

**\$51,012,709**  
**Federal National Mortgage Association**



**Guaranteed REMIC Pass-Through Certificates**  
**Fannie Mae REMIC Trust 1994-84**

The Guaranteed REMIC Pass-Through Certificates offered hereby (the "Certificates") will represent beneficial ownership interests in Fannie Mae REMIC Trust 1994-84 (the "Trust"). The assets of the Trust will consist of (i) certain of the Class 10-TP, Class 10-FT, Class 10-ST and Class 18-FA REMIC Certificates (collectively, the "Underlying REMIC Certificates") evidencing respective beneficial ownership interests in Fannie Mae REMIC Trust 1994-10 and Fannie Mae REMIC Trust 1994-18 ("Trust 1994-10" and "Trust 1994-18," respectively, and collectively, the "Underlying REMIC Trusts") as further described in Exhibit A hereto 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 Underlying REMIC Trusts evidence beneficial ownership interests in certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the "MBS") or in a single Fannie Mae Stripped Mortgage-Backed Security (the "SMBS") evidencing the beneficial ownership in certain interest and principal distributions made in respect of certain MBS held in the form of a Fannie Mae Guaranteed MBS Pass-Through Certificate (the "Mega Certificate"). Each MBS represents a beneficial interest in a pool (each, a "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.

**Prospective investors in the UU Class 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.**

Investors should not purchase the Certificates before reading this Prospectus Supplement and the additional Disclosure Documents listed at the bottom of page S-2.

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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 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(2)	CUSIP Numbers	Final Distribution Date
UU(3)	\$17,200,000	SUP	8.00%	FIX	31359HY81	March 2023
F	30,430,694	CPT	(4)	FLT	31359HY99	February 2024
FA	3,381,188	CPT	(4)	FLT	31359HZ23	February 2024
R	827	SUP	8.00	FIX	31359HZ31	February 2024

- "Principal Type" refers to the principal type of the applicable Underlying REMIC Certificates. See "Description of the Certificates—Class Definitions and Abbreviations" in the REMIC Prospectus, "Description of the Certificates—Distributions of Principal" herein and Exhibit A hereto.
- See "Description of the Certificates—Class Definitions and Abbreviations" in the REMIC Prospectus and "Description of the Certificates—Distributions of Interest" herein.
- The UU Class will be Retail Certificates (principal type "RTL"). See "Description of the Certificates—Class Definitions and Abbreviations" in the REMIC Prospectus and "Description of the Certificates—The Retail Certificates" herein.
- The F and FA Classes will bear interest based on "LIBOR," as described under "Description of the Certificates—Distribution of Interest" herein and "Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes" in the REMIC Prospectus.

The Certificates will be offered by Prudential Securities Incorporated (the "Dealer") from time to time in negotiated transactions, at varying prices to be determined at the time of sale.

The Certificates will be offered by the Dealer, subject to issuance by Fannie Mae and to prior sale or to withdrawal or modification of the offer without notice, when, as and if delivered to and accepted by the Dealer, and subject to approval of certain legal matters by counsel. It is expected that the Certificates, except for the UU and R Classes, will be available through the book-entry system of the Federal Reserve Banks on or about June 30, 1994 (the "Settlement Date"). It is expected that the R Class in registered, certificated form will be available for delivery at the offices of the Dealer, 100 Gold Street, New York, New York, on or about the Settlement Date. It is expected that delivery of the UU Class will be made through the book-entry facilities of The Depository Trust Company on or about such date.

**Prudential Securities Incorporated**

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The yield to investors in each Class will be sensitive in varying degrees to, among other things, the rate of distributions on the Underlying REMIC Certificates, which in turn will be sensitive in varying degrees to the rate of principal payments of the related Mortgage Loans, the characteristics of the Mortgage Loans included in the related Pools, the priority sequences affecting principal distributions on the Underlying REMIC Certificates and, in the case of any Floating Rate or Inverse Floating Rate Classes, the level of the applicable Index (as defined herein). The yields to investors will also be sensitive to the purchase price paid for the related Class. 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.
- The yield on any Floating Rate or Inverse Floating Rate Classes 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 Underlying REMIC Certificates are subordinate in priority of distribution to certain other classes of certificates evidencing beneficial ownership interests in the Underlying REMIC Trusts. In addition, the Class 10-TP REMIC Certificates and the FA2 Component with respect to the Class 18-FA REMIC Certificates are a Support Class and a Support Component, respectively, issued by the related Underlying REMIC Trust that receive principal payments on any Distribution Date only if scheduled payments have been made on specified PAC or TAC Classes and Components issued by the related Underlying REMIC Trust and, accordingly, there is no assurance that principal distributions will be made on such Class or Component of Underlying REMIC Certificates (and thus on the corresponding Classes of Certificates) on any particular Distribution Date. As illustrated herein, it is possible under certain prepayment scenarios that no principal distributions would be made on such Classes of Certificates for an extended period.
- The FA1 Component with respect to the Class 18-FA REMIC Certificates has a Principal Balance Schedule. However, prepayments on the related Mortgage Loans may have occurred at a rate faster or slower than that initially assumed. This Prospectus Supplement contains no information as to whether such Component has adhered to its Principal Balance Schedule, whether any support securities remain outstanding or whether the Underlying REMIC Certificates otherwise have performed as originally anticipated. Such information as to particular Underlying REMIC Certificates may be obtained through an analysis of current Fannie Mae principal factors of such Underlying REMIC Certificates in the context of applicable information contained in the related Underlying Prospectus Supplement (as defined below) which may be obtained from Fannie Mae as described below.
- 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 UU Class (the “Retail Certificates”) may not be an appropriate investment for all prospective investors. The Class 10-TP REMIC Certificates, and thus the Retail Certificates, are Support Classes. As described herein, the amount of principal distributable on a Support Class on any Distribution Date is especially sensitive to the rate of principal payments (including prepayments) on the related Mortgage Loans, which generally can be prepaid at any time. In general, the rate of principal distributable on a Support Class is likely to decrease during a rising interest rate environment and increase during a falling interest rate environment. Accordingly, 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 Dealer intends to make a secondary market in the Retail Certificates, it has 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 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 Prospectus Supplements for the Underlying REMIC Trusts (the “Underlying Prospectus Supplements”) or the MBS Prospectus. Any representation to the contrary is a criminal offense.

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.

Investors should purchase the Certificates only if they have read and understood this Prospectus Supplement and the following documents (collectively, the “Disclosure Documents”);

- Fannie Mae’s Prospectus for Guaranteed REMIC Pass-Through Certificates dated April 7, 1994 (the “REMIC Prospectus”), which is attached to this Prospectus Supplement;
- Fannie Mae’s Prospectus for Guaranteed Mortgage Pass-Through Certificates dated January 1, 1994 (the “MBS Prospectus”);
- Fannie Mae’s Information Statement dated March 31, 1994 and any supplements thereto (collectively, the “Information Statement”);
- Fannie Mae’s Prospectus for Stripped Mortgage-Backed Securities dated December 31, 1993 (the “SMBS Prospectus”) and its Prospectus for Guaranteed MBS Pass-Through Certificates dated December 31, 1993 (the “Mega Prospectus”); and
- The Underlying Prospectus Supplements.

The MBS Prospectus, the Information Statement, the SMBS Prospectus and the Mega Prospectus are incorporated herein by reference and, together with the Underlying Prospectus Supplements, may be obtained from Fannie Mae by writing or calling its MBS Helpline at 3900 Wisconsin Avenue, N.W., Area 2H-3S, Washington, D.C. 20016 (telephone 1-800-BEST-MBS or 202-752-6547). Such documents, other than the Underlying Prospectus Supplements, may also be obtained from Prudential Securities Incorporated by writing or calling its Prospectus Department at 315 Hudson Street, 7th Floor, New York, New York 10013 (telephone 212-776-8906).

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## REFERENCE SHEET

**This reference sheet is not a summary of the REMIC transaction and it does not contain complete information about the Certificates. Investors should purchase the Certificates only after reading this Prospectus Supplement and each of the additional Disclosure Documents described herein.**

### **The Retail Certificates**

#### *Description*

The Retail Certificates represent an indirect interest in certain Mortgage Loans. The Retail Certificates are guaranteed by Fannie Mae but not guaranteed by, and are not a debt or obligation of, the United States. See “Description of the Certificates—General—*Fannie Mae Guaranty*” herein.

#### *Liquidity*

If a Retail Certificate is sold prior to its maturity, an investor may receive sales proceeds (less applicable transaction costs) that are less than the amount originally invested. The Dealer intends to make a market for the purchase and sale of the Retail Certificates after their initial issuance, but is not obligated to do so. There is no assurance that such a secondary market will develop or, if it develops, that it will continue. See “Description of the Certificates—The Retail Certificates—*Investment Determination*” herein.

#### *Federal Income Taxes*

Interest on the Retail Certificates will be taxed in the year it is earned, which may not be the year it is paid. Relevant federal income tax information for the preceding calendar year will be mailed to investors who own Retail Certificates, as required by the Internal Revenue Service. Investors should be aware, however, that 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. See “Description of the Certificates—The Retail Certificates—*Retail Principal Distributions—Tax Information*” and “Certain Additional Federal Income Tax Consequences” herein.

#### *Maturity*

Unlike many other fixed income securities, the Retail Certificates do not have fixed principal redemption schedules or fixed principal distribution dates. The timing of principal distributions may vary considerably based upon a number of factors, including changes in prevailing interest rates. If prevailing interest rates decrease, principal distributions on the Retail Certificates may accelerate, and any reinvestment of such distributions might be at such lower prevailing interest rates. Conversely, if prevailing interest rates increase, principal distributions on the Retail Certificates may slow down, and investors might not be able to reinvest their principal at such higher prevailing interest rates. In such case, the market value of such Retail Certificates is likely to have declined. See “Description of the Certificates—The Retail Certificates—*Certain Principal Distribution Considerations*” herein.

### **Characteristics of the Underlying REMIC Certificates**

The table contained in Exhibit A hereto sets forth certain information with respect to each Class of Underlying REMIC Certificates, including certain information regarding the Mortgage Loans underlying each such Class. Certain additional information as to particular Underlying REMIC Certificates may be obtained by performing an analysis of current Fannie Mae principal factors of such Underlying REMIC Certificates in the context of applicable information contained in the related Underlying Prospectus Supplements, which may be obtained from Fannie Mae as described herein.

See “Description of the Certificates—The Underlying REMIC Certificates” herein.

## Interest Rates

The Fixed Rate Certificates will bear interest at the respective per annum interest rates set forth on the cover.

The Floating Rate Certificates will bear interest during each Interest Accrual Period, subject to the applicable Maximum and Minimum Interest Rates, at the rate determined as described below.

<u>Class</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate</u>
F .....	10.00%	0.60%	LIBOR + 60 basis points
FA .....	(1)	0.00%	LIBOR + 60 basis points(2)

(1) The rate calculated for the FA Class pursuant to the formula in the table above will be subject to a Maximum Interest Rate equal to  $84.60\% - (9 \times \text{LIBOR})$ ; as a result the interest rate for the FA Class will never exceed 9.00%.

(2) As a result of the Maximum Interest Rate, prospective investors in the FA Class should note that as LIBOR + 60 basis points produces an interest rate that is increasingly greater than 9.00% (LIBOR above 8.40%) the interest rate paid will decline. In addition, when LIBOR + 60 basis points is equal to or greater than 10.00% (LIBOR of 9.40% or above) the interest rate will be equal to 0.00%.

See “Description of the Certificates—Distributions of Interest—*Interest Accrual Periods*” and “—*Floating Rate Classes*” herein.

## Distributions of Principal

The portion of the Principal Distribution Amount allocated to each Class of Certificates will be determined by distributions on a particular Class of the Underlying REMIC Certificates. For such purposes, the Principal Distribution Amount will be allocated between the Group 1 and Group 2 Principal Distribution Amounts, as described herein under “Description of the Certificates—Distributions of Principal—*Principal Distribution Amount*.”

### *Group 1 Principal Distribution Amount*

To the R and UU Classes, in that order, until the principal balances thereof are reduced to zero.

### *Group 2 Principal Distribution Amount*

To the F and FA Classes, in proportion to their original principal balances, until the principal balances thereof are reduced to zero.

## Weighted Average Lives (years)\*

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>75%</u>	<u>125%</u>	<u>200%</u>	<u>500%</u>
UU** .....	28.2	23.2	16.9	2.2	0.6
R .....	27.6	20.9	12.7	0.1	0.1

  

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>155%</u>	<u>250%</u>	<u>500%</u>
F and FA .....	20.9	11.7	9.4	6.8	2.6

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

\*\* The weighted average lives shown in the table for the Retail Certificates apply to that Class as a whole and are not likely to reflect the experience of any investor in the Retail Certificates. Because investors will receive principal distributions subject to the distribution priorities and allocations described under “Description of the Certificates—The Retail Certificates—*Retail Principal Distributions*” herein, the weighted average lives of Retail Certificates will vary among different investors. See “Description of the Certificates—The Retail Certificates—*Certain Principal Distribution Considerations*” herein.

## 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 remaining provisions of this Prospectus Supplement, the additional Disclosure Documents and the provisions of the Trust Agreement (defined below). Capitalized terms used and not otherwise defined in this Prospectus Supplement have the meanings assigned to such terms in the applicable Disclosure Document 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 June 1, 1994 (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 (i) the Underlying REMIC Certificates (which evidence beneficial ownership interests in the Underlying REMIC Trusts) and (ii) a non-interest bearing cash deposit of \$999.99 (the “Retail Cash Deposit”). The Retail Cash Deposit will be used, if necessary, to round the amount of any principal distribution on the UU 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.

*Distributions on the Underlying REMIC Certificates.* The Underlying REMIC Certificates provide that principal and/or interest payments thereon will be passed through monthly, commencing on the 25th day of the month following the initial issuance thereof (or, in each case, 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. The guaranty obligations of Fannie Mae with respect to the SMBS and the Mega Certificate are described in the SMBS Prospectus and Mega Prospectus, respectively. The guaranty obligations of Fannie Mae with respect to the Underlying REMIC Certificates are described in the Underlying Prospectus Supplements. 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 Collateral Account. 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, “Description of the Certificates—General—Fannie Mae Guaranty” in each of the Underlying Prospectus Supplements and “Description of Certificates—The Corporation’s Guaranty” in the MBS Prospectus.

*Characteristics of Certificates.* The Certificates, other than the UU 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. The UU Certificates will be represented by one or more Certificates to be registered at all times in the name of the nominee of the Depository (as defined herein), which Depository will maintain the UU 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 UU and R Certificates) have been deposited and (ii) the nominee of the Depository, in the case of the UU 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, Certificate Form” in the REMIC Prospectus.

The R Certificate will not be issued in book-entry form but will be issued in fully registered, certificated form. As to the R Certificate, “Holder” or “Certificateholder” refers to the registered owner thereof. The R Certificate will be transferable and, if applicable, exchangeable at the corporate trust office of the Transfer Agent, or at the agency of the Transfer Agent in New York, New York. The Transfer Agent initially will be State Street Bank and Trust Company in Boston, Massachusetts (“State Street”). A service charge may be imposed for any registration of transfer or, if applicable, exchange of the 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 R Class will be made by check mailed by the Paying Agent to the address of the 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 Holder of the R Class of the proceeds of any remaining assets of the Trust will be made only upon presentation and surrender of the R Certificate at the office of the Paying Agent. The Paying Agent initially will be State Street.

*Authorized Denominations.* The Certificates, other than the UU and R Certificates, will be issued in minimum denominations of \$1,000 and integral multiples of \$1 in excess thereof. The UU Certificate will be issued in minimum denominations of \$1,000 and integral multiples thereof. The R Class will be issued as a single certificate.

*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 Underlying REMIC Certificates 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 aggregate amount of principal 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. 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 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.

*Voting the Underlying REMIC Trusts.* In the event any issue arises under the trust agreement governing any of the Underlying REMIC Trusts that requires the vote of holders of certificates outstanding thereunder, the Trustee will vote the related Underlying REMIC Certificates in accordance with instructions received from Holders of Certificates of the related Classes having principal balances aggregating not less than 51% of the aggregate principal balance of all such Classes outstanding. In the absence of such instructions, the Trustee will vote in a manner consistent, in its sole judgment, with the best interests of Certificateholders.

## **The Retail Certificates**

### *General*

The UU Class will be Retail Certificates. The Retail Certificates will be represented by one or more certificates 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 the Retail Certificates may be transferred only by compliance with the procedures of an investor’s financial intermediary and of the Depository Participants. In general, beneficial ownership of the 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 State Street 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 8.00% on the outstanding principal balance thereof 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, State Street or the Depository, in the case of excess retail principal distribution by random lot as described below, 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 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 what would have been the case in the absence of such rounding procedures.

*Retail Principal Distribution Requests.* An investor in the Retail Certificates may request that distributions of principal of the Retail Certificates be allocated to such investor (up to the amount of such investor's ownership interest in the Retail Certificates) in integral multiples of \$1,000, on the earliest possible Distribution Date, subject to the priorities and limitations described below (each, a "Retail Principal Distribution Request"). *Any Retail Principal Distribution Request must be submitted to the financial intermediary that maintains the account evidencing the related investor's interest in the Retail Certificates.* If such financial intermediary is not a Depository Participant, it must notify the related Depository Participant of such request. The related Depository Participant must in turn make the request in writing to the Depository on a form required by the Depository. Upon the receipt of a request, the Depository will date and time stamp such request and forward it to State Street. State Street shall not be deemed liable for any delay in delivery to State Street of Retail Principal Distribution Requests or the withdrawal of such requests. The exact procedures to be followed by the Depository for purposes of determining the order of receipt will be those established from time to time by the Depository. State Street will maintain a list of those Depository Participants representing investors that have submitted Retail Principal Distribution Requests, together with the order of receipt and the amounts of such requests. State Street will notify the Depository and the

appropriate Depository Participants as to which requests should be honored on each Distribution Date. Retail Principal Distribution Requests will be honored by the Depository in accordance with the procedures, and subject to the priorities and limitations, described below. The exact procedures to be followed by State Street and the Depository for purposes of determining such priorities and limitations will be those established from time to time by State Street or the Depository, as the case may be. The decisions of State Street and the Depository concerning such matters will be final and binding on all affected persons.

*An investor may withdraw a Retail Principal Distribution Request by notifying the financial intermediary that maintains the account evidencing such investor's Retail Certificates. If such financial intermediary is not a Depository Participant, it must notify the related Depository Participant, which must in turn forward the withdrawal of such request, on a form required by the Depository, to State Street.*

In order for a Retail Principal Distribution Request, or a withdrawal of such request, to be honored with respect to a Distribution Date, it must be received by the Depository and forwarded to State Street, in the case of a Retail Principal Distribution Request, or received by the Depository Participant and forwarded to State Street, in the case of a withdrawal of such request, by the last day of the month preceding the month in which such Distribution Date occurs (the "Record Date"), in accordance with the procedures described above. Priority of distribution of principal of the Retail Certificates will be given to investors on whose behalf Retail Principal Distribution Requests have been duly received and not withdrawn. Such requests will be honored by the Depository in the following order of priority:

(i) requests on behalf of Deceased Owners (as defined below) will be honored in the order of their receipt by the Depository until such requests have been honored, with respect to each Deceased Owner on whose behalf such a request has been made, in an initial amount up to \$100,000 of original principal balance per Deceased Owner; and

(ii) requests on behalf of Living Owners (as defined below) will be honored in the order of their receipt by the Depository until such requests have been honored, with respect to each Living Owner on whose behalf such a request has been made, in an initial amount up to \$10,000 of original principal balance per Living Owner.

Thereafter, requests on behalf of Deceased Owners will be honored as provided in clause (i) above up to an additional amount equal to \$100,000 of original principal balance, and requests on behalf of Living Owners will be honored as provided in clause (ii) above up to an additional amount equal to \$10,000 of original principal balance. This sequence of priorities will be repeated until all Retail Principal Distribution Requests have been honored.

To the extent that the Retail Principal Distribution Requests exceed the aggregate amount of principal available for distribution on the Retail Certificates on a Distribution Date, such requests will automatically be honored on succeeding Distribution Dates, without the need for any further Retail Principal Distribution Requests, all in accordance with the applicable procedures of State Street. A Retail Principal Distribution Request submitted on behalf of a Living Owner who thereafter becomes a Deceased Owner will become entitled to the priority of a newly submitted request on behalf of a Deceased Owner, provided that, as to any Distribution Date, the Depository has received and forwarded to State Street appropriate evidence of death and any required tax waivers on or before the related Record Date. Upon the transfer of beneficial ownership of any Retail Certificate, any Retail Principal Distribution Request relating thereto will be deemed to have been withdrawn only upon the receipt by State Street of notification of such withdrawal using a form required by the Depository.

*Excess Retail Principal Distribution by Random Lot.* To the extent the Retail Principal Distribution on any Distribution Date exceeds the amount evidenced by Retail Principal Distribution Requests received by State Street, 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 the remaining portion of the 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.

*Beneficial Owners.* A “Deceased Owner” is a beneficial owner of Retail Certificates who was living at the time such interest was acquired and whose executor or other authorized representative causes to be furnished to the Depository evidence of death satisfactory to State Street and any tax waivers requested by State Street. A “Living Owner” is any other beneficial owner of Retail Certificates. Retail Certificates beneficially owned by tenants by the entirety, joint tenants or tenants in common will be considered to be beneficially owned by a single owner. The death of a tenant by the entirety, joint tenant or tenant in common will be deemed to be the death of the beneficial owner, and the Retail Certificates so beneficially owned will be eligible for priority in principal distribution, subject to the limitations stated above. Retail Certificates beneficially owned by a trust will be considered to be beneficially owned by each beneficiary of the trust to the extent of such beneficiary’s beneficial interest therein, but in no event will a trust’s beneficiaries collectively be deemed to be beneficial owners of a principal amount of Retail Certificates greater than the principal amount of Retail Certificates of which such trust is the owner. The death of a beneficiary of a trust will be deemed to be the death of a beneficial owner of the Retail Certificates beneficially owned by the trust to the extent of such beneficiary’s beneficial interest in such trust. The death of an individual who was a tenant by the entirety, joint tenant or tenant in common in a tenancy which is the beneficiary of a trust will be deemed to be the death of the beneficiary of the trust. The death of a person who, during his or her lifetime, was entitled to substantially all of the beneficial ownership interests in Retail Certificates will be deemed to be the death of the beneficial owner of such Retail Certificates regardless of the registration of ownership, if such beneficial interest can be established to the satisfaction of State Street. Such beneficial interest will be deemed to exist in typical cases of street name or nominee ownership, ownership by a trustee, ownership under the Uniform Gifts to Minors Act and community property or other joint ownership arrangements between spouses. Beneficial interest will include the power to sell, transfer or otherwise dispose of Retail Certificates and the right to receive the proceeds therefrom, as well as interest and principal distributable with respect thereto.

*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 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 the 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 the Retail Certificates are discussed under “Certain Additional Federal Income Tax Consequences—Taxation of Beneficial Owners of the Regular Certificates” herein and “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates” in the REMIC Prospectus.

#### *Certain Principal Distribution Considerations*

*General.* Because there may be little or no distribution of principal of the Retail Certificates on any particular Distribution Date, *there is no assurance that a Retail Principal Distribution Request*

*will be honored, either in whole or in part, within any particular time after it is submitted.* The likelihood that any particular Retail Principal Distribution Request will be honored within any particular time after submission will also be affected by the aggregate principal balance of the Retail Certificates beneficially owned by persons having priority to right of distribution, either due to their status as Deceased Owners or because of earlier submission of their Retail Principal Distribution Requests. Conversely, the amount of principal available to be distributed on the Retail Certificates on any Distribution Date may exceed the amount necessary to satisfy such Retail Principal Distribution Requests, in which case non-requesting investors may receive distributions of principal in accordance with the random lot procedures referred to herein.

During periods in which interest rates generally are higher than the specified per annum rate at which interest accrues on the Retail Certificates, a greater number of investors may be expected to submit Retail Principal Distribution Requests. During such periods, however, there may be a concurrent reduction in the rate of prepayments on the Mortgage Loans, thus reducing the funds available for Retail Principal Distributions. Conversely, Retail Principal Distributions may be greater when prevailing interest rates decline relative to the rates of interest on the Mortgage Loans. Under such conditions, investors may be less likely to submit Retail Principal Distribution Requests while mortgagors may be more likely to prepay the Mortgage Loans. Investors whose Retail Certificates are selected for distribution under such conditions may be unable to reinvest the proceeds of such distributions at effective interest rates equal to the specified per annum rate at which interest accrues on the Retail Certificates.

*Support Class.* Because the rate of Retail Principal Distributions is dependent upon the rate of principal distributions (including prepayments) on the related Mortgage Loans and the priority sequence of distributions described in the Underlying Prospectus Supplement for the related Underlying REMIC Certificates, no assurance can be given as to the Distribution Date on which the Retail Certificates will receive principal distributions, as to the rate at which such distributions will continue or as to the date on which the principal amount of the Retail Certificates will be distributed in full. In particular, the Class 10-TP REMIC Certificates, and thus the Retail Certificates, are Support Classes. Accordingly, if the amount available for principal distributions on all classes of Trust 1994-10 on any Distribution Date exceeds the amount required to reduce the principal balances of certain such classes with higher principal payment priorities to their respective scheduled amounts, a distribution will be made on the Class 10-TP REMIC Certificates and thus a Retail Principal Distribution will be made on such Distribution Date. Conversely, if the amount available for principal distributions on all classes of Trust 1994-10 on any Distribution Date is less than the amount so required to reduce the principal balances of such classes to their respective scheduled amounts, no principal distribution will be made on the Class 10-TP REMIC Certificates and thus no Retail Principal Distribution will be made on such Distribution Date. 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 on the Mortgage Loans underlying the Class 10-TP REMIC Certificates.

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. Furthermore, since prevailing interest rates are subject to fluctuation, there can be no assurance that investors in the Retail Certificates will be able to reinvest the distributions thereon at yields equaling or exceeding the yield on the Retail Certificates. It is possible that yields on any such reinvestment will be lower, and may be significantly lower, than the yield on the Retail Certificates. Prospective investors in the Retail Certificates should carefully consider the related reinvestment risks in light of other investments that may be available to such investors. See "Yield Considerations" herein.

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 Distribution Date.**

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

Twelve Consecutive Months Through	PSA Prepayment Assumption				
	50%	75%	125%	200%	500%
June 1995 .....	\$ 0	\$ 0	\$ 0	\$ 2,916	\$16,677
June 1996 .....	0	0	0	4,909	523
June 1997 .....	0	0	0	4,808	0
June 1998 .....	0	0	0	3,615	0
June 1999 .....	0	0	0	953	0
June 2000 .....	0	0	0	0	0
June 2001 .....	0	0	0	0	0
June 2002 .....	0	0	0	0	0
June 2003 .....	0	0	0	0	0
June 2004 .....	0	0	0	0	0
June 2005 .....	0	0	0	0	0
June 2006 .....	0	0	0	0	0
June 2007 .....	0	0	589	0	0
June 2008 .....	0	0	1,902	0	0
June 2009 .....	0	0	2,031	0	0
June 2010 .....	0	0	2,112	0	0
June 2011 .....	0	0	2,152	0	0
June 2012 .....	0	0	2,161	0	0
June 2013 .....	0	0	2,143	0	0
June 2014 .....	0	0	2,106	0	0
June 2015 .....	0	384	2,003	0	0
June 2016 .....	0	3,706	0	0	0
June 2017 .....	0	3,731	0	0	0
June 2018 .....	2,036	3,739	0	0	0
June 2019 .....	5,214	3,735	0	0	0
June 2020 .....	5,335	1,906	0	0	0
June 2021 .....	4,615	0	0	0	0
June 2022 .....	0	0	0	0	0
June 2023 .....	0	0	0	0	0
June 2024 .....	0	0	0	0	0
Total Principal Payments*	<u>\$17,200</u>	<u>\$17,200</u>	<u>\$17,200</u>	<u>\$17,200</u>	<u>\$17,200</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 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 Retail 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 that the effective yields to Holders of the Retail Certificates will be lower than the yields 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.

#### *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 specified 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 Dealer intends to make a secondary market in the Retail Certificates, it has 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 or higher than the purchase price at which such investor purchased such Certificate.

## **The Underlying REMIC Certificates**

The Underlying REMIC Certificates represent beneficial ownership interests in the respective Underlying REMIC Trusts, the assets of which evidence the direct or indirect beneficial ownership interests in (i) certain MBS having the general characteristics set forth in the MBS Prospectus or (ii) a single Fannie Mae Stripped Mortgage-Backed Security (the “SMBS”) representing beneficial ownership interests in distributions on certain MBS held in the form of one or more Mega Certificates, the general characteristics of which are described in the Mega Prospectus. Each MBS evidences beneficial ownership interests in a Pool of conventional Level Payment Mortgage Loans secured by a first-mortgage or deed of trust on a one- to four-family residential property, as described under “The Mortgage Pools” and “Yield Considerations” in the MBS Prospectus.

The table contained in Exhibit A hereto sets forth certain information with respect to each class of Underlying REMIC Certificates including the numerical designation of the Underlying REMIC Trust, the class designation of the Underlying REMIC Certificates, the date of issue, the CUSIP number, the interest rate, the interest type, the final distribution date, the principal type, the original principal balance of the entire class, the percentage of such class in the Trust, the current principal factor for such class and the current principal balance of such class contained in the Trust as of June 1, 1994 (the “Issue Date”). The table also sets forth the approximate weighted average WAC, approximate weighted average WAM and approximate weighted average CAGE of the Mortgage Loans underlying the related MBS as of the Issue Date, the underlying security type and the related Class.

To request further information regarding the Underlying REMIC Certificates, telephone Fannie Mae at 1-800-BEST-MBS or 202-752-6547. Other data specific to the Certificates is available in electronic form by calling Fannie Mae at 1-800-752-6440 or 202-752-6000. It should be noted that there may have been material changes in facts and circumstances since the dates the Underlying Prospectus Supplements were prepared, including, but not limited to, changes in prepayment speeds and prevailing interest rates and other economic factors, which may limit the usefulness of the information set forth in such documents.

## **Prepayment Considerations and Risks**

The rate of distributions of principal of the UU and R Classes will be directly related to the rate of principal distributions on the Class 10-TP REMIC Certificates, which in turn will be very sensitive to the rate of payments of principal of the related Mortgage Loans and the priority sequences affecting principal distributions on the related Underlying REMIC Certificates. The rate of distributions of principal of the F and FA Classes will be directly related to the rate of principal distributions on the Class 18-FA REMIC Certificates, which in turn will be very sensitive to the rate of payments of principal of the related Mortgage Loans and the priority sequences affecting principal distributions on the related Underlying REMIC Certificates. As described in the Underlying Prospectus Supplements, the Underlying REMIC Certificates are subordinate in priority of distributions to certain classes of certificates evidencing beneficial ownership interests in the Underlying REMIC Trusts. In addition, the Class 10-TP REMIC Certificates and the FA2 Component with respect to the Class 18-FA REMIC Certificates are a Support Class and a Support Component, respectively, issued by the related Underlying REMIC Trust that receive principal payments on any Distribution Date only if scheduled payments have been made on specified PAC or TAC Classes and Components issued by the related Underlying REMIC Trust. Accordingly, such Class or Component of Underlying REMIC Certificates may receive no principal payments for extended periods of time or may receive principal payments that vary widely from period to period. As a result of the foregoing characteristics and as illustrated in the Decrement Tables herein, it is possible under certain prepayment scenarios that no or minimal principal distributions would be made on the Classes for extended periods of time or, conversely, that investors in such Classes would receive distributions of principal earlier than they anticipated. In addition, the FA1 Component with respect to the Class 18-FA REMIC Certificates has a Principal Balance Schedule. As a result of the foregoing characteristics, distributions of principal in respect of

the F and FA Classes during certain periods may occur at a slower or faster rate than would otherwise be the case. However, prepayments on the related Mortgage Loans may have occurred at a rate faster or slower than that initially assumed. This Prospectus Supplement contains no information as to whether such Component has adhered to its Principal Balance Schedule, whether any support securities remain outstanding or whether the Underlying REMIC Certificates otherwise have performed as originally anticipated. Such information as to particular Underlying REMIC Certificates may be obtained by performing an analysis of current Fannie Mae principal factors of such Underlying REMIC Certificates in the context of applicable information contained in the related Underlying Prospectus Supplements, which may be obtained from Fannie Mae as described above.

## 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	UU and R
Floating Rate	F and FA

\* 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 in the month after the Settlement Date. Interest to be distributed 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 FA (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
UU and R (the “Delay Classes”)	Calendar month preceding the month in which the Distribution Date occurs

See “Yield Considerations” herein.

*Floating Rate Classes.* Each of the following Classes will bear interest during each Interest Accrual Period, subject to the applicable Maximum and Minimum Interest Rates, at the rate determined as described below:

<u>Class</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate</u>
F .....	10.00%	0.60%	LIBOR + 60 basis points
FA .....	(1)	0.00%	LIBOR + 60 basis points(2)

- (1) The rate calculated for the FA Class pursuant to the formula in the table above will be subject to a Maximum Interest Rate equal to  $84.60\% - (9 \times \text{LIBOR})$ ; as a result the interest rate for the FA Class will never exceed 9.00%.
- (2) As a result of the Maximum Interest Rate, prospective investors in the FA Class should note that as LIBOR + 60 basis points produces an interest rate that is increasingly greater than 9.00% (LIBOR above 8.40%) the interest rate paid will decline. In addition, when LIBOR + 60 basis points is equal to or greater than 10.00% (LIBOR of 9.40% or above) the interest rate will be equal to 0.00%.

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

The 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 the 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

LIBOR for the initial Interest Accrual Period will be equal to LIBOR as determined for such Interest Accrual Period for the Class 18-FA REMIC Certificates. On each Index Determination Date until the principal balances of the F and FA 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 Index 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 equal to LIBOR as determined for such Interest Accrual Period for the Class 18-FA REMIC Certificates.

### 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>
<b>Group 1 Classes</b>	
Pass-Through	UU and R
Retail	UU
<b>Group 2 Classes</b>	
Pass-Through	F and FA

\* 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 portion of the Class 10-TP REMIC Certificates held by the Trust (the “Group 1 Principal Distribution Amount”) and (ii) the aggregate distributions of principal concurrently made on the portion of the Class 18-FA REMIC Certificates held by the Trust (the “Group 2 Principal Distribution Amount”). The portion of each Class of Underlying REMIC Certificates held by the Trust will be as set forth in Exhibit A.

### *Group 1 Principal Distribution Amount*

On each Distribution Date, the Group 1 Principal Distribution Amount will be distributed as principal, sequentially, to the R and UU Classes, in that order, until the principal balances thereof are reduced to zero.

### *Group 2 Principal Distribution Amount*

On each Distribution Date, the Group 2 Principal Distribution Amount will be distributed as principal, concurrently, to the F and FA Classes, in proportion to their original principal balances (90.0000005915% and 9.9999994085%, respectively), until the principal balances thereof are reduced to zero.

## **Structuring Assumptions**

*Pricing Assumptions.* Unless otherwise specified, the information in the tables in this Prospectus Supplement has been prepared on the basis of the actual characteristics of each Pool underlying the Underlying REMIC Certificates, the priority sequences affecting the principal distributions on the Underlying REMIC Certificates and the following assumptions (such characteristics and assumptions, collectively, the “Pricing Assumptions”):

- 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, 125% PSA or 155% 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**

In addition to distributions of principal and interest, the Holder 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 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 Class may constitute a noneconomic residual interest under the Regulations. Any transferee of an 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 an R Certificate should consult with their own tax advisors for further information regarding such transfers.

The Holder of the R Class 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 returns and (ii) any reports regarding the R Class that may be required under the Code.

### **Yield Considerations**

*General.* There can be no assurance that the Mortgage Loans 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 Index will correspond to the levels shown herein. The rate of distributions of principal of the Certificates will be dependent upon the rate of principal distributions on the related Underlying REMIC Certificates, which in turn will be dependent upon the amortization (including prepayments) of the related Underlying Mortgage Loans and the priority sequences affecting the related principal distributions. Because the Underlying REMIC Certificates are subordinate in priority of distribution to certain other classes of certificates evidencing beneficial ownership interests in the Underlying REMIC Trusts, it is possible under certain prepayment scenarios that the Underlying REMIC Certificates (and thus the Certificates offered hereby) will receive no distributions of principal for an extended period. In addition, the Class 10-TP REMIC Certificates and the FA2 Component with respect to the Class 18-FA REMIC Certificates are a Support Class and a Support Component, respectively, issued by the related Underlying REMIC Trust that receive principal payments on any Distribution Date only if scheduled payments have been made on specified PAC or TAC Classes and Components issued by the related Underlying REMIC Trust. Accordingly, such Class or Component of Underlying REMIC Certificates may receive no principal payments for extended periods of time or may receive principal payments that vary widely from period to period. As a result of the foregoing characteristics and as illustrated in the Decrement Tables herein, it is possible under certain prepayment scenarios that no or minimal principal distributions would be made on the Classes for extended periods of time or, conversely, that investors in such Class would receive distributions of principal earlier than they anticipated. In addition, the FA1 Component with respect to the Class 18-FA REMIC Certificates has a Principal Balance Schedule. As a result of the foregoing characteristics, distributions of principal in respect of the F and FA Classes during certain periods may occur at a slower or faster rate than would otherwise have been the case. However, prepayments on the related Mortgage Loans may have occurred at a rate faster or slower than that initially assumed. Consequently, such Component may not adhere to its Principal Balance Schedule, and any support securities may not remain outstanding. This Prospectus Supplement contains no information as to whether any such Component has adhered to its Principal Balance Schedule, whether any support securities remain outstanding or whether the Underlying REMIC Certificates otherwise have performed as originally anticipated. Such information as to particular Underlying REMIC Certificates may be obtained by performing an analysis of current Fannie Mae principal factors of such Underlying REMIC Certificates in the context of applicable information contained in the related Underlying Prospectus Supplements, which may be obtained from Fannie Mae as described herein. Furthermore, because some of the Mortgage Loans will likely 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 Index will remain constant.

The timing of changes in the rate of prepayments or the level of the Index may significantly affect the actual yield to maturity to investors, even if the average rate of principal prepayments or the average level of the Index is consistent with the expectations of investors. In general, the earlier the payment of principal of the related Mortgage Loans or change in the level of the 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 the Index occurring at a rate 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 the level of the 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 table below indicates 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 the Index. The yields set forth in the table 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 FA Class.* The yield to investors in the FA Class will be sensitive to the level of the Index and to the rate of principal payments (including prepayments) of the Mortgage Loans underlying Trust 1994-18. The Mortgage Loans generally can be prepaid at any time. As indicated in the table below, at Index levels above 8.40% an increasing level of the Index will have a negative effect on the yield to investors in the FA Class.**

Changes in the 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 the 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 rate applicable to the FA Class for each Interest Accrual Period will be based on the indicated level of the Index and (ii) the aggregate purchase price of the FA Class (expressed as a percentage of original principal balance) is as follows:

<u>Class</u>	<u>Price*</u>
FA .....	92.796875%

\* The price does not include accrued interest. Accrued interest has been added to such price in calculating the yields set forth in the table below.

**Sensitivity of the FA 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>155%</u>	<u>250%</u>	<u>500%</u>
1.9375% .....	3.2%	3.4%	3.6%	3.9%	5.7%
3.9375% .....	5.4%	5.6%	5.7%	6.1%	7.9%
5.9375% .....	7.5%	7.7%	7.9%	8.3%	10.0%
8.4000% .....	10.2%	10.4%	10.6%	11.0%	12.6%
8.8000% .....	6.3%	6.5%	6.7%	7.0%	8.8%
9.0000% .....	4.4%	4.5%	4.7%	5.1%	6.9%
9.2000% .....	2.4%	2.6%	2.8%	3.1%	5.0%
9.4000% .....	0.5%	0.7%	0.9%	1.2%	3.1%

**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 Settlement Date 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 related Mortgage Loans increases. However, the weighted average lives will depend upon a variety of other factors, including the timing of changes in such rate of principal payments, the priority sequence of distributions of principal of the Classes and the priority sequence of distributions of principal of the Underlying REMIC Certificates evidencing beneficial ownership interests in the Underlying REMIC Trusts. See “Distributions of Principal” herein and “Description of the Certificates—Distributions of Principal” in the Underlying Prospectus Supplements.

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 has an original term to maturity of 360 months, and that the Mortgage Loans underlying the Class 10-TP REMIC Certificates have a remaining term to maturity of 355 months and bear interest at a rate equal to 9.00% per annum and the Mortgage Loans underlying the Class 18-FA REMIC Certificates have a remaining term to maturity of 356 months and bear interest at a rate equal to 9.50% per annum. 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 could produce slower or faster principal distributions than indicated in the tables at the specified *constant* PSA levels, even if the distributions of the weighted average remaining terms to maturity and the weighted average CAGEs of the Mortgage Loans are identical to the distributions of the remaining terms to maturity and CAGEs specified in the Pricing Assumptions.

### Percent of Original Principal Balances Outstanding

Date	UU Class***					F and FA Classes					R Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	75%	125%	200%	500%	0%	100%	155%	250%	500%	0%	75%	125%	200%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
June 1995	100	100	100	83	3	99	96	95	92	81	100	100	100	0	0
June 1996	100	100	100	55	0	99	90	86	79	53	100	100	100	0	0
June 1997	100	100	100	27	0	98	83	77	66	33	100	100	100	0	0
June 1998	100	100	100	6	0	97	77	68	55	19	100	100	100	0	0
June 1999	100	100	100	0	0	96	71	61	45	9	100	100	100	0	0
June 2000	100	100	100	0	0	95	66	54	37	5	100	100	100	0	0
June 2001	100	100	100	0	0	94	60	47	31	4	100	100	100	0	0
June 2002	100	100	100	0	0	92	55	42	29	3	100	100	100	0	0
June 2003	100	100	100	0	0	91	51	37	27	2	100	100	100	0	0
June 2004	100	100	100	0	0	89	46	32	25	1	100	100	100	0	0
June 2005	100	100	100	0	0	88	42	30	24	1	100	100	100	0	0
June 2006	100	100	100	0	0	86	38	28	22	1	100	100	100	0	0
June 2007	100	100	97	0	0	84	34	27	18	*	100	100	0	0	0
June 2008	100	100	86	0	0	81	31	26	15	*	100	100	0	0	0
June 2009	100	100	74	0	0	79	30	25	12	*	100	100	0	0	0
June 2010	100	100	61	0	0	76	29	24	10	*	100	100	0	0	0
June 2011	100	100	49	0	0	73	28	23	8	*	100	100	0	0	0
June 2012	100	100	36	0	0	70	27	20	7	*	100	100	0	0	0
June 2013	100	100	24	0	0	66	26	17	5	*	100	100	0	0	0
June 2014	100	100	12	0	0	62	25	15	4	*	100	100	0	0	0
June 2015	100	98	0	0	0	58	24	12	3	*	100	0	0	0	0
June 2016	100	76	0	0	0	53	21	10	3	*	100	0	0	0	0
June 2017	100	55	0	0	0	48	18	8	2	*	100	0	0	0	0
June 2018	100	33	0	0	0	42	15	6	1	*	100	0	0	0	0
June 2019	100	11	0	0	0	35	12	5	1	*	100	0	0	0	0
June 2020	100	0	0	0	0	30	9	4	1	*	100	0	0	0	0
June 2021	100	0	0	0	0	27	6	2	*	*	100	0	0	0	0
June 2022	62	0	0	0	0	24	3	1	*	*	0	0	0	0	0
June 2023	0	0	0	0	0	11	1	*	*	*	0	0	0	0	0
June 2024	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	28.2	23.2	16.9	2.2	0.6	20.9	11.7	9.4	6.8	2.6	27.6	20.9	12.7	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.

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

## 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

Certain 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 125% PSA with respect to the Mortgage Loans underlying the Group 1 Classes and 155% PSA with respect to the Mortgage Loans underlying the Group 2 Classes. 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 those or any other rates. 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.

The maximum interest rate for the FA Class is reset each Interest Accrual Period to a rate based on LIBOR. This fact, however, will not cause the payments of interest on the FA Class to fail to be treated as “qualified stated interest.” See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Floating Rate and Inverse Floating Rate Classes*” 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, the R Class 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 an 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 May 20, 1994. 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 an R Certificate are unclear; any transferee receiving such consideration should consult its own tax advisors.

### **PLAN OF DISTRIBUTION**

The Dealer will receive the Certificates in exchange for the Underlying REMIC Certificates 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 and, in the case of the UU Class, as part of its Mortgage Collateralized Bond II (MCB II) Program. The Dealer may effect such transactions to or through dealers.

### **LEGAL MATTERS**

Certain legal matters will be passed upon for the Dealer by Cleary, Gottlieb, Steen & Hamilton.

Underlying REMIC Certificates

Underlying REMIC Trust	Class	Date of Issue	CUSIP Number	Interest Rate	Interest Type (1)	Final Distribution Date	Principal Type (1)	Original Principal Balance of Class	Class % in the Trust	June 1994 Class Factor	Current Principal Balance in the Trust	Approximate Weighted Average WAC	Approximate Weighted Average WAM (in months)	Approximate Weighted Average CAGE (in months)	Underlying Security Type	Related Classes
1994-10	TP	January 1994	31359GKM7	(2)	PO	March 2023	SUP	\$ 40,000,000	43.6672650000%	.98476668	\$17,200,827	7.035%	352	6	MBS	UU and R
1994-10	FT	January 1994	31359GKN5	(3)	FLT/IO	March 2023	NTL	(4)	53.7443269231	.98476668	(4)	7.035	352	6	MBS	UU and R
1994-10	ST	January 1994	31359GKP0	(3)	INV/IO	March 2023	NTL	(5)	53.7443307692	.98476668	(5)	7.035	352	6	MBS	UU and R
1994-18	FA	February 1994	31359GXN1	(3)	FLT	February 2024	CPT	178,628,352(6)	19.2098150242	.98536194	33,811,882(6)	7.490	352	7	MBS	F and FA

- (1) See “Description of the Certificates—Class Definitions and Abbreviations” in the REMIC Prospectus.
- (2) This Class is a Principal Only Class and bears no interest.
- (3) These Classes bear interest during their respective interest accrual periods, subject to the applicable Maximum and Minimum Interest Rates, at the respective rates determined as described below:

Class	Maximum Interest Rate	Minimum Interest Rate	Formula for Calculation of Interest Rate
1994-10-FT	10.0%	1.00%	LIBOR + 100 basis points
1994-10-ST	18.0	0.00	18.00% – (LIBOR × 2)
1994-18-FA	9.0	0.60	LIBOR + 60 basis points

See “Description of the Certificates—Distribution of Interest” in the related Underlying Prospectus Supplement and “Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes” in the REMIC Prospectus for a description of LIBOR.

- (4) The Class 1994-10-FT REMIC Certificates have no principal balance and bear interest on their notional principal balance in an aggregate amount that initially was equal to \$26,000,000. The notional principal balance of the Class 1994-10-FT REMIC Certificates in the Trust as of the Issue Date is \$13,760,661.
- (5) The Class 1994-10-ST REMIC Certificates have no principal balance and bear interest on their notional principal balance in an aggregate amount that initially was equal to \$13,000,000. The notional principal balance of the Class 1994-10-ST REMIC Certificates in the Trust as of the Issue Date is \$6,880,331.
- (6) For purposes of calculating payments of principal, the 1994-18-FA Class is comprised of multiple payment components having the designations, original principal balances and current principal balances set forth below:

Designation	Principal Type	Original Principal Balance	Current Principal Balance in the Trust as of Issue Date
FA1 Component	TAC	136,628,352	25,880,519
FA2 Component	SUP	42,000,000	7,931,363

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 and the additional Disclosure Documents 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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**\$51,012,709**

**Federal National  
Mortgage Association**



**Guaranteed REMIC  
Pass-Through Certificates**

**Fannie Mae REMIC Trust 1994-84**

**PROSPECTUS SUPPLEMENT**

**Prudential Securities Incorporated**

**May 6, 1994**