were issued after July 18, 1984. See “Certain Federal Income Tax Consequences—Foreign Investors—*Residual Certificates*” in the REMIC Prospectus.

Under the proposed IRS regulations relating to original issue discount, the Lower Tier Regular Interests would be treated as a single debt instrument for original issue discount purposes because they were issued to the Trust in a single transaction. Although there can be no assurance that final regulations will apply this aggregation rule to the Lower Tier Regular Interests, Fannie Mae intends to calculate the taxable income (or net loss) of the Trust and of the Lower Tier REMIC (and to report to the Class 212-R and Class 212-RL Certificateholders) by treating the Lower Tier Regular Interests as a single debt instrument. A failure of the Lower Tier Regular Interests to qualify as a single debt instrument for original issue discount purposes could have a material adverse impact on the beneficial owner of the Class 212-RL REMIC Certificate.

## **Backup Withholding**

The Comprehensive National Energy Policy Act of 1992 increases the rate of the “backup withholding tax” that may apply to distributions of principal or interest, or distributions of proceeds from the sale of Regular or Residual Certificates, from 20 percent to 31 percent for payments made after December 31, 1992. See “Certain Federal Income Tax Consequences—Backup Withholding” in the REMIC Prospectus.

## **LEGAL INVESTMENT CONSIDERATIONS**

Institutions whose investment activities are subject to legal investment laws and regulations or to review by certain regulatory authorities may be subject to restrictions on investment in certain Classes of the REMIC Certificates. Any financial institution that is subject to the jurisdiction of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, the National Credit Union Administration or other federal or state agencies with similar authority should review any applicable rules, guidelines and regulations prior to purchasing the REMIC Certificates. Financial institutions should review and consider the applicability of the Federal Financial Institutions Examination Council Supervisory Policy Statement on Securities Activities (to the extent adopted by their respective federal regulators), which, among other things, set forth guidelines for investing in certain types of mortgage related securities, including securities such as the REMIC Certificates. In addition, financial institutions should consult their regulators concerning the risk-based capital treatment of any REMIC Certificate. Investors should consult their own legal advisors in determining whether and to what extent the REMIC Certificates constitute legal investments or are subject to restrictions on investment.

## **PLAN OF DISTRIBUTION**

*General.* Bear Stearns proposes to offer the REMIC Certificates directly to the public from time to time in negotiated transactions at varying prices to be determined at the time of sale. Bear Stearns may effect such transactions to or through dealers and such dealers may receive compensation in the form of discounts, concessions or commissions from any purchaser of such REMIC Certificates, for whom they may act as agents.

*Increase in REMIC Certificates.* Fannie Mae and Bear Stearns may agree to offer hereby REMIC Certificates in addition to those contemplated as of the date hereof. In such event, the MBS Certificates will be increased in principal balance, but it is expected that all additional MBS Certificates will have the same characteristics as described herein under “Description of the REMIC Certificates—The MBS Certificates.” The proportion that the original principal balance of each Class of REMIC Certificates bears to the aggregate original principal balance of all the REMIC Certificates will remain the same. The dollar amounts reflected in the Principal Balance Schedules will be increased in pro rata amounts that correspond to the increase of the principal balance of the REMIC Certificates.

## **LEGAL MATTERS**

Certain legal matters will be passed upon for Bear Stearns by Stroock & Stroock & Lavan, Seven Hanover Square, New York, New York 10004-2594.

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No dealer, salesman or other person has been authorized to give any information or to make any representations in connection with this offering other than those contained in this Prospectus Supplement, the REMIC Prospectus, the MBS Prospectus and the Information Statement and, if given or made, such information or representations must not be relied upon as having been authorized. This Prospectus Supplement and the aforementioned documents do not constitute an offer to sell or a solicitation of an offer to buy any of the REMIC Certificates offered hereby in any state to any person to whom it is unlawful to make such offer or solicitation in such state. The delivery of this Prospectus Supplement and the aforementioned documents at any time does not imply that the information contained herein or therein is correct as of any time subsequent to the date hereof.

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**\$200,000,000**

**Federal National  
Mortgage Association**



**Guaranteed REMIC  
Pass-Through Certificates  
Fannie Mae REMIC Trust 1992-212**

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**PROSPECTUS SUPPLEMENT**

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**Bear, Stearns & Co. Inc.**

**October 29, 1992**

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