

# PROSPECTUS SUPPLEMENT

(To Prospectus dated December 29, 1992)

\$500,000,000

Federal National Mortgage Association



## Guaranteed REMIC Pass-Through Certificates Fannie Mae REMIC Trust 1993-104

The Guaranteed REMIC Pass-Through Certificates offered hereby (the "Certificates") will represent beneficial ownership interests in one of two trust funds. The Certificates, other than the RL Class, will represent beneficial ownership interests in Fannie Mae REMIC Trust 1993-104 (the "Trust"). The assets of the Trust will consist of (i) the "regular interests" in a separate trust fund (the "Lower Tier REMIC") and (ii) a non-interest bearing cash deposit of \$999.99 (the "Retail Cash Deposit") to be applied as described herein. The assets of the Lower Tier REMIC 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") which evidence the beneficial ownership interest in certain distributions of principal and 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 000229-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.

Prospective investors in the BB Certificates should consider carefully, as should prospective investors in any Class of Certificates, whether such an investment is appropriate for their investment objectives. See "Description of the Certificates—The Retail Certificates" herein.

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"). The R and RL Classes will be subject to transfer restrictions. See "Description of the Certificates—Characteristics of the R and RL Classes" 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.

(Cover continued on next page)

**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	Class	Original Principal Balance	Principal Type(1)	Interest Rate	Interest Type(1)	Final Distribution Date
A	\$104,319,000	SEQ	5.5%	FLX	April 2017	C	\$ 71,087,000	SEQ	6.5%	FLX	March 2021
AB	104,319,000	SEQ	6.0%	FLX	April 2017	J	9,450,000	AD	6.5%	FLX	August 2002
F	52,159,500	SEQ	(2)	FLT	April 2017	K	19,012,000	AD	6.5%	FLX	May 2006
S	(3)	NTL	(2)	INV/IO	April 2017	ZA	12,021,000	SEQ	6.5%	Z	November 2021
B	36,000,000	SEQ	6.5%	FLX	April 2019	E	10,291,000	SEQ	6.5%	FLX	July 2023
BB	15,515,000	RTL/SEQ	6.5%	FLX	April 2019	L	8,582,000	AD	6.5%	FLX	May 2008
G	15,217,000	LIQ/AD	5.5%	FLX	March 1998	ZB	26,622,000	SEQ	6.5%	Z	July 2023
H	9,105,000	AD	6.0%	FLX	May 2000	R	1,290,500	SEQ	6.5%	FLX	July 2023
M	(3)	NTL	6.5%	FLX/IO	May 2000	RL	10,000	SEQ	6.5%	FLX	July 2023
Z	5,000,000	SEQ	6.5%	Z	April 2019						

(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.

(2) The F and S Classes will bear interest based on "LIBOR," as described under "Description of the Certificates—Distributions of Interest" herein and "Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes" in the REMIC Prospectus.

(3) The S and M Classes will be Notional Classes, will have no principal balances and will bear interest on their notional principal balances (initially, \$52,159,500 and \$3,041,461, respectively). The notional principal balance of the S Class will be calculated based on the principal balance of a Sequential Pay Class, and the notional principal balance of the M Class will be calculated based on the principal balances of certain Accretion Directed Classes. See "Description of the Certificates—General—Notional Classes" herein.

The Certificates, other than the BB Class, will be offered by The First Boston Corporation, and the BB Class will be offered by the dealers named below (the "Dealers") from time to time in negotiated transactions, at varying prices to be determined at the time of sale.

The Certificates, other than the BB Class, will be offered by The First Boston Corporation, and the BB Class will be offered by the Dealers, as specified herein, subject to receipt and acceptance of the applicable Classes by The First Boston Corporation and of the BB Class by the Dealers and subject to their right to reject any order in whole or in part. It is expected that the Certificates, except for the BB, R and RL Classes, will be available through the book-entry system of the Federal Reserve Banks on or about July 30, 1993 (the "Settlement Date"). It is expected that the R and RL Classes in registered, certificated form will be available for delivery at the offices of The First Boston Corporation, New York, New York, on or about the Settlement Date. It is expected that the BB Class will be available for delivery through the book-entry facilities of The Depository Trust Company on or about such date.

The First Boston Corporation

Dain Bosworth Incorporated

Raymond James & Associates, Inc.

The date of this Prospectus Supplement is May 18, 1993.

*(Cover continued from previous page)*

**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 (as defined herein). 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 BB Certificates (the “Retail Certificates”) may not be an appropriate investment for all prospective investors. The Retail Certificates would not be an appropriate investment for any investor requiring a particular distribution of principal on a specific date or an otherwise predictable stream of principal distributions. Any investor who purchases a Retail Certificate at a premium (or a discount) should consider the risk that relatively early (or late) principal distributions following issuance of the Certificates could result in an actual yield that is lower than such investor’s anticipated yield. In addition, although the Dealers intend to make a secondary market in Retail Certificates, they have no obligation to do so, and any such market making may be discontinued at any time. Finally, there can be no assurance that the price at which an investor may be able to sell a Retail Certificate will be the same as the price at which such investor purchased such Certificate. See “Description of the Certificates—The Retail Certificates” herein.

The Dealers intend to make a market for the Certificates but they are 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 May 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 the Dealers by writing or calling The First Boston Corporation at its Prospectus Department at 55 East 52nd Street, New York, New York 10055 (telephone 212-909-2000).

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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 SMBS Prospectus, the Mega 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 (including the Glossary contained therein), the SMBS Prospectus, the Mega Prospectus, the MBS Prospectus or the Trust Agreement (as the context may require).

### General

*Structure.* The Trust and the Lower Tier REMIC will be created pursuant to a trust agreement dated as of July 1, 1993 (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 and RL Classes) 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 interests in the Lower Tier REMIC other than the RL Class (the “Lower Tier Regular Interests”) will be designated as the “regular interests,” and the RL Class will be designated as the “residual interest,” in the Lower Tier REMIC.

The assets of the Trust will consist of (i) the Lower Tier Regular Interests and (ii) a non-interest bearing cash deposit of \$999.99 (the “Retail Cash Deposit”), and the Certificates, other than the RL Class, will evidence the entire beneficial ownership interest in the distributions of principal and interest on the Lower Tier Regular Interests. The Retail Cash Deposit will be used, if necessary, to round the amount of any principal distribution on the BB Class to an amount equal to an integral multiple of \$1,000, as described herein. The Retail Cash Deposit will not be available for application toward any distributions on the other Classes of Certificates offered hereby.

The assets of the Lower Tier REMIC will consist of the SMBS, and the Lower Tier Regular Interests and the RL Class (collectively, the “Lower Tier Interests”) will in the aggregate evidence the entire beneficial ownership interest in the distributions of principal and interest on 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 guarantee obligations of Fannie Mae with respect to the SMBS 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 BB, R and RL Certificates, will be issued and maintained and may be transferred by Holders only on the book-entry system of the Federal Reserve Banks. The BB Certificates will be represented by one certificate to be registered at all times in the name of the nominee of the Depository (as defined herein), which Depository will maintain the BB Certificates through its book-entry facilities. When used herein, the terms “Holders” and “Certificateholders” refer to (i) such entities whose names appear on the book-entry records of a Federal Reserve Bank as the entities for whose accounts such Certificates (other than the BB, R or RL Certificates) have been deposited and (ii) the nominee of the Depository, in the case of the BB Certificates. 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 R and RL Certificates will not be issued in book-entry form but will be issued in fully registered, certificated form. As to any R or RL Certificate, “Holder” or “Certificateholder” refers to the registered owner thereof. The R and RL Certificates will be transferable and exchangeable, if applicable, 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 the R and RL Certificates and Fannie Mae may require payment of a sum sufficient to cover any tax or other governmental charge. See also “Characteristics of the R and RL Classes” herein.

Distributions on the R and RL Classes will be made by check mailed by the Paying Agent 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 R and RL Classes of the proceeds of any remaining assets of the Trust and the Lower Tier REMIC, as applicable, will be made only upon presentation and surrender of the respective Certificates at the office of the Paying Agent. The Paying Agent initially will be State Street.

*Notional Classes.* The M and S Classes will be Notional Classes. A Notional Class will have no principal balance and will bear interest at the per annum interest rate set forth on the cover or described herein during each Interest Accrual Period on the related notional principal balance. The notional principal balance of each Notional Class will be equal to the indicated percentage of the outstanding principal balance of the following Classes immediately prior to the related Distribution Date:

<u>Class</u>	<u>Percentage of Principal Balance of Specified Class</u>
M .....	15.3846153846% of G Class 7.6923076923% of H Class
S .....	100% of F Class

The notional principal balance of a Notional Class is used for purposes of the determination of interest distributions thereon and does not represent an interest in the principal distributions of the SMBS, the MBS or the underlying Mortgage Loans. Although a Notional Class will not have a principal balance, a REMIC Trust Factor (as described herein) will be published with respect to any such Class that will be applicable to the notional principal balance thereof, and references herein to the principal balances of the Certificates generally shall be deemed to refer also to the notional principal balance of any Notional Class.

*Authorized Denominations.* The Certificates, other than the BB, R and RL Certificates, will be issued in minimum denominations of \$1,000 and integral multiples of \$1 in excess thereof. The

BB Certificates will be issued in minimum denominations of \$1,000 and integral multiples thereof; and the R and RL Certificates will be issued in minimum denominations of \$1,000 and integral multiples of \$100 in excess thereof.

*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 the Accrual Classes, if any) in the month after the Settlement Date. Interest to be distributed or, in the case of any Accrual Classes, 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 Classes, 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 (i) in the case of each such Class other than the Retail Certificates, when multiplied by the original principal balance of a Certificate of such Class, will equal the amount of principal remaining to be distributed with respect to such Certificate and (ii) in the case of the Retail Certificates, when multiplied by the aggregate original principal balance of such Class, will equal the aggregate amount of principal remaining to be distributed with respect to such Class, in each case 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. As a result, the factor for the Retail Certificates will reflect the reduction in aggregate principal balance of such Class taken as a whole, and will not reflect the reduction in principal balance of the Retail Certificates owned by any particular investor. For purposes of determining the factor for the Retail Certificates, any rounding of the distribution of principal thereof will be disregarded.

*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 or the Lower Tier REMIC 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 "liquid assets" 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 Retail Certificates**

### *General*

The BB Certificates will be Retail Certificates. The Retail Certificates will be represented by one certificate to be registered at all times in the name of the nominee of The Depository Trust Company,

a New York-chartered limited purpose trust company, or any successor depository selected or approved by Fannie Mae (the “Depository”). The Depository will maintain the Retail Certificates in integral multiples of \$1,000 through its book-entry facilities. In accordance with its normal procedures, the Depository will record the positions held by each Depository participating firm (each, a “Depository Participant”) in the Retail Certificates, whether held for its own account or as a nominee for another person. State Street will act as paying agent for, and perform certain administrative functions with respect to, the Retail Certificates.

No person acquiring a beneficial ownership interest in the Retail Certificates (a “beneficial owner” or an “investor”) will be entitled to receive a physical certificate representing such ownership interest. An investor’s interest in a Retail Certificate will be recorded, in integral multiples of \$1,000, on the records of the brokerage firm, bank, thrift institution or other financial intermediary (a “financial intermediary”) that maintains such investor’s account for such purpose. In turn, the financial intermediary’s record ownership of such Certificate will be recorded, in integral multiples of \$1,000, on the records of the Depository (or of a Depository Participant that acts as agent for the financial intermediary if such intermediary is not a Depository Participant). Therefore, the investor must rely on the foregoing arrangements to evidence its interest in the Retail Certificates. Beneficial ownership of Retail Certificates may be transferred only by compliance with the procedures of an investor’s financial intermediary and of Depository Participants. In general, beneficial ownership of Retail Certificates will be subject to the rules, regulations and procedures governing the Depository and Depository Participants as in effect from time to time.

#### *Method of Distribution*

Each distribution of principal and interest on the Retail Certificates will be distributed by the Paying Agent to the Depository in immediately available funds. The Depository will be responsible for crediting the amount of such distributions to the accounts of the Depository Participants entitled thereto, in accordance with the Depository’s normal procedures, which currently provide for distributions in next-day funds settled through the New York Clearing House. Each Depository Participant and each financial intermediary will be responsible for disbursing such distributions to the beneficial owners of the Retail Certificates that it represents.

#### *Retail Interest Distributions*

Interest to be distributed on the Retail Certificates on each Distribution Date will consist of one month’s interest at the per annum rate of 6.5% on the outstanding principal balance of such Certificates immediately prior to such Distribution Date. For further discussion, see “Distributions of Interest” herein.

#### *Retail Principal Distributions*

*General.* Distributions of principal of the Retail Certificates on any Distribution Date (collectively, a “Retail Principal Distribution”) will be made, in each case in integral multiples of \$1,000, in accordance with the priorities and limitations set forth herein. On each Distribution Date, the Depository will determine the portion of the Retail Principal Distribution, if any, to be made on Retail Certificates held for the account of each Depository Participant. Each Depository Participant and each financial intermediary will in turn determine the portion of the Retail Principal Distribution to be made on the Retail Certificates held for the account of each investor that it represents.

*Rounding of Retail Principal Distributions.* On each Distribution Date on which amounts are available for the distribution of principal of the Retail Certificates (as described under “Distributions of Principal” herein), the amount of such distribution will be rounded, as necessary, to an amount equal to an integral multiple of \$1,000. Such rounding will be accomplished on the first Distribution Date on which a Retail Principal Distribution is made by withdrawing from the Retail Cash Deposit the amount of funds, if any, needed to round the amount otherwise allocable as principal of the Retail

Certificates to the next higher integral multiple of \$1,000. On each succeeding Distribution Date on which a Retail Principal Distribution is to be made, the aggregate amount allocable to the Retail Certificates will be applied first to repay any funds withdrawn from the Retail Cash Deposit on the preceding Distribution Date, and then the remainder of such allocable amount, if any, will be similarly rounded upward and applied as a Retail Principal Distribution. This procedure will continue on succeeding Distribution Dates until the principal balance of the Class of Retail Certificates has been reduced to zero. Thus, the Retail Principal Distribution on any Distribution Date may be slightly more or less than would be the case in the absence of such rounding procedures, but such difference will in no event exceed \$999.99 on any Distribution Date. The aggregate of all Retail Principal Distributions made through any Distribution Date will in no event be less than would have been the case in the absence of such rounding procedures.

*Retail Principal Distribution by Random Lot.* On each Distribution Date on which a Retail Principal Distribution is to be made, the Retail Certificates in respect of which distributions of principal are to be made (in integral multiples of \$1,000) will be determined in accordance with the then applicable random lot procedures of the Depository and the established procedures of the Depository Participants and financial intermediaries. Accordingly, a Depository Participant or financial intermediary may elect to allot such Retail Principal Distribution to the accounts of some investors (which could include such Depository Participant or financial intermediary) without allotting such distributions to the accounts of other investors.

*Tax Information.* Information allowing beneficial owners of the Retail Certificates to calculate properly the taxable income attributable to the Retail Certificates will be made available by Fannie Mae to Depository Participants and financial intermediaries as required by federal income tax law. Financial intermediaries, in turn, will be obligated to supply such information to individuals and other beneficial owners who are not “exempt recipients.” Beneficial owners should be aware, however, that generally such information need not be furnished before March 15 of any calendar year following a calendar year in which income accrues on a Retail Certificate. Prospective investors in the Retail Certificates also should be aware that beneficial owners of Retail Certificates should treat any premium and any market discount with respect to such Certificates in the same manner as beneficial owners of other “regular interests” in a REMIC. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates” in the REMIC Prospectus. Because the Retail Certificates will not receive payments of principal on a pro rata basis, however, a payment in full of a Retail Certificate may be treated as a prepayment for purposes of the premium and market discount rules. Additional tax consequences affecting beneficial owners of Retail Certificates are discussed under “Certain Additional Federal Income Tax Consequences” herein and “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates” in the REMIC Prospectus.

#### *Certain Principal Distribution Considerations*

Because the rate of Retail Principal Distributions is dependent upon the rate of principal distributions (including prepayments) on the Mortgage Loans, no assurance can be given as to the Distribution Date on which the Retail Certificates will begin to receive principal distributions, as to the rate at which such distributions will continue thereafter or as to the date on which the principal balance of all the Retail Certificates will be distributed in full. In addition, it is possible that certain investors in the Retail Certificates may not receive Retail Principal Distributions until the Final Distribution Date for such Class. Any investor who purchases a Retail Certificate at a premium (or a discount) should consider the risk that relatively early (or late) principal distributions following issuance of the Certificates could result in an actual yield that is lower than such investor’s anticipated yield. See “Distributions of Principal” and “Weighted Average Lives of the Certificates” herein.

As described under “Distributions of Principal” herein, the amount of principal allocated on each Distribution Date to the Retail Certificates primarily will depend on the sufficiency of the Cash Flow Distribution Amount (as defined herein) to reduce to zero the principal balances of those Classes of



Certificates that have higher principal payment priorities than the Retail Certificates. As a result, the amount of principal distributable on the Retail Certificates on any Distribution Date will be very sensitive to the level of prepayments of the Mortgage Loans.

The following table shows the amounts that would be available for distributions of principal of the Retail Certificates during the periods indicated at various constant percentages of PSA (as defined under “Structuring Assumptions—PSA Assumptions” herein), based on the allocations of principal described under “Distributions of Principal” herein. The amounts shown have been calculated on the basis of the Pricing Assumptions (as defined herein) and on the assumption that principal distributions on the Retail Certificates are not rounded to integral multiples of \$1,000 and are made on the 25th day of each month in which such distributions are required to be made. *Because of the distribution priorities and allocations described above and because investors in the Retail Certificates will receive principal distributions in integral multiples of \$1,000, there is no assurance that any investor will receive a distribution of principal on any particular Distribution Date.*

**Aggregate Retail Principal Distributions**  
(for illustrative purposes only)  
(Amounts in thousands)

Twelve Consecutive Months Through	PSA Prepayment Assumption				
	50%	100%	175%	250%	500%
July 1994 .....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
July 1995 .....	0	0	0	0	0
July 1996 .....	0	0	0	0	1,799
July 1997 .....	0	0	0	0	13,716
July 1998 .....	0	0	0	0	0
July 1999 .....	0	0	0	8,624	0
July 2000 .....	0	0	1,502	6,891	0
July 2001 .....	0	0	7,308	0	0
July 2002 .....	0	0	6,510	0	0
July 2003 .....	0	0	194	0	0
July 2004 .....	0	3,112	0	0	0
July 2005 .....	0	4,949	0	0	0
July 2006 .....	0	4,673	0	0	0
July 2007 .....	0	2,780	0	0	0
July 2008 .....	0	0	0	0	0
July 2009 .....	2,725	0	0	0	0
July 2010 .....	4,293	0	0	0	0
July 2011 .....	4,283	0	0	0	0
July 2012 .....	4,213	0	0	0	0
July 2013 .....	0	0	0	0	0
July 2014 .....	0	0	0	0	0
July 2015 .....	0	0	0	0	0
July 2016 .....	0	0	0	0	0
July 2017 .....	0	0	0	0	0
July 2018 .....	0	0	0	0	0
July 2019 .....	0	0	0	0	0
July 2020 .....	0	0	0	0	0
July 2021 .....	0	0	0	0	0
July 2022 .....	0	0	0	0	0
July 2023 .....	0	0	0	0	0
Total Principal Payments*	<u>\$15,515</u>	<u>\$15,515</u>	<u>\$15,515</u>	<u>\$15,515</u>	<u>\$15,515</u>

\* Total principal payments may not equal the sums of the respective columns due to rounding.

There can be no assurance that the Mortgage Loans will have the assumed characteristics or will prepay at any of the *constant* rates shown in the table or at any other particular rate, or that the amounts available for distribution of principal of the Retail Certificates will correspond to any of the amounts shown herein. The rates of Retail Principal Distributions will be directly related to the actual amortization and 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. As a result, the amounts available for distribution of principal of the Retail Certificates are likely to differ from those shown in the table above even if all the Mortgage Loans prepay at the indicated constant percentages of PSA. In particular, the diverse remaining terms to maturity of the Mortgage Loans could produce lower yields than those produced by Mortgage Loans having the assumed characteristics. In addition, it is not likely that the Mortgage Loans will prepay at a constant level of PSA 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 amounts available for distribution of principal to an investor (and the resulting yield to maturity), even if the average rate of principal prepayments is consistent with an investor's expectation. 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 slower (or faster) than the rate anticipated by the investor during the period immediately following the issuance of the Retail Certificates will not be equally offset by a subsequent like increase (or decrease) in the rate of principal prepayments. Investors must make their own decisions as to the appropriate prepayment assumption to be used in deciding whether to purchase the Retail Certificates.

The weighted average lives of the Retail Certificates shown in the table referenced under "Decrement Tables" herein apply to such Class taken as a whole; as a result of the distribution priorities and allocations described above, the weighted average lives of the Retail Certificates beneficially owned by individual investors may vary significantly from the weighted average life of the Class as a whole. Although distributions of principal and interest on the Retail Certificates are guaranteed by Fannie Mae as described herein, Fannie Mae can give no assurance as to any particular principal distribution scenario, as to any particular weighted average life for the Retail Certificates or as to the date or dates on which any particular investor will receive distributions of principal. In addition, there is no assurance that procedures of the financial intermediaries or the Depository will not change. Investors in the Retail Certificates should understand, as should investors in the other Classes of Certificates, that they are assuming all risks and benefits associated with the rate of principal distributions on such Certificates, whether such rate is rapid or slow, and with variations in such rate from time to time. Investors in the Retail Certificates should also consider the fact, described under "Distributions of Interest" herein, that the effective yields to Holders of the Retail Certificates will be lower than the yields otherwise produced because interest distributable 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.

#### *Investment Determination*

The Retail Certificates may not be an appropriate investment for all prospective investors. The Retail Certificates, like the other Classes of Certificates, would not be an appropriate investment for any investor requiring a particular distribution of principal on a specific date or an otherwise predictable stream of principal distributions. There is no assurance that any investor in the Retail Certificates will receive a principal distribution (in integral multiples of \$1,000) on any particular Distribution Date. Any investor who purchases a Retail Certificate at a premium (or a discount) should consider the risk that relatively early (or late) principal distributions following issuance of the Certificates could result in an actual yield that is lower than such investor's anticipated yield. In addition, although the Dealers intend to make a secondary market in the Retail Certificates, they have no obligation to do so, and any such market making may be discontinued at any time. There is no assurance that such a secondary market will develop, that any such market will continue or that information on any such secondary market will be as readily available as information regarding certain

other types of investments. The price of the Retail Certificates in any such secondary market will be affected by various factors, and the volatility of such price may differ from that evidenced by certain other types of investments. Finally, there can be no assurance that the price at which an investor may be able to sell a Retail Certificate will be the same as the purchase price at which such investor purchased such Certificate.

## The SMBS

The SMBS underlying the Certificates will represent the aggregate of interest and principal payments at a Pass-Through Rate of 6.50% on a principal amount of \$500,000,000 of SMBS having the general characteristics described in the SMBS Prospectus. The MBS underlying the SMBS have a Pass-Through Rate of 7.0% and are held in the form of Mega Certificates 190229-CL, 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 Mortgage Loans as of July 1, 1993 (the “Issue Date”) are expected to be as follows:

Range of WACs (per annum percentages) .....	7.25% to 9.50%
Range of WAMs.....	180 months to 360 months
Approximate Weighted Average WAM.....	355 months
Approximate Weighted Average CAGE .....	5 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 the Floating Rate and Inverse Floating Rate Classes
Floating Rate	F
Inverse Floating Rate	S
Interest Only	M and S
Accrual	Z, ZA and ZB

\* 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 any Accrual Classes) in the month after the Settlement Date. Interest to be distributed or, in the case of any Accrual Classes, 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 (each, an "Interest Accrual Period").

<u>Classes</u>	<u>Interest Accrual Period</u>
F and S (collectively, the "No Delay Classes")	One month period beginning on the 25th day of the month preceding the month of the Distribution Date and ending on the 24th day of the month of the Distribution Date
All other Classes (collectively, the "Delay Classes")	Calendar month preceding the month in which the Distribution Date occurs

See "Yield Considerations" herein.

*Accrual Classes.* The Z, ZA and ZB Classes are Accrual Classes. Interest will accrue on the Accrual Classes at the respective per annum rates set forth on the cover hereof; however, such interest will not be distributed for so long as such respective Classes are outstanding. Interest so accrued and unpaid on any Accrual Class will be added as principal to the principal balance thereof on each Distribution Date. Distributions of principal of any Accrual Class will be distributed as described herein.

*Floating Rate and Inverse Floating Rate Classes.* Each of the following Classes will bear interest during its initial Interest Accrual Period at the Initial Interest Rate set forth below, and will bear interest during each Interest Accrual Period thereafter, subject to the applicable Maximum and Minimum Interest Rates, at the rate 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>
F .....	3.575%	9.50%	0.45%	LIBOR + 45 basis points
S .....	5.925%	9.05%	0.00%	9.05% – LIBOR

The yields with respect to such Classes will be affected by changes in the applicable index as set forth in the table above (an "Index"), 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 an Index. Conversely, higher mortgage interest rates could occur concurrently with a decrease in the level of an Index.

Each Index value will be established as described herein by Fannie Mae two business days prior to the commencement of the related Interest Accrual Period. The establishment of each Index value by Fannie Mae and Fannie Mae's determination of the rate of interest for the applicable Classes 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 1-800-BEST-MBS or 202-752-6547.

## Calculation of LIBOR

On each LIBOR Determination Date, until the principal balances of the F and S Classes (the "LIBOR Classes") have been reduced to zero, Fannie Mae will establish LIBOR for the related Interest Accrual Period in the manner described in the REMIC Prospectus under "Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes—LIBOR."

If on the initial LIBOR Determination Date, Fannie Mae is unable to determine LIBOR in the manner specified in the REMIC Prospectus, LIBOR for the next succeeding Interest Accrual Period will be 3.125%.

## 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, AB, F, B, BB, Z, C, ZA, E, ZB, R and RL
Notional	M and S
Accretion Directed	G, H, J, K and L
Retail	BB
Liquid Asset	G

\* 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 balances of the Accrual Classes (the “Accrual Amount”).

### *Accrual Amounts from Z Class*

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

### *Accrual Amounts from ZA Class*

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

### *Accrual Amounts from ZB Class*

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

Accretion  
Directed  
and  
Accrual  
Classes

### *Cash Flow Distribution Amount*

(a) On each Distribution Date, the Cash Flow Distribution Amount will be distributed as principal to the R, RL, A, AB and F Classes in the following order of priority:

(i) concurrently, to the R and RL Classes, in proportion to their original principal balances (or 99.231064975% and 0.768935025%, respectively), until the principal balances thereof are reduced to zero; and

(ii) concurrently, to the A, AB and F Classes, in proportion to their original principal balances (or 40%, 40% and 20%, respectively), until the principal balances thereof are reduced to zero.

Sequential  
Pay  
Classes

(b) On each Distribution Date, the excess of the Cash Flow Distribution Amount over the amount applied pursuant to paragraph (a) above (the “Adjusted Distribution Amount”) will be distributed to the B, BB, G, H, Z, C, J, K and ZA Classes, in the following order and priority:

(i) an amount equal to the Adjusted Distribution Amount multiplied by the related Allocation Percentage (described below), concurrently, to the B and BB Classes, in proportion to their original principal balances (or 69.8825584781% and 30.1174415219%, respectively), until the principal balances thereof are reduced to zero; and

(ii) sequentially, to the G, H, Z, C, J, K and ZA Classes, in that order, until the respective principal balances thereof are reduced to zero.

Sequential  
Pay,  
Accretion  
Directed  
and  
Accrual  
Classes

(c) On each Distribution Date, the excess of the Adjusted Distribution Amount over the amount applied pursuant to paragraph (b) above (the “Net Adjusted Distribution Amount”) will be distributed to the E, L and ZB Classes, in the following order and priority:

(i) an amount equal to the Net Adjusted Distribution Amount multiplied by the related Allocation Percentage (described below), to the E Class, until the principal balance thereof is reduced to zero; and

(ii) sequentially, to the L and ZB Classes, in that order, until the respective principal balances thereof are reduced to zero.

Sequential  
Pay,  
Accretion  
Directed  
and  
Accrual  
Classes

For each Distribution Date, the Allocation Percentage for the B and BB Classes will be determined by dividing (1) the sum of the principal balances of the B and BB Classes by (2) the sum of the principal balances of the B, BB, Z, G and H Classes, and the Allocation Percentage for the E Class will be determined by dividing (1) the principal balance of the E Class by (2) the sum of the principal balances of the E, ZB and L Classes, in each case immediately prior to such Distribution Date.

### **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 7.70% per annum and has an original term to maturity of 360 months, a CAGE of 5 months and a remaining term to maturity of 355 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 and RL Classes**

In addition to distributions of principal and interest, the Holders of the R Class will be entitled to receive the proceeds of the remaining assets of the Trust, including the Retail Cash Deposit, after the principal balances of all Classes (other than the RL Class) have been reduced to zero, and the Holders of the RL Class 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 R Class and the RL Class will be subject to certain transfer restrictions. No transfer of record or beneficial ownership of an R or RL Certificate will be allowed to a “disqualified organization.” In addition, no transfer of record or beneficial ownership of an R or RL 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. Any transferee of an R or RL 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 an R or RL Certificate should consult with their own tax advisors for further information regarding such transfers.

The Holders of the R Class will be considered to be the holders of the “residual interest” in the REMIC constituted by the Trust, and the Holders of the RL Class will be considered to be the holders 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 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 Certificates will correspond to any of the pre-tax yields shown herein or that the aggregate purchase prices of the Certificates will be as assumed. In addition, there can be no assurance that the applicable Index will correspond to the levels shown herein. 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, that all of such Mortgage Loans will prepay at the same rate or that the level of the applicable Index will remain constant.

The timing of changes in the rate of prepayments or the level of the applicable Index may significantly affect the actual yield to maturity to investors, even if the average rate of principal prepayments or the average level of such Index 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 an Index, 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 an Index 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 Certificates will not be offset by a subsequent like reduction (or increase) in the rate of principal prepayments or level of such Index.

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.

The tables below indicate the sensitivity of the pre-tax corporate bond equivalent yields to maturity of certain Classes to various constant percentages of PSA and, where specified, to changes in an Index. The yields set forth in the tables were calculated by determining the monthly discount rates that, when applied to the assumed streams of cash flows to be paid on the applicable Classes, would cause the discounted present value of such assumed streams of cash flows to equal the assumed aggregate purchase prices of such Classes 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 Certificates and consequently do not purport to reflect the return on any investment in the Certificates when such reinvestment rates are considered.

***The Interest Only Classes.*** As indicated in the table below, the yield to investors in the M Class will be sensitive to the rate of principal payments (including prepayments) of the Mortgage Loans, which generally can be prepaid at any time. On the basis of the assumptions described below, the yield to maturity on the M Class would be 0% if prepayments were to occur at a constant rate of approximately 471% PSA. If the actual prepayment rate of the Mortgage Loans were to exceed the foregoing level for as little as one month while equaling such level for the remaining months, the investors in the M Class would not fully recoup their initial investments.

The information set forth in the following table was prepared on the basis of the Pricing Assumptions and the assumption that the aggregate purchase price of the M Class (expressed as a percentage of original principal balance) is 15.73438%, plus accrued interest.

#### **Sensitivity of the M Class to Prepayments**

PSA Percentages .....	<u>50%</u>	<u>100%</u>	<u>175%</u>	<u>250%</u>	<u>500%</u>
Pre-Tax Yields to Maturity .....	13.0%	13.0%	13.0%	11.8%	(2.0)%



*The Inverse Floating Rate Classes.* The yield to investors in the S Class will be highly sensitive to the level of the Index and 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 the Index will have a material negative effect on the yield to investors in the S Class. It is possible that, under certain high Index or high prepayment scenarios, investors in the S Class would not fully recoup their initial investments.

Changes in an Index 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 such Index.

The information set forth in the following table was prepared on the basis of the Pricing Assumptions and the assumptions that (i) the interest rates applicable to the S Class for each Interest Accrual Period subsequent to its initial Interest Accrual Period will be based on the indicated level of the applicable Index and (ii) the aggregate purchase price of the S Class (expressed as a percentage of original principal balance) is 10.21875%, plus accrued interest.

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>175%</u>	<u>250%</u>	<u>500%</u>
1.125% .....	82.6%	77.2%	68.2%	58.4%	25.7%
3.125% .....	57.9%	51.9%	41.8%	31.0%	(3.7)%
5.125% .....	33.9%	26.9%	14.8%	2.3%	(35.1)%
7.125% .....	9.3%	(0.2)%	(15.9)%	(31.2)%	(72.3)%
9.050% .....	*	*	*	*	*

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

**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.

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, AB, F and S† Classes					B and BB†† Classes					G Class					H Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	175%	250%	500%	0%	100%	175%	250%	500%	0%	100%	175%	250%	500%	0%	100%	175%	250%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
July 1994	99	94	91	88	77	100	100	100	100	100	81	81	81	81	81	100	100	100	100	100
July 1995	98	84	74	65	36	100	100	100	100	100	60	60	60	60	60	100	100	100	100	100
July 1996	97	72	55	40	0	100	100	100	100	88	38	38	38	38	22	100	100	100	100	100
July 1997	95	60	38	19	0	100	100	100	100	0	15	15	15	15	0	100	100	100	100	0
July 1998	93	49	23	1	0	100	100	100	100	0	0	0	0	0	0	84	84	84	84	0
July 1999	91	39	10	0	0	100	100	100	44	0	0	0	0	0	0	39	39	39	0	0
July 2000	89	29	0	0	0	100	100	90	0	0	0	0	0	0	0	0	0	0	0	0
July 2001	87	20	0	0	0	100	100	43	0	0	0	0	0	0	0	0	0	0	0	0
July 2002	84	11	0	0	0	100	100	1	0	0	0	0	0	0	0	0	0	0	0	0
July 2003	82	3	0	0	0	100	100	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2004	79	0	0	0	0	100	80	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2005	75	0	0	0	0	100	48	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2006	72	0	0	0	0	100	18	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2007	68	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2008	63	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2009	58	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2010	53	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2011	47	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2012	40	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2013	33	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2014	26	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2015	17	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2016	7	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2017	0	0	0	0	0	87	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2018	0	0	0	0	0	36	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2019	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2020	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2021	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2022	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2023	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	16.1	5.1	3.5	2.7	1.7	24.8	12.0	7.9	6.0	3.4	2.4	2.4	2.4	2.4	2.1	5.8	5.8	5.8	5.3	3.3

  

Date	M† Class					Z Class					C Class					J Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	175%	250%	500%	0%	100%	175%	250%	500%	0%	100%	175%	250%	500%	0%	100%	175%	250%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
July 1994	85	85	85	85	85	107	107	107	107	107	100	100	100	100	100	100	100	100	100	100
July 1995	69	69	69	69	69	114	114	114	114	114	100	100	100	100	100	100	100	100	100	100
July 1996	53	53	53	53	40	121	121	121	121	121	100	100	100	100	100	100	100	100	100	100
July 1997	35	35	35	35	0	130	130	130	130	0	100	100	100	100	88	100	100	100	100	83
July 1998	19	19	19	19	0	138	138	138	138	0	100	100	100	100	19	100	100	100	100	48
July 1999	9	9	9	0	0	148	148	148	101	0	100	100	100	100	0	100	100	100	90	0
July 2000	0	0	0	0	0	156	156	141	0	0	100	100	100	93	0	93	93	93	49	0
July 2001	0	0	0	0	0	156	156	67	0	0	100	100	100	54	0	50	50	50	6	0
July 2002	0	0	0	0	0	156	156	2	0	0	100	100	100	21	0	4	4	4	0	0
July 2003	0	0	0	0	0	156	156	0	0	0	100	100	70	0	0	0	0	0	0	0
July 2004	0	0	0	0	0	156	124	0	0	0	100	100	42	0	0	0	0	0	0	0
July 2005	0	0	0	0	0	156	75	0	0	0	100	100	17	0	0	0	0	0	0	0
July 2006	0	0	0	0	0	156	28	0	0	0	100	100	0	0	0	0	0	0	0	0
July 2007	0	0	0	0	0	156	0	0	0	0	100	91	0	0	0	0	0	0	0	0
July 2008	0	0	0	0	0	156	0	0	0	0	100	69	0	0	0	0	0	0	0	0
July 2009	0	0	0	0	0	156	0	0	0	0	100	48	0	0	0	0	0	0	0	0
July 2010	0	0	0	0	0	156	0	0	0	0	100	28	0	0	0	0	0	0	0	0
July 2011	0	0	0	0	0	156	0	0	0	0	100	9	0	0	0	0	0	0	0	0
July 2012	0	0	0	0	0	156	0	0	0	0	100	0	0	0	0	0	0	0	0	0
July 2013	0	0	0	0	0	156	0	0	0	0	100	0	0	0	0	0	0	0	0	0
July 2014	0	0	0	0	0	156	0	0	0	0	100	0	0	0	0	0	0	0	0	0
July 2015	0	0	0	0	0	156	0	0	0	0	100	0	0	0	0	0	0	0	0	0
July 2016	0	0	0	0	0	156	0	0	0	0	100	0	0	0	0	0	0	0	0	0
July 2017	0	0	0	0	0	135	0	0	0	0	100	0	0	0	0	0	0	0	0	0
July 2018	0	0	0	0	0	57	0	0	0	0	100	0	0	0	0	0	0	0	0	0
July 2019	0	0	0	0	0	0	0	0	0	0	84	0	0	0	0	0	0	0	0	0
July 2020	0	0	0	0	0	0	0	0	0	0	33	0	0	0	0	0	0	0	0	0
July 2021	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2022	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2023	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	3.2	3.2	3.2	3.1	2.4	24.8	12.0	7.9	6.3	3.7	26.7	16.0	10.8	8.2	4.6	8.0	8.0	8.0	7.0	4.8

\* 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.

† In the case of a Notional Class, the Decrement Table indicates the percentage of the original notional principal balance outstanding.

†† The weighted average lives shown in the table for the BB Class apply to such Class taken as a whole. As a result of the distribution allocations described herein, the weighted average lives of the BB Certificates beneficially owned by individual investors may vary significantly from the weighted average life of the Class taken as a whole.

Date	K Class					ZA Class					E Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	175%	250%	500%	0%	100%	175%	250%	500%	0%	100%	175%	250%	500%
Initial Percent .....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
July 1994 .....	100	100	100	100	100	107	107	107	107	107	100	100	100	100	100
July 1995 .....	100	100	100	100	100	114	114	114	114	114	100	100	100	100	100
July 1996 .....	100	100	100	100	100	121	121	121	121	121	100	100	100	100	100
July 1997 .....	100	100	100	100	100	130	130	130	130	130	100	100	100	100	100
July 1998 .....	100	100	100	100	100	138	138	138	138	138	100	100	100	100	100
July 1999 .....	100	100	100	100	0	148	148	148	148	146	100	100	100	100	100
July 2000 .....	100	100	100	100	0	157	157	157	157	0	100	100	100	100	90
July 2001 .....	100	100	100	100	0	168	168	168	168	0	100	100	100	100	62
July 2002 .....	100	100	100	80	0	179	179	179	179	0	100	100	100	100	42
July 2003 .....	78	78	78	29	0	191	191	191	191	0	100	100	100	100	29
July 2004 .....	52	52	52	0	0	204	204	204	91	0	100	100	100	100	20
July 2005 .....	24	24	24	0	0	218	218	218	0	0	100	100	100	96	14
July 2006 .....	0	0	0	0	0	230	230	203	0	0	100	100	100	79	9
July 2007 .....	0	0	0	0	0	230	230	88	0	0	100	100	100	65	6
July 2008 .....	0	0	0	0	0	230	230	0	0	0	100	100	98	53	4
July 2009 .....	0	0	0	0	0	230	230	0	0	0	100	100	84	44	3
July 2010 .....	0	0	0	0	0	230	230	0	0	0	100	100	72	36	2
July 2011 .....	0	0	0	0	0	230	230	0	0	0	100	100	61	29	1
July 2012 .....	0	0	0	0	0	230	174	0	0	0	100	100	52	23	1
July 2013 .....	0	0	0	0	0	230	74	0	0	0	100	100	43	18	1
July 2014 .....	0	0	0	0	0	230	0	0	0	0	100	97	36	14	*
July 2015 .....	0	0	0	0	0	230	0	0	0	0	100	83	29	11	*
July 2016 .....	0	0	0	0	0	230	0	0	0	0	100	70	24	9	*
July 2017 .....	0	0	0	0	0	230	0	0	0	0	100	58	19	6	*
July 2018 .....	0	0	0	0	0	230	0	0	0	0	100	46	14	5	*
July 2019 .....	0	0	0	0	0	230	0	0	0	0	100	35	10	3	*
July 2020 .....	0	0	0	0	0	230	0	0	0	0	100	25	7	2	*
July 2021 .....	0	0	0	0	0	97	0	0	0	0	100	15	4	1	*
July 2022 .....	0	0	0	0	0	0	0	0	0	0	60	5	1	*	*
July 2023 .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)** .....	11.0	11.0	11.0	9.6	5.7	28.0	19.6	13.8	11.0	6.4	29.2	24.9	20.1	16.5	9.4

Date	L Class					ZB Class					R and RL Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	175%	250%	500%	0%	100%	175%	250%	500%	0%	100%	175%	250%	500%
Initial Percent .....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
July 1994 .....	100	100	100	100	100	107	107	107	107	107	0	0	0	0	0
July 1995 .....	100	100	100	100	100	114	114	114	114	114	0	0	0	0	0
July 1996 .....	100	100	100	100	100	121	121	121	121	121	0	0	0	0	0
July 1997 .....	100	100	100	100	100	130	130	130	130	130	0	0	0	0	0
July 1998 .....	100	100	100	100	100	138	138	138	138	138	0	0	0	0	0
July 1999 .....	100	100	100	100	100	148	148	148	148	148	0	0	0	0	0
July 2000 .....	100	100	100	100	12	157	157	157	157	157	0	0	0	0	0
July 2001 .....	100	100	100	100	0	168	168	168	168	111	0	0	0	0	0
July 2002 .....	100	100	100	100	0	179	179	179	179	76	0	0	0	0	0
July 2003 .....	100	100	100	100	0	191	191	191	191	52	0	0	0	0	0
July 2004 .....	100	100	100	70	0	204	204	204	204	36	0	0	0	0	0
July 2005 .....	100	100	100	0	0	218	218	218	217	24	0	0	0	0	0
July 2006 .....	91	91	91	0	0	232	232	232	179	17	0	0	0	0	0
July 2007 .....	42	42	42	0	0	248	248	248	148	11	0	0	0	0	0
July 2008 .....	0	0	0	0	0	261	261	256	121	8	0	0	0	0	0
July 2009 .....	0	0	0	0	0	261	261	220	99	5	0	0	0	0	0
July 2010 .....	0	0	0	0	0	261	261	188	80	3	0	0	0	0	0
July 2011 .....	0	0	0	0	0	261	261	160	65	2	0	0	0	0	0
July 2012 .....	0	0	0	0	0	261	261	136	52	2	0	0	0	0	0
July 2013 .....	0	0	0	0	0	261	261	114	42	1	0	0	0	0	0
July 2014 .....	0	0	0	0	0	261	253	94	33	1	0	0	0	0	0
July 2015 .....	0	0	0	0	0	261	217	77	25	*	0	0	0	0	0
July 2016 .....	0	0	0	0	0	261	184	62	19	*	0	0	0	0	0
July 2017 .....	0	0	0	0	0	261	152	49	15	*	0	0	0	0	0
July 2018 .....	0	0	0	0	0	261	121	37	11	*	0	0	0	0	0
July 2019 .....	0	0	0	0	0	261	93	27	7	*	0	0	0	0	0
July 2020 .....	0	0	0	0	0	261	65	18	5	*	0	0	0	0	0
July 2021 .....	0	0	0	0	0	261	39	10	2	*	0	0	0	0	0
July 2022 .....	0	0	0	0	0	157	14	4	1	*	0	0	0	0	0
July 2023 .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)** .....	13.9	13.9	13.9	11.4	6.8	29.2	24.9	20.1	16.7	9.7	0.2	0.1	0.1	0.1	0.1

\* 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.

## **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 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 Certificates, other than the R and RL Classes, 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 Lower Tier Regular Interests will be designated as the “regular interests,” and the RL Class 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 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 and RL Classes, 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 Notional Classes and the Accrual Classes 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, certain 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.

Additional tax consequences affecting beneficial owners of Retail Certificates are discussed under “Description of the Certificates—The Retail Certificates—*Retail Principal Distributions—Tax Information*” herein.

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

Under the Regulations, neither the R nor the RL Certificates will have significant value. As a result, an organization to which section 593 of the Code applies and which is the beneficial owner of any R or RL 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 (or the Lower Tier REMIC) 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 June 20, 1993. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclu-*

sions” 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 any R or RL Certificate are unclear; any transferee receiving such consideration should consult its own tax advisors.

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 R and 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 result in material adverse tax consequences to the beneficial owners of the RL Class.

## **PLAN OF DISTRIBUTION**

*General.* The First Boston Corporation will receive the Certificates in exchange for the SMBS pursuant to a Fannie Mae Commitment. The First Boston Corporation proposes to offer the Certificates (other than the BB Class) directly to the public from time to time in negotiated transactions at varying prices to be determined at the time of sale. The First Boston Corporation may effect such transactions to or through dealers. The Dealers propose to offer the BB Class directly to the public from time to time in negotiated transactions at varying prices to be determined at the time of sale. The Dealers may effect such transactions to or through dealers.

*Increase in Certificates.* Fannie Mae and the Dealers 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 (and any Components) 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 First Boston Corporation by Sidley & Austin, New York, New York. Sidley & Austin from time to time performs legal services for Fannie Mae.

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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, REMIC Prospectus, the SMBS Prospectus, the Mega 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 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 or thereof.

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\$500,000,000

# Federal National Mortgage Association



Guaranteed  
REMIC Pass-Through  
Certificates

Fannie Mae REMIC Trust  
1993-104

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## *PROSPECTUS SUPPLEMENT*

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The First Boston Corporation  
Dain Bosworth Incorporated  
Raymond James & Associates, Inc.

May 18, 1993

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