

PROSPECTUS SUPPLEMENT

(To Prospectus dated December 29, 1992)

\$300,000,000
Federal National Mortgage Association



Guaranteed REMIC Pass-Through Certificates
Fannie Mae REMIC Trust 1993-42

The Guaranteed REMIC Pass-Through Certificates offered hereby (the “Certificates”) will represent beneficial ownership interests in Fannie Mae REMIC Trust 1993-42 (the “Trust”). The assets of the Trust will consist of a single “principal only” Fannie Mae Stripped Mortgage-Backed Security and a single “interest only” Fannie Mae Stripped Mortgage-Backed Security (together, the “SMBS Certificates”) which evidence the entire beneficial ownership interest in distributions of principal and a portion of the beneficial ownership interest in distributions of interest made in respect of certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the “MBS”), held in the form of a Fannie Mae Guaranteed MBS Pass-Through Certificate (the “Mega Certificate”) and included in Fannie Mae Stripped Mortgage-Backed Security Trust 000215-CL (the “SMBS Trust”). Each MBS will represent a beneficial interest in a pool (the “Pool”) of first lien, single-family, fixed-rate residential mortgage loans (the “Mortgage Loans”) having the characteristics described herein. The Certificates will be issued and guaranteed as to timely distribution of principal and interest by Fannie Mae and offered by Fannie Mae pursuant to its Prospectus for Guaranteed Mortgage Pass-Through Certificates (the “MBS Prospectus”), its Prospectus for Stripped Mortgage-Backed Securities (the “SMBS Prospectus”) and its Prospectus for Guaranteed MBS Pass-Through Certificates (the “Mega Prospectus”), each available as described herein, and its Prospectus for Guaranteed REMIC Pass-Through Certificates (the “REMIC Prospectus”), accompanying this Prospectus Supplement.

An election will be made to treat the Trust as a “real estate mortgage investment conduit” (“REMIC”) pursuant to the Internal Revenue Code of 1986, as amended (the “Code”). The R Class will be subject to transfer restrictions. See “Description of the Certificates—Characteristics of the R Class” and “Certain Additional Federal Income Tax Consequences” herein, and “Description of the Certificates—Additional Characteristics of Residual Certificates” and “Certain Federal Income Tax Consequences” in the REMIC Prospectus.

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THE CERTIFICATES, TOGETHER WITH ANY INTEREST THEREON, ARE NOT GUARANTEED BY THE UNITED STATES. THE OBLIGATIONS OF FANNIE MAE UNDER ITS GUARANTY OF THE CERTIFICATES ARE OBLIGATIONS SOLELY OF FANNIE MAE AND DO NOT CONSTITUTE AN OBLIGATION OF THE UNITED STATES OR ANY AGENCY OR INSTRUMENTALITY THEREOF OTHER THAN FANNIE MAE. THE 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.

Class	Original Principal Balance	Principal Type(1)	Interest Rate	Interest Type(1)	Final Distribution Date
A	\$134,121,000	SEQ	6.25000%	FIX	November 2016
B	29,196,000	SEQ	10.00018%	FIX	December 2021
C	16,803,000	SEQ	6.55000%	FIX	December 2017
D	25,169,000	SEQ	6.65000%	FIX	April 2019
E	54,886,000	SEQ	6.35000%	FIX	December 2021
G	5,805,000	AD/LIQ	6.75000%	FIX	April 1998
H	8,128,000	AD	6.75000%	FIX	April 2003
J	11,383,000	AD	6.75000%	FIX	May 2008
ZQ	14,509,000	SEQ	6.75000%	Z	April 2023
R	0	NPR	0%	NPR	April 2023

(1) See “Description of the Certificates—Class Definitions and Abbreviations” in the REMIC Prospectus and “Description of the Certificates—Distributions of Interest” and “—Distributions of Principal” herein.

The Certificates will be offered by Merrill Lynch, Pierce Fenner & Smith Incorporated (the “Dealer”) from time to time in negotiated transactions, at varying prices to be determined at the time of sale.

The Certificates are offered by the Dealer, subject to issuance by Fannie Mae and receipt and acceptance by the Dealer, and subject to the Dealer’s right to reject any order in whole or in part. It is expected that the Certificates, except for the ZQ and R Classes, will be available through the book-entry system of the Federal Reserve Banks on or about April 30, 1993 (the “Settlement Date”). It is expected that the ZQ and R Classes in registered, certificated form will be available for delivery at the offices of the Dealer, New York, New York 10005, on or about the Settlement Date.

Merrill Lynch & Co.

February 24, 1993

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THE CERTIFICATES MAY NOT BE SUITABLE INVESTMENTS FOR ALL INVESTORS. NO INVESTOR SHOULD PURCHASE CERTIFICATES UNLESS SUCH INVESTOR UNDERSTANDS AND IS ABLE TO BEAR THE PREPAYMENT, YIELD, LIQUIDITY AND OTHER RISKS ASSOCIATED WITH SUCH CERTIFICATES.

The yield to investors in each Class will be sensitive in varying degrees to the rate of principal payments of the Mortgage Loans, the characteristics of the Mortgage Loans actually included in the Pool, the purchase price paid for the related Class and, in the case of any Floating Rate and Inverse Floating Rate Classes, the level of the applicable Index. Accordingly, investors should consider the following risks:

- The Mortgage Loans generally may be prepaid at any time without penalty, and, accordingly, the rate of principal payments thereon is likely to vary considerably from time to time.
- Slight variations in Mortgage Loan characteristics could substantially affect the weighted average lives and yields of some or all of the Classes.
- In the case of any Certificates purchased at a discount to their principal amounts, a slower than anticipated rate of principal payments is likely to result in a lower than anticipated yield.
- In the case of any Certificates purchased at a premium to their principal amounts, a faster than anticipated rate of principal payments is likely to result in a lower than anticipated yield.
- In the case of any Interest Only Class, a faster than anticipated rate of principal payments is likely to result in a lower than anticipated yield and, in certain cases, an actual loss on the investment.
- The yield on any Floating Rate or Inverse Floating Rate Class will be sensitive to the level of the applicable Index, particularly if the interest rate thereon fluctuates as a multiple of such Index.

See “Description of the Certificates—Yield Considerations” herein.

In addition, investors should purchase Certificates only after considering the following:

- The actual final payment of any Class will likely occur earlier, and could occur much earlier, than the Final Distribution Date for such Class specified on the cover page. See “Description of the Certificates—Weighted Average Lives of the Certificates” herein and “Description of the Certificates—Weighted Average Life and Final Distribution Dates” in the REMIC Prospectus.
- The rate of principal distributions of the Certificates is uncertain and investors may be unable to reinvest the distributions thereon at yields equaling the yields on the Certificates. See “Description of the Certificates—Reinvestment Risk” in the REMIC Prospectus.
- Investors whose investment activities are subject to legal investment laws and regulations or to review by regulatory authorities may be subject to restrictions on investment in certain Classes of the Certificates. Investors should consult their legal advisors to determine whether and to what extent the Certificates constitute legal investments or are subject to restrictions on investment. See “Legal Investment Considerations” in the REMIC Prospectus.

The Dealer intends to make a market for the Certificates but is not obligated to do so. There can be no assurance that such a secondary market will develop or, if developed, that it will continue. Thus, investors may not be able to sell their Certificates readily or at prices that will enable them to realize their anticipated yield. No investor should purchase Certificates unless such investor understands and is able to bear the risk that the value of the Certificates will fluctuate over time and that the Certificates may not be readily salable.

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, the SMBS Prospectus, the Mega Prospectus or the MBS Prospectus. Any representation to the contrary is a criminal offense.

This Prospectus Supplement does not contain complete information about the Certificates. Investors should purchase Certificates only after reading this Prospectus Supplement, the REMIC Prospectus, the MBS Prospectus dated January 1, 1993, the SMBS Prospectus dated December 1, 1992, the Mega Prospectus dated December 1, 1992 and the Fannie Mae Information Statement dated February 16, 1993 and any supplements thereto (the “Information Statement”). The MBS Prospectus, the SMBS Prospectus, the Mega Prospectus and the Information Statement are incorporated herein by reference and may be obtained from Fannie Mae by writing or calling its MBS Helpline at 3900 Wisconsin Avenue, N.W., Area 2H-2N, Washington, D.C. 20016 (telephone 1-800-BEST-MBS or 202-752-6547). Such documents may also be obtained from Merrill Lynch, Pierce Fenner & Smith Incorporated by writing or calling its Prospectus Department at 4 Corporate Place, Corporate Park 287, Piscataway, New Jersey 08855 (telephone 908-878-6526).

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DESCRIPTION OF THE CERTIFICATES

The following summaries describing certain provisions of the 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, the SMBS Prospectus, the Mega 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 (including the Glossary contained therein), the MBS Prospectus, the SMBS Prospectus, the Mega Prospectus or the Trust Agreement (as the context may require).

General

Structure. The Trust will be created pursuant to a trust agreement dated as of September 1, 1987, as supplemented by an issue supplement thereto, dated as of April 1, 1993 (together, the “Trust Agreement”), executed by the Federal National Mortgage Association (“Fannie Mae”) in its corporate capacity and in its capacity as Trustee, and the Certificates in the Classes and aggregate original principal balances set forth on the cover hereof will be issued by Fannie Mae pursuant thereto. A description of Fannie Mae and its business, together with certain financial statements and other financial information, is contained in the Information Statement.

The Certificates (other than the R Class) will be designated as the “regular interests,” and the R Class will be designated as the “residual interest,” in the REMIC constituted by the Trust. The assets of the Trust will consist of the SMBS.

SMBS Distributions. The SMBS will provide that certain principal and interest payments on the MBS will be passed through monthly, commencing on the 25th day of the month following the month of the initial issuance of the SMBS (or, if such 25th day is not a business day, on the first business day next succeeding such 25th day).

Fannie Mae Guaranty. Fannie Mae guarantees to each holder of an MBS 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 Certificates required installments of principal and interest and to distribute the principal balance of each Class of Certificates in full no later than the applicable Final Distribution Date, whether or not sufficient funds are available in the MBS Account. The guaranty obligations of Fannie Mae with respect to the SMBS Certificates and the Mega Certificate are described in the SMBS Prospectus and the Mega Prospectus, respectively. The guaranties of Fannie Mae are not backed by the full faith and credit of the United States. See “Description of the Certificates—Fannie Mae’s Guaranty” in the REMIC Prospectus, “The SMBS Certificates—Fannie Mae Obligations” in the SMBS Prospectus, “The Certificates—Fannie Mae’s Guaranty” in the Mega Prospectus and “Description of Certificates—The Corporation’s Guaranty” in the MBS Prospectus.

Characteristics of Certificates. The Certificates, other than the ZQ and R Certificates, will be issued and maintained and may be transferred by Holders only on the book-entry system of the Federal Reserve Banks. Such entities whose names appear on the book-entry records of a Federal Reserve Bank as the entities for whose accounts such Certificates have been deposited are herein referred to as “Holders” or “Certificateholders.” A Holder is not necessarily the beneficial owner of a book-entry Certificate. Beneficial owners will ordinarily hold book-entry Certificates through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. See “Description of the Certificates—Denominations, Book-Entry Form” in the REMIC Prospectus.

The ZQ and R Certificates will not be issued in book-entry form but will be issued in fully registered, certificated form. As to any ZQ or R Certificate, “Holder” or “Certificateholder” refers to the registered owner thereof. The ZQ and R 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 exchange or registration of transfer of any ZQ or R Certificate and Fannie Mae may require payment of a sum sufficient to cover any tax or other governmental charge. See also “Characteristics of the R Class” herein.

Distributions on the ZQ Certificates will be made by check mailed by the Paying Agent (initially State Street) to the address of each person entitled thereto as it appears on the Certificate Register maintained by the Certificate Registrar (initially State Street) not later than each Distribution Date; provided, however, that the final distribution to the Holders of the ZQ Class, and the distribution to the Holder of the R Certificate of the proceeds of any remaining assets of the Trust will be made only upon presentation and surrender of the respective Certificates at the office of the Paying Agent.

Authorized Denominations. The Certificates, other than the ZQ and R Certificates, will be issued in minimum denominations of \$1,000 and integral multiples of \$1 in excess thereof. The ZQ Certificates will be issued in minimum denominations of \$1,000 and integral multiples of \$100 in excess thereof. The R Class will be issued as a single certificate and will not have a principal balance.

Distribution Dates. Distributions on the Certificates will be made 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 the month following the Settlement Date.

Calculation of Distributions. Interest on the interest-bearing 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 (except with respect to Accrual Classes, if any) in the month after the Settlement Date. Interest to be distributed or, in the case of any Accrual Class, added to principal on each interest-bearing Certificate on a Distribution Date will consist of one month’s interest on the outstanding principal balance of such Certificate immediately prior to such Distribution Date. Interest to be distributed or, in the case of any Accrual Class, added to principal on a Distribution Date will accrue on the interest-bearing Certificates during the one month periods set forth herein under “Distributions of Interest—*Interest Accrual Periods.*” Principal on the Certificates will be distributed on each Distribution Date in an amount equal to the sum of the aggregate distributions of principal concurrently made on the SMBS and any interest accrued and added on such Distribution Date to the principal balances of the Accrual Classes, if any. See “Distributions of Principal” herein.

Record Date. Each monthly distribution on the 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 Certificates the factor (carried to eight decimal places) which, when multiplied by the original principal balance of a Certificate of such Class, will equal the remaining principal balance of such Certificate after giving effect to the distribution of principal to be made on the following Distribution Date and any interest to be added as principal to the principal balances of any Accrual Classes on such Distribution Date.

Optional Termination. Consistent with its policy described under “Description of Certificates—Termination” in the MBS Prospectus, Fannie Mae will agree not to effect indirectly an early termination of the Trust through the exercise of its right to repurchase the Mortgage Loans underlying any MBS 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.

Liquid Assets. The G Class is intended to qualify as a “liquid asset” for purposes of the liquidity requirements applicable to federal savings associations, federal savings banks and state-chartered associations whose deposits are insured by the Federal Deposit Insurance Corporation.

The SMBS

The SMBS Certificates underlying the Certificates will represent the aggregate of interest payments at a Pass-Through Rate of 7.00% on a notional principal amount of \$289,285,715 and principal payments on a principal amount of \$300,000,000 of MBS having the general characteristics described in the MBS Prospectus. The MBS are held in the form of Mega Certificate CL-190215, the general characteristics of which are described in the Mega Prospectus.

The Mortgage Loans will be conventional Level Payment Mortgage Loans secured by a first mortgage or deed of trust on a one- to four-family (“single-family”) residential property and having an original maturity of up to 30 years, as described under “The Mortgage Pools” and “Yield Considerations” in the MBS Prospectus. The characteristics of the MBS and Mortgage Loans as of April 1, 1993 (the “Issue Date”) are expected to be as follows:

Range of WACs (per annum percentage)	7.25% to 8.00%
Range of WAMs.....	348 months to 360 months
Approximate Weighted Average WAM.....	357 months
Approximate Weighted Average CAGE	3 months

Following the issuance of the 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 the Mortgage Loans underlying each MBS, 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 Mortgage Loans underlying the MBS as of the 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 1-800-BEST-MBS or 202-752-6547. The contents of the Final Data Statement and other data specific to the Certificates are available in electronic form by calling Fannie Mae at 1-800-752-6440 or 202-752-6000.

Distributions of Interest

Categories of Classes

For the purpose of payments of interest, the Classes will be categorized as follows:

<u>Interest Type*</u>	<u>Classes</u>
Fixed Rate	All Classes except R
Accrual	ZQ
No Payment Residual	R

* See “Description of the Certificates—Class Definitions and Abbreviations” in the REMIC Prospectus.

General. The interest-bearing Certificates will bear interest at the respective per annum interest rates set forth on the cover or described herein. Interest on the interest-bearing 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 (except with respect to the Accrual Classes, if any) in the month after the Settlement Date. Interest to be distributed or, in the case of any Accrual Class, added to principal on each interest-bearing Certificate on a Distribution Date will consist of one month’s interest on the outstanding principal balance of such Certificate immediately prior to such Distribution Date.

Interest Accrual Periods. Interest to be distributed or added to principal on a Distribution Date will accrue on the interest-bearing Certificates during the one-month periods set forth below (the “Interest Accrual Period”).

<u>Classes</u>	<u>Interest Accrual Period</u>
All interest-bearing Classes (collectively, the “Delay Classes”)	Calendar month preceding the month in which the Distribution Date occurs

See “Yield Considerations” herein.

Accrual Class. The ZQ Class is an Accrual Class. Interest will accrue on the ZQ Class at the per annum rate set forth on the cover hereof. However, such interest will not be distributed until the Distribution Date following the Distribution Date on which the principal balance of the J Class has been reduced to zero. Interest so accrued and unpaid on the ZQ Class will be added as principal to the principal balance thereof on each Distribution Date. Distributions of principal of the ZQ Class will be distributed as described herein.

Distributions of Principal

Categories of Classes

For the purpose of payments of principal, the Classes will be categorized as follows:

<u>Principal Type*</u>	<u>Classes</u>
Sequential Pay	A, B, C, D, E and ZQ
Accretion Directed	G, H and J
Liquid Assets	G
No Payment Residual	R

* See “Description of the Certificates—Class Definitions and Abbreviations” in the REMIC Prospectus.

Principal Distribution Amount

Principal will be distributed monthly on the Certificates in an amount (the “Principal Distribution Amount”) equal to the sum of (i) the aggregate distributions of principal concurrently made on the SMBS (the “Cash Flow Distribution Amount”) and (ii) any interest accrued and added on such Distribution Date to the principal balance of the Accrual Class.

Accrual Amounts from ZQ Class

On each Distribution Date, the interest, if any, accrued and added to the principal balance of the ZQ Class will be distributed, sequentially, as principal of the G Class, H Class and J Class, in that order, until the respective principal balances thereof are reduced to zero, and thereafter to the ZQ Class.

Accretion
Directed
and
Accrual
Classes

Cash Flow Distribution Amount

On each Distribution Date, the Cash Flow Distribution Amount will be distributed as principal of the Classes in the following order of priority:

- (i) concurrently, to the A and B Classes, in the proportions of 86.6673242586% and 13.3326757414%, respectively, until the principal balance of the A Class is reduced to zero;
- (ii) concurrently, to the C and B Classes, in the proportions of 94.2032093207% and 5.7967906793%, respectively, until the principal balance of the C Class is reduced to zero;

Sequential
Pay
Classes

- | | |
|--|--|
| (iii) concurrently, to the D and B Classes, in the proportions of 97.0150901730% and 2.9849098270%, respectively, until the principal balance of the D Class is reduced to zero; | } Sequential Pay Classes |
| (iv) concurrently, to the E and B Classes, in the proportions of 89.0416511840% and 10.9583488160%, respectively, until the principal balances thereof are reduced to zero; and | |
| (v) sequentially, to the G, H, J and ZQ Classes, in that order, until the principal balances thereof are reduced to zero. | } Sequential Pay, Accretion Directed and Accrual Classes |

Structuring Assumptions

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”):

- each Mortgage Loan bears interest at a rate of 7.75% per annum and has an original term to maturity of 360 months, a CAGE of 4 months and a remaining term to maturity of 356 months;
- the Mortgage Loans prepay at the *constant* percentages of PSA specified in the related table;
- the closing date for the sale of the Certificates is the Settlement Date; and
- the first Distribution Date for the Certificates occurs in the month following the Settlement Date.

PSA Assumptions. Prepayments of mortgage loans commonly are measured relative to a prepayment standard or model. The model used in this Prospectus Supplement is the Public Securities Association’s standard prepayment model (“PSA”). To assume a specified rate of PSA (for example, 175% PSA) is to assume a specified rate of prepayment each month of the then outstanding principal balance of a pool of new mortgage loans computed as described under “Description of the Certificates—Prepayment Considerations and Risks” in the REMIC Prospectus. There is no assurance that prepayments will occur at any PSA rate or at any other constant rate.

Characteristics of the R Class

The R Certificate will not have a principal balance and will not bear interest. The Holder of the R Certificate will be entitled to receive the proceeds of the remaining assets of the Trust, if any, after the principal balances of all Classes have been reduced to zero. It is not anticipated that there will be any material assets remaining in such circumstance.

The R Class will be subject to certain transfer restrictions. No transfer of record or beneficial ownership of an R Certificate will be allowed to a “disqualified organization.” In addition, no transfer of record or beneficial ownership of an R Certificate will be allowed to any person that is not a “U.S. Person” without the written consent of Fannie Mae. Under regulations issued by the Treasury Department on December 23, 1992 (the “Regulations”), a transfer of a “noneconomic residual interest” to a U.S. Person will be disregarded for all federal tax purposes unless no significant purpose of the transfer is to impede the assessment or collection of tax. The R Certificate will constitute a noneconomic residual interest under the Regulations. Any transferee of the R Certificate must execute and deliver an affidavit and an Internal Revenue Service Form W-9 on which the transferee provides its taxpayer identification number. See “Description of the Certificates—Additional Characteristics of Residual Certificates” and “Certain Federal Income Tax Consequences—Taxation

of Beneficial Owners of Residual Certificates” in the REMIC Prospectus. Transferors of the R Certificate should consult with their own tax advisors for further information regarding such transfers.

The Holder of the R Certificate will be considered to be the holder of the “residual interest” in the REMIC constituted by the Trust. See “Certain Federal Income Tax Consequences” in the REMIC Prospectus. Pursuant to the Trust Agreement, Fannie Mae will be obligated to provide to such Holder (i) such information as is necessary to enable it to prepare its federal income tax return and (ii) any reports regarding the 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. Because the rate of principal distributions on the Certificates will be related to the amortization of the Mortgage Loans in each Pool, which are likely to 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 principal distributions on the Certificates are likely to differ from those assumed, even if all 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 PSA rate until maturity or that all of such Mortgage Loans will prepay at the same rate.

The timing of changes in the rate of prepayments may significantly affect the actual yield to maturity to investors, even if the average rate of principal prepayments is consistent with the expectations of investors. In general, the earlier the payment of principal of the Mortgage Loans, the greater the effect on an investor’s yield to maturity. As a result, the effect on an investor’s yield of principal prepayments occurring at a rate higher (or lower) than the rate anticipated by the investor during the period immediately following the issuance of the Certificates will not be offset by a subsequent like reduction (or increase) in the rate of principal prepayments.

The effective yield on the Delay Classes will be reduced below the yield otherwise produced because principal and interest payable on a Distribution Date will not be distributed until the 25th day following the end of the related Interest Accrual Period and will not bear interest during such delay. No interest at all will be paid on any Class after its principal balance has been reduced to zero. As a result of the foregoing, the market value of the Delay Classes will be lower than would have been the case if there were no such delay. Investors must make their own decisions as to the appropriate assumptions, including prepayment assumptions, to be used in deciding whether to purchase the Certificates.

Weighted Average Lives of the Certificates

The weighted average life of a Certificate is determined by (a) multiplying the amount of the reduction, if any, of the principal balance of such 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 Certificate referred to in clause (a). For a description of the factors which may influence the weighted average life of a Certificate, see “Description of the Certificates—Weighted Average Life and Final Distribution Dates” in the REMIC Prospectus.

In general, the weighted average lives of the 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 and the priority sequence of distributions of principal of the Classes. See “Distributions of Principal” herein.

The interaction of the foregoing factors may have different effects on various Classes 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. Further, to the extent the prices of the Certificates represent discounts or premiums to their respective original principal balances, variability in the weighted average lives of such Classes of Certificates could result in variability in the related yields to maturity. For an example of how the weighted average lives of the Classes may be affected at various *constant* prepayment rates, see the Decrement Tables below.

Decrement Tables

The following tables indicate the percentages of original principal balances of the specified Classes that would be outstanding after each of the dates shown at various *constant* PSA levels and the corresponding weighted average lives of such Classes. The tables have been prepared on the basis of the Pricing Assumptions, except that with respect to the information set forth for each such Class under 0% PSA it has been assumed that each underlying Mortgage Loan bears an interest rate of 9.50% per annum and has an original and remaining term to maturity of 360 months. It is not likely that (i) all of the underlying Mortgage Loans will have the interest rates, CAGEs or remaining terms to maturity assumed or (ii) the underlying Mortgage Loans will prepay at a *constant* PSA level. 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 specified *constant* PSA levels, 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	A Class						B Class						C Class					
	PSA Prepayment Assumption						PSA Prepayment Assumption						PSA Prepayment Assumption					
	0%	50%	100%	175%	350%	500%	0%	50%	100%	175%	350%	500%	0%	50%	100%	175%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
April 1994	99	96	94	91	84	78	99	97	96	94	89	84	100	100	100	100	100	100
April 1995	97	90	84	75	55	38	98	93	89	82	68	56	100	100	100	100	100	100
April 1996	96	83	72	56	22	0	97	88	80	69	45	29	100	100	100	100	100	78
April 1997	94	75	60	38	0	0	96	83	72	56	28	22	100	100	100	100	72	0
April 1998	93	68	49	23	0	0	95	78	64	46	24	10	100	100	100	100	0	0
April 1999	91	61	38	9	0	0	93	73	56	36	17	3	100	100	100	100	0	0
April 2000	89	54	28	0	0	0	92	68	49	28	10	0	100	100	100	74	0	0
April 2001	86	47	19	0	0	0	90	63	43	25	4	0	100	100	100	0	0	0
April 2002	84	41	10	0	0	0	89	58	37	24	*	0	100	100	100	0	0	0
April 2003	81	34	2	0	0	0	87	53	31	21	0	0	100	100	100	0	0	0
April 2004	78	27	0	0	0	0	84	49	28	16	0	0	100	100	51	0	0	0
April 2005	75	21	0	0	0	0	82	44	26	12	0	0	100	100	0	0	0	0
April 2006	71	14	0	0	0	0	79	39	24	9	0	0	100	100	0	0	0	0
April 2007	67	8	0	0	0	0	76	35	23	6	0	0	100	100	0	0	0	0
April 2008	62	1	0	0	0	0	73	30	21	3	0	0	100	100	0	0	0	0
April 2009	57	0	0	0	0	0	70	28	17	*	0	0	100	56	0	0	0	0
April 2010	52	0	0	0	0	0	66	26	14	0	0	0	100	1	0	0	0	0
April 2011	46	0	0	0	0	0	62	25	11	0	0	0	100	0	0	0	0	0
April 2012	39	0	0	0	0	0	57	24	8	0	0	0	100	0	0	0	0	0
April 2013	32	0	0	0	0	0	52	22	5	0	0	0	100	0	0	0	0	0
April 2014	24	0	0	0	0	0	46	18	3	0	0	0	100	0	0	0	0	0
April 2015	15	0	0	0	0	0	40	15	*	0	0	0	100	0	0	0	0	0
April 2016	6	0	0	0	0	0	33	11	0	0	0	0	100	0	0	0	0	0
April 2017	0	0	0	0	0	0	28	7	0	0	0	0	60	0	0	0	0	0
April 2018	0	0	0	0	0	0	25	3	0	0	0	0	0	0	0	0	0	0
April 2019	0	0	0	0	0	0	23	0	0	0	0	0	0	0	0	0	0	0
April 2020	0	0	0	0	0	0	15	0	0	0	0	0	0	0	0	0	0	0
April 2021	0	0	0	0	0	0	6	0	0	0	0	0	0	0	0	0	0	0
April 2022	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April 2023	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	15.9	7.7	5.1	3.4	2.1	1.7	19.1	11.8	8.5	5.8	3.4	2.6	24.1	16.1	11.1	7.3	4.1	3.1

* Indicates an outstanding balance greater than 0% and less than 0.5% of the original principal balance.

** Determined as specified under "Weighted Average Lives of the Certificates" herein.

Date	D Class						E Class						G Class					
	PSA Prepayment Assumption						PSA Prepayment Assumption						PSA Prepayment Assumption					
	0%	50%	100%	175%	350%	500%	0%	50%	100%	175%	350%	500%	0%	50%	100%	175%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
April 1994	100	100	100	100	100	100	100	100	100	100	100	100	83	83	83	83	83	83
April 1995	100	100	100	100	100	100	100	100	100	100	100	100	64	64	64	64	64	64
April 1996	100	100	100	100	100	100	100	100	100	100	100	100	44	44	44	44	44	44
April 1997	100	100	100	100	100	0	100	100	100	100	100	94	23	23	23	23	23	23
April 1998	100	100	100	100	30	0	100	100	100	100	100	45	0	0	0	0	0	0
April 1999	100	100	100	100	0	0	100	100	100	100	74	11	0	0	0	0	0	0
April 2000	100	100	100	100	0	0	100	100	100	100	43	0	0	0	0	0	0	0
April 2001	100	100	100	86	0	0	100	100	100	100	19	0	0	0	0	0	0	0
April 2002	100	100	100	28	0	0	100	100	100	100	*	0	0	0	0	0	0	0
April 2003	100	100	100	0	0	0	100	100	100	90	0	0	0	0	0	0	0	0
April 2004	100	100	100	0	0	0	100	100	100	71	0	0	0	0	0	0	0	0
April 2005	100	100	91	0	0	0	100	100	100	53	0	0	0	0	0	0	0	0
April 2006	100	100	50	0	0	0	100	100	100	38	0	0	0	0	0	0	0	0
April 2007	100	100	11	0	0	0	100	100	100	24	0	0	0	0	0	0	0	0
April 2008	100	100	0	0	0	0	100	100	89	12	0	0	0	0	0	0	0	0
April 2009	100	100	0	0	0	0	100	100	74	2	0	0	0	0	0	0	0	0
April 2010	100	100	0	0	0	0	100	100	60	0	0	0	0	0	0	0	0	0
April 2011	100	63	0	0	0	0	100	100	47	0	0	0	0	0	0	0	0	0
April 2012	100	25	0	0	0	0	100	100	35	0	0	0	0	0	0	0	0	0
April 2013	100	0	0	0	0	0	100	95	23	0	0	0	0	0	0	0	0	0
April 2014	100	0	0	0	0	0	100	79	12	0	0	0	0	0	0	0	0	0
April 2015	100	0	0	0	0	0	100	63	1	0	0	0	0	0	0	0	0	0
April 2016	100	0	0	0	0	0	100	47	0	0	0	0	0	0	0	0	0	0
April 2017	100	0	0	0	0	0	100	30	0	0	0	0	0	0	0	0	0	0
April 2018	72	0	0	0	0	0	100	14	0	0	0	0	0	0	0	0	0	0
April 2019	0	0	0	0	0	0	98	0	0	0	0	0	0	0	0	0	0	0
April 2020	0	0	0	0	0	0	63	0	0	0	0	0	0	0	0	0	0	0
April 2021	0	0	0	0	0	0	25	0	0	0	0	0	0	0	0	0	0	0
April 2022	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April 2023	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	25.3	18.4	13.0	8.6	4.9	3.6	27.4	22.8	17.9	12.4	6.9	5.0	2.7	2.7	2.7	2.7	2.7	2.7

Date	H Class						J Class						ZQ Class					
	PSA Prepayment Assumption						PSA Prepayment Assumption						PSA Prepayment Assumption					
	0%	50%	100%	175%	350%	500%	0%	50%	100%	175%	350%	500%	0%	50%	100%	175%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
April 1994	100	100	100	100	100	100	100	100	100	100	100	100	107	107	107	107	107	107
April 1995	100	100	100	100	100	100	100	100	100	100	100	100	114	114	114	114	114	114
April 1996	100	100	100	100	100	100	100	100	100	100	100	100	122	122	122	122	122	122
April 1997	100	100	100	100	100	100	100	100	100	100	100	100	131	131	131	131	131	131
April 1998	100	100	100	100	100	100	100	100	100	100	100	100	140	140	140	140	140	140
April 1999	83	83	83	83	83	83	100	100	100	100	100	100	150	150	150	150	150	150
April 2000	64	64	64	64	64	0	100	100	100	100	100	78	160	160	160	160	160	160
April 2001	44	44	44	44	44	0	100	100	100	100	100	0	171	171	171	171	171	152
April 2002	23	23	23	23	23	0	100	100	100	100	100	0	183	183	183	183	183	105
April 2003	0	0	0	0	0	0	100	100	100	100	21	0	196	196	196	196	196	72
April 2004	0	0	0	0	0	0	83	83	83	83	0	0	210	210	210	210	164	49
April 2005	0	0	0	0	0	0	64	64	64	64	0	0	224	224	224	224	127	34
April 2006	0	0	0	0	0	0	44	44	44	44	0	0	240	240	240	240	97	23
April 2007	0	0	0	0	0	0	23	23	23	23	0	0	257	257	257	257	74	15
April 2008	0	0	0	0	0	0	*	*	*	*	0	0	274	274	274	274	57	10
April 2009	0	0	0	0	0	0	0	0	0	0	0	0	274	274	274	274	43	7
April 2010	0	0	0	0	0	0	0	0	0	0	0	0	274	274	274	241	33	5
April 2011	0	0	0	0	0	0	0	0	0	0	0	0	274	274	274	206	25	3
April 2012	0	0	0	0	0	0	0	0	0	0	0	0	274	274	274	174	18	2
April 2013	0	0	0	0	0	0	0	0	0	0	0	0	274	274	274	146	14	1
April 2014	0	0	0	0	0	0	0	0	0	0	0	0	274	274	274	121	10	1
April 2015	0	0	0	0	0	0	0	0	0	0	0	0	274	274	274	99	7	1
April 2016	0	0	0	0	0	0	0	0	0	0	0	0	274	274	236	80	5	*
April 2017	0	0	0	0	0	0	0	0	0	0	0	0	274	274	195	63	4	*
April 2018	0	0	0	0	0	0	0	0	0	0	0	0	274	274	157	48	2	*
April 2019	0	0	0	0	0	0	0	0	0	0	0	0	274	264	120	35	2	*
April 2020	0	0	0	0	0	0	0	0	0	0	0	0	274	193	85	24	1	*
April 2021	0	0	0	0	0	0	0	0	0	0	0	0	274	122	52	14	*	*
April 2022	0	0	0	0	0	0	0	0	0	0	0	0	198	49	20	5	*	*
April 2023	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	7.7	7.7	7.7	7.7	7.6	6.4	12.7	12.7	12.7	12.7	9.7	7.3	29.3	27.8	25.7	21.1	14.0	10.4

* Indicates an outstanding balance greater than 0% and less than 0.5% of the original principal balance.

** Determined as specified under “Weighted Average Lives of the Certificates” herein.

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 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 Certificates.

REMIC Election and Special Tax Attributes

An election will be made to treat the Trust as a REMIC for federal income tax purposes. The Certificates, other than the R Class, will be designated as the “regular interests,” and the R Class will be designated as the “residual interest,” in the REMIC constituted by the Trust.

As a consequence of the qualification of the Trust as a REMIC, the 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 R Class, 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 ZQ Class will be, and certain other Classes of 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 175% 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 will prepay at that or any other rate. See “Description of the Certificates—Weighted Average Lives of the Certificates” herein and “Description of the Certificates—Weighted Average Life and Final Distribution Dates” in the REMIC Prospectus. In addition, the B Class will be, and certain other Classes of 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

Under the Regulations, the R Certificate will not have significant value. As a result, an organization to which section 593 of the Code applies and which is the beneficial owner of the R Certificate may not use its allowable deductions to offset any “excess inclusions” with respect to such Certificate. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*” in the REMIC Prospectus.

For purposes of determining the portion of the taxable income of the Trust that generally will not be treated as excess inclusions, the rate to be used is 120% of the “federal long-term rate.” The rate will be published on or about March 20, 1993. 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 R Certificate are unclear; any transferee receiving such consideration should consult its own tax advisors.

PLAN OF DISTRIBUTION

General. The Dealer will receive the Certificates in exchange for the SMBS pursuant to a Fannie Mae commitment. The Dealer proposes to offer the Certificates directly to the public from time to time in negotiated transactions at varying prices to be determined at the time of sale. The Dealer may effect such transactions to or through dealers.

Increase in Certificates. Fannie Mae and the Dealer may agree to offer hereby Certificates in addition to those contemplated as of the date hereof. In such event, the SMBS will be increased in principal balance, but it is expected that all additional MBS will have the same characteristics as described herein under “Description of the Certificates—The SMBS.” The proportion that the original principal balance of each Class bears to the aggregate original principal balance of all the Certificates will remain the same.

LEGAL MATTERS

Certain legal matters will be passed upon for the Dealer by Milbank, Tweed, Hadley & McCloy.

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, the SMBS Prospectus, the Mega 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 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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\$300,000,000

**Federal National
Mortgage Association**



**Guaranteed
REMIC Pass-Through
Certificates
Fannie Mae REMIC Trust
1993-42**

PROSPECTUS SUPPLEMENT

Merrill Lynch & Co.

February 24, 1993