

\$100,000,000
Federal National Mortgage Association



**Guaranteed REMIC Pass-Through Certificates
Fannie Mae REMIC Trust 1995-21**

The Guaranteed REMIC Pass-Through Certificates offered hereby (the "Certificates") will represent beneficial ownership interests in Fannie Mae REMIC Trust 1995-21 (the "Trust"). The assets of the Trust will consist of certain "principal only" Fannie Mae Stripped Mortgage-Backed Securities (the "SMBS") evidencing beneficial ownership interests in certain distributions of principal made in respect of certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the "MBS") held in the form of Fannie Mae Guaranteed MBS Pass-Through Certificates (the "Mega Certificates"). Each MBS will represent 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 by Fannie Mae.

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(1)	CUSIP Number	Final Distribution Date
A	\$48,383,000	PAC	(2)	PO	31359LYT6	May 2024
B	12,500,000	TAC	(2)	PO	31359LYU3	May 2024
C	39,117,000	SUP	(2)	PO	31359LYV1	May 2024
R	0	NPR	0	NPR	31359LYW9	May 2024

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

(2) These Classes will be Principal Only Classes and will bear no interest.

The Certificates will be offered by Lehman Brothers Inc. (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 receipt and acceptance by it and subject to its right to reject any order in whole or in part. It is expected that the Certificates, except for the R Class, will be available through the book-entry system of the Federal Reserve Banks on or about October 30, 1995 (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, Three World Financial Center, New York, New York 10285, on or about the Settlement Date.

LEHMAN BROTHERS

September 25, 1995

(Cover continued from previous page)

The yield to investors in each Class will be sensitive in varying degrees to the rate of principal payments of the Mortgage Loans, the characteristics of the Mortgage Loans actually included in the Pool and 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.

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

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

- The actual final payment of any Class will likely occur earlier, and could occur much earlier, than the Final Distribution Date for such Class specified on the cover page. See “Description of the Certificates—Weighted Average Lives of the Certificates” herein and “Description of the Certificates—Weighted Average Life and Final Distribution Dates” in the REMIC Prospectus.
- The rate of principal distributions of the Certificates is uncertain and investors may be unable to reinvest the distributions thereon at yields equaling the yields on the Certificates. See “Description of the Certificates—Reinvestment Risk” in the REMIC Prospectus.
- Investors whose investment activities are subject to legal investment laws and regulations or to review by regulatory authorities may be subject to restrictions on investment in certain Classes of the Certificates. Investors should consult their legal advisors to determine whether and to what extent the Certificates constitute legal investments or are subject to restrictions on investment. See “Legal Investment Considerations” in the REMIC Prospectus.
- The Dealer intends to make a market for the Certificates but is not obligated to do so. There can be no assurance that such a secondary market will develop or, if developed, that it will continue. Thus, investors may not be able to sell their Certificates readily or at prices that will enable them to realize their anticipated yield. No investor should purchase Certificates unless such investor understands and is able to bear the risk that the value of the Certificates will fluctuate over time and that the Certificates may not be readily salable.

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

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 Stripped Mortgage-Backed Securities dated December 31, 1993 (the “SMBS Prospectus”);
- Fannie Mae’s Prospectus for Guaranteed MBS Pass-Through Certificates dated November 1, 1994 (the “Mega Prospectus”);
- Fannie Mae’s Prospectus for Guaranteed Mortgage Pass-Through Certificates dated November 1, 1994 (the “MBS Prospectus”); and
- Fannie Mae’s Information Statement dated March 31, 1995 and any supplements thereto (collectively, the “Information Statement”).

The MBS Prospectus, the SMBS Prospectus, the Mega Prospectus and the Information Statement are incorporated herein by reference and may be obtained from Fannie Mae by writing or calling its MBS Helpline at 3900 Wisconsin Avenue, N.W., Area 2H-3S, Washington, D.C. 20016 (telephone 1-800-BEST-MBS or 202-752-6547). Such documents may also be obtained from Lehman Brothers Inc. by writing or calling their Registration Department at 536 Broadhollow Road, Melville, New York 11747 (telephone 516-254-7106).

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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 in their entirety.

Assumed Mortgage Loan Characteristics (as of October 1, 1995)

<u>Approximate Principal Balance</u>	<u>Approximate Weighted Average Remaining Term to Maturity (in months)</u>	<u>Approximate Calculated Loan Age (in months)</u>	<u>Approximate Weighted Average Coupon</u>
\$100,000,000	337	19	7.048%

The actual remaining terms to maturity, calculated loan ages and interest rates of most of the Mortgage Loans will differ from the weighted averages shown above, perhaps significantly. See “Description of the Certificates—The SMBS” herein.

Distributions of Principal

Principal Distribution Amount

1. To the A Class, until the principal balance thereof is reduced to its Planned Balance.
2. To the B Class, until the principal balance thereof is reduced to its Targeted Balance.
3. To the C, B and A Classes, in that order, 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>85%</u>	<u>150%</u>	<u>300%</u>	<u>500%</u>
A	13.9	4.5	4.5	4.5	4.4
C	26.3	19.7	14.7	5.7	1.2

<u>Class</u>	<u>PSA Prepayment Assumption</u>					
	<u>0%</u>	<u>85%</u>	<u>135%</u>	<u>150%</u>	<u>300%</u>	<u>500%</u>
B	22.5	11.1	2.9	2.9	2.9	2.2

* Determined as specified under “Weighted Average Lives of the Certificates” 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 respective meanings assigned to such terms in the applicable Disclosure Documents 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 October 1, 1995 (together, the “Trust Agreement”), executed by the Federal National Mortgage Association (“Fannie Mae”) in its corporate capacity and in its capacity as trustee (the “Trustee”), and the Certificates in the Classes and aggregate original principal balances set forth on the cover hereof will be issued by Fannie Mae pursuant thereto. A description of Fannie Mae and its business, together with certain financial statements and other financial information, is contained in the Information Statement.

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

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

Fannie Mae Guaranty. Fannie Mae guarantees to each holder of an MBS the timely payment of scheduled installments of principal of and interest on the underlying Mortgage Loans, whether or not received, together with the full principal balance of any foreclosed Mortgage Loan, whether or not such balance is actually recovered. In addition, Fannie Mae will be obligated to distribute on a timely basis to the Holders of Certificates required installments of principal and 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 guaranty obligations of Fannie Mae with respect to the SMBS and the Mega Certificates are described in the SMBS Prospectus and the Mega Prospectus, respectively. The guaranties of Fannie Mae are not backed by the full faith and credit of the United States. See “Description of the Certificates—Fannie Mae’s Guaranty” in the REMIC Prospectus, “The SMBS Certificates—Fannie Mae Obligations” in the SMBS Prospectus, “The Certificates—Fannie Mae’s Guaranty” in the Mega Prospectus and “Description of Certificates—The Corporation’s Guaranty” in the MBS Prospectus.

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

The distribution to the Holder of the R Certificate of the proceeds of any remaining assets of the Trust will be made only upon presentation and surrender of such Certificate at the office of the Paying Agent. The Paying Agent initially will be State Street.

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

Distribution Dates. Distributions on the Certificates will be made on the 25th day of each month (or, if such 25th day is not a business day, on the first business day next succeeding such 25th day) (each a “Distribution Date”), commencing in the month following the Settlement Date. See “Distributions of Principal—*Principal Distribution Amount*” herein.

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

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

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.

The SMBS

The “principal only” SMBS underlying the Certificates will represent principal payments on a principal amount of \$100,000,000 of MBS having the general characteristics described in the MBS Prospectus. The MBS underlying the SMBS are expected to be held in the form of Mega Certificates CL-190263 and CL-190249 and included in Fannie Mae Stripped Mortgage-Backed Security Trusts 000263-CL and 000249-CL (the “SMBS Trusts”). The general characteristics of the Mega Certificates are described in the Mega Prospectus.

The Mortgage Loans will be conventional Level Payment Mortgage Loans secured by a first mortgage or deed of trust on a one- to four-family (“single-family”) residential property and having an original maturity of up to 30 years, as described under “The Mortgage Pools” and “Yield Considerations” in the MBS Prospectus. The characteristics of the MBS and Mortgage Loans in the SMBS Trusts as of October 1, 1995 (the “Issue Date”) are expected to be as follows:

Principal Balance	\$100,000,000
Pass-Through Rate	6.50%
Approximate Weighted Average WAC	7.048%
Approximate Weighted Average WAM	337 months
Approximate Weighted Average CAGE	19 months

Following the issuance of the Certificates, Fannie Mae will prepare a Final Data Statement setting forth, among other information, the unpaid principal balance of the SMBS as of the Issue Date. The Final Data Statement will not accompany this Prospectus Supplement but will be made available by

Fannie Mae. To request the Final Data Statement, telephone Fannie Mae at 1-800-BEST-MBS or 202-752-6547. The contents of the Final Data Statement and other data specific to the Certificates are available in electronic form by calling Fannie Mae at 1-800-752-6440 or 202-752-6000.

Distributions of 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>
PAC	A
TAC	B
Support	C
No Payment Residual	R

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

Principal Distribution Amount

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

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

- (i) to the A Class, until the principal balance thereof is reduced to its Planned Balance for such Distribution Date; } PAC Class
- (ii) to the B Class, until the principal balance thereof is reduced to its Targeted Balance for such Distribution Date; } TAC Class
- (iii) to the C Class, until the principal balance thereof is reduced to zero; } Support Class
- (iv) to the B Class, without regard to its Targeted Balance and until the principal balance thereof is reduced to zero; and } TAC Class
- (v) to the A Class, without regard to its Planned Balance and until the principal balance thereof is reduced to zero. } PAC Class

Structuring Assumptions

Pricing Assumptions. Unless otherwise specified, the information in the tables in this Prospectus Supplement has been prepared on the basis of the following assumptions (the “Pricing Assumptions”):

- the Mortgage Loans bear interest at a rate of 7.048% per annum and have an original term to maturity of 360 months, a CAGE of 19 months and a remaining term to maturity of 337 months;
- the Mortgage Loans prepay at the *constant* percentages of PSA specified in the related table;
- the closing date for the sale of the Certificates is the Settlement Date; and
- the first Distribution Date for the Certificates occurs in the month following the Settlement Date.

Prepayment 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, 150% 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. It is highly unlikely that prepayments will occur at any PSA rate or at any other constant rate.

Structuring Ranges. The Principal Balance Schedules have been prepared on the basis of the Pricing Assumptions and the assumption that the Mortgage Loans prepay at a constant PSA rate within the Structuring Range or at the rate set forth below.

<u>Principal Balance Schedule References</u>	<u>Related Classes</u>	<u>Structuring Range and Rate</u>
Planned Balance	A	Between 85% and 300%
Targeted Balance	B	135%

There is no assurance that the principal balances of the Classes listed above will conform on any Distribution Date to the applicable balances specified for such Distribution Date in the Principal Balance Schedules herein, or that distributions of principal on the related Classes will begin or end on the respective Distribution Dates specified therein. Because any excess of the principal distribution on any Distribution Date over the amount necessary to reduce the applicable Classes to their scheduled balances will be distributed, the ability to so reduce such Classes will not be enhanced by the averaging of high and low principal prepayments from month to month. In addition, even if prepayments occur at rates falling within the Structuring Range specified above, principal distributions may be insufficient to reduce the applicable Classes to their scheduled balances if such prepayments do not occur at a *constant* PSA rate. Moreover, because of the diverse remaining terms to maturity of the Mortgage Loans, the Classes specified above may not be reduced to their scheduled balances, even if prepayments occur at a *constant* PSA rate within the Structuring Range or at the rate specified above.

Initial Effective Ranges. The Effective Range for a Class is the range of prepayment rates (measured by *constant* PSA rates) that would reduce such Class to its Principal Balance Schedule on each Distribution Date. The Initial Effective Ranges set forth in the table below are based upon the assumed characteristics of the Mortgage Loans specified in the Pricing Assumptions.

<u>Related Classes</u>	<u>Initial Effective Ranges</u>
A	Between 85% and 300%
B	Between 135% and 259%

The actual Effective Ranges at any time will be based upon the actual characteristics of the Mortgage Loans at such time, which are likely to vary (and may vary considerably) from the Pricing Assumptions. The actual Effective Ranges calculated on the basis of the actual characteristics likely will differ from the Initial Effective Ranges. As a result, the applicable Classes might not be reduced to their scheduled balances even if prepayments were to occur at a *constant* PSA rate within the Initial Effective Ranges (particularly if such rate were at the lower or higher end of such ranges). In addition, even if prepayments occur at rates falling within the actual Effective Ranges, principal distributions may be insufficient to reduce the applicable Classes to their scheduled balances if such prepayments do not occur at a *constant* PSA rate. It is highly unlikely that the Mortgage Loans will prepay at any *constant* PSA rate. In general, the actual Effective Ranges may narrow, widen or shift upward or downward to reflect actual prepayment experience over time. The principal payment stability of the PAC and TAC Classes will be supported in part by the Support Class. When the Support Class is retired, the TAC Class may no longer have an Effective Range and will be more sensitive to prepayments. When the Support Class and the TAC Class are retired, the PAC Class may no longer have an Effective Range and will be more sensitive to prepayments.

Principal Balance Schedules

<u>Distribution Date</u>	<u>A Class Planned Balance</u>	<u>B Class Targeted Balance</u>
Initial Balance	\$48,383,000.00	\$12,500,000.00
November 1995	48,000,633.34	12,326,474.07
December 1995	47,604,520.84	12,145,592.17
January 1996	47,194,807.72	11,957,540.94
February 1996	46,771,645.13	11,762,515.22
March 1996	46,335,190.02	11,560,717.89
April 1996	45,885,605.06	11,352,359.54
May 1996	45,423,058.53	11,137,658.28
June 1996	44,947,724.22	10,916,839.41
July 1996	44,459,781.32	10,690,135.19
August 1996	43,959,414.32	10,457,784.51
September 1996	43,446,812.89	10,220,032.60
October 1996	42,936,298.27	9,985,568.60
November 1996	42,427,861.15	9,754,363.98
December 1996	41,921,492.27	9,526,390.43
January 1997	41,417,182.41	9,301,619.86
February 1997	40,914,922.40	9,080,024.42
March 1997	40,414,703.10	8,861,576.46
April 1997	39,916,515.41	8,646,248.56
May 1997	39,420,350.26	8,434,013.51
June 1997	38,926,198.63	8,224,844.32
July 1997	38,434,051.55	8,018,714.23
August 1997	37,943,900.06	7,815,596.66
September 1997	37,455,735.26	7,615,465.25
October 1997	36,969,548.29	7,418,293.87
November 1997	36,485,330.31	7,224,056.58
December 1997	36,003,072.54	7,032,727.64
January 1998	35,522,766.22	6,844,281.54
February 1998	35,044,402.64	6,658,692.93
March 1998	34,567,973.13	6,475,936.71
April 1998	34,093,469.03	6,295,987.95
May 1998	33,620,881.75	6,118,821.93
June 1998	33,150,202.72	5,944,414.11
July 1998	32,681,423.41	5,772,740.17
August 1998	32,214,535.34	5,603,775.96
September 1998	31,749,530.05	5,437,497.54
October 1998	31,286,399.11	5,273,881.15
November 1998	30,825,134.15	5,112,903.24
December 1998	30,365,726.83	4,954,540.41
January 1999	29,908,168.82	4,798,769.49
February 1999	29,452,451.86	4,645,567.46
March 1999	28,998,567.70	4,494,911.50
April 1999	28,546,508.15	4,346,778.98
May 1999	28,096,265.04	4,201,147.43
June 1999	27,647,830.23	4,057,994.57
July 1999	27,201,195.62	3,917,298.31
August 1999	26,756,353.16	3,779,036.73
September 1999	26,313,294.82	3,643,188.07
October 1999	25,872,012.59	3,509,730.77
November 1999	25,432,498.54	3,378,643.42
December 1999	24,994,744.72	3,249,904.79
January 2000	24,558,743.25	3,123,493.84

<u>Distribution Date</u>	<u>A Class Planned Balance</u>	<u>B Class Targeted Balance</u>
February 2000	\$24,124,486.27	\$ 2,999,389.66
March 2000	23,691,965.97	2,877,571.54
April 2000.....	23,261,174.54	2,758,018.93
May 2000	22,832,104.25	2,640,711.43
June 2000	22,404,747.35	2,525,628.83
July 2000	21,979,096.18	2,412,751.06
August 2000	21,555,143.06	2,302,058.22
September 2000.....	21,132,880.38	2,193,530.58
October 2000	20,712,300.56	2,087,148.55
November 2000	20,293,396.02	1,982,892.70
December 2000	19,876,159.25	1,880,743.79
January 2001	19,460,582.76	1,780,682.69
February 2001	19,046,659.08	1,682,690.46
March 2001	18,634,380.80	1,586,748.28
April 2001.....	18,223,740.50	1,492,837.52
May 2001	17,814,730.84	1,400,939.66
June 2001	17,407,344.47	1,311,036.37
July 2001	17,001,574.10	1,223,109.45
August 2001	16,597,412.45	1,137,140.84
September 2001.....	16,194,852.30	1,053,112.63
October 2001	15,793,886.43	971,007.06
November 2001	15,394,507.66	890,806.53
December 2001	14,996,708.86	812,493.55
January 2002	14,600,482.91	736,050.80
February 2002	14,205,822.73	661,461.08
March 2002	13,812,721.26	588,707.35
April 2002.....	13,421,171.48	517,772.69
May 2002	13,031,166.39	448,640.33
June 2002	12,642,699.04	381,293.63
July 2002	12,255,762.50	315,716.10
August 2002	11,870,349.86	251,891.36
September 2002.....	11,486,454.24	189,803.19
October 2002	11,104,068.81	129,435.48
November 2002	10,723,186.75	70,772.27
December 2002	10,343,801.28	13,797.71
January 2003	9,965,905.64	0.00
February 2003	9,589,493.11	0.00
March 2003	9,214,556.98	0.00
April 2003.....	8,841,090.59	0.00
May 2003	8,469,087.30	0.00
June 2003	8,099,105.75	0.00
July 2003	7,735,579.71	0.00
August 2003	7,378,399.19	0.00
September 2003.....	7,027,456.04	0.00
October 2003	6,682,643.93	0.00
November 2003	6,343,858.33	0.00
December 2003	6,010,996.44	0.00
January 2004	5,683,957.20	0.00
February 2004	5,362,641.26	0.00
March 2004	5,046,950.92	0.00
April 2004.....	4,736,790.15	0.00
May 2004	4,432,064.51	0.00

<u>Distribution Date</u>	<u>A Class Planned Balance</u>	<u>B Class Targeted Balance</u>
June 2004	\$ 4,132,681.15	\$ 0.00
July 2004	3,838,548.80	0.00
August 2004	3,549,577.72	0.00
September 2004	3,265,679.66	0.00
October 2004	2,986,767.89	0.00
November 2004	2,712,757.11	0.00
December 2004	2,443,563.47	0.00
January 2005	2,179,104.53	0.00
February 2005	1,919,299.25	0.00
March 2005	1,664,067.93	0.00
April 2005	1,413,332.23	0.00
May 2005	1,167,015.13	0.00
June 2005	925,040.91	0.00
July 2005	687,335.11	0.00
August 2005	453,824.54	0.00
September 2005	224,437.25	0.00
October 2005 and thereafter	0.00	0.00

Yield Considerations

General. The yield to maturity for each Certificate will depend upon the purchase price thereof, the rate of principal payments, including prepayments, on the Mortgage Loans, and the actual characteristics of the Mortgage Loans. An investor should purchase Certificates only after performing an analysis of such Certificates based upon the investor's own assumptions as to future rates of prepayment.

There can be no assurance that the Mortgage Loans will have the characteristics assumed herein or will prepay at any of the rates assumed herein, or at any other particular rate. Because the rate of principal distributions on the Certificates will be related to the rate of amortization of the Mortgage Loans in each Pool, which are likely to include Mortgage Loans with remaining terms to maturity shorter or longer than those assumed and interest rates higher or lower than those assumed, the rate of principal distributions on the Certificates is likely to differ from the rate anticipated by an investor, even if all Mortgage Loans prepay at the indicated constant percentages of PSA. In addition, it is not likely that all Mortgage Loans will prepay at a *constant* PSA rate until maturity or that all Mortgage Loans will prepay at the same rate.

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

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. 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 Principal Only Classes. The Principal Only Classes will not bear interest. As indicated in the table below, a low rate of principal payments (including prepayments) will have a negative effect on the yields to investors in the Principal Only Classes.

The information set forth in the following table has been prepared on the basis of the Pricing Assumptions and on the assumption that the aggregate purchase prices (expressed as percentages of original principal balances) of the Principal Only Classes are as follows:

Class	Price
A	76.0%
B	74.0%
C	46.0%

Sensitivity of the Principal Only Classes to Prepayments (Pre-Tax Yields to Maturity)

Class	PSA Prepayment Assumption				
	85%	135%	150%	300%	500%
A	6.5%	6.5%	6.5%	6.5%	6.8%
B	2.7%	11.6%	11.6%	11.6%	14.7%
C	4.1%	5.1%	5.8%	26.4%	95.3%

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 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 distribution of principal of certain Classes in accordance with the Principal Balance Schedules herein. In particular, if the amount distributable as principal of the Certificates on any Distribution Date exceeds the amount required to reduce the principal balances of certain Classes with higher principal payment priorities to their respective scheduled amounts as set forth in the Principal Balance Schedules, such excess principal will be distributed on the remaining Classes on such Distribution Date. Conversely, if the principal distributable on any Distribution Date is less than the amount so required to reduce certain Classes to their respective scheduled amounts, no principal will be distributed on the remaining Classes on such Distribution Date. Accordingly, the rate of principal payments on the Mortgage Loans is expected to have a greater effect on the weighted average life of the Support Class and, under certain prepayment scenarios, the weighted average life of the TAC Class, than on the weighted average life of the PAC Class. See “Distributions of Principal” herein.

The interaction of the foregoing factors may have different effects on various Classes and the effects on any Class may vary at different times during the life of such Class. Accordingly, no assurance can be given as to the weighted average life of any Class. Further, to the extent the prices of the Certificates represent discounts or premiums to their respective original principal balances, variability in the weighted average lives of such Classes of Certificates could result in variability in the related yields to maturity. For an example of how the weighted average lives of the Classes may be affected at various *constant* prepayment rates, see the Decrement Tables below.

Decrement Tables

The following tables indicate the percentages of original principal balances of the specified Classes that would be outstanding after each of the dates shown at various *constant* PSA levels and the corresponding weighted average lives of such Classes. The tables have been prepared on the basis of the Pricing Assumptions, except that with respect to the information set forth for each such Class under 0% PSA it has been assumed that each underlying Mortgage Loan bears an interest rate of 9% per annum and has an original and remaining term to maturity of 360 months and 343 months, respectively. It is not likely that (i) all of the underlying Mortgage Loans will have the interest rate, original or remaining terms to maturity assumed in the preceding sentence or (ii) the underlying Mortgage Loans will prepay at a *constant* PSA level. In addition, the diverse remaining terms to maturity of the Mortgage Loans (which may include recently originated Mortgage Loans) could produce slower or faster principal distributions than indicated in the tables at the specified *constant* PSA levels, even if the weighted average remaining term to maturity and the weighted average CAGE of the Mortgage Loans are identical to the remaining term to maturity and CAGE specified in the Pricing Assumptions.

Percent of Original Principal Balances Outstanding

Date	A Class					B Class						C Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption						PSA Prepayment Assumption				
	0%	85%	150%	300%	500%	0%	85%	135%	150%	300%	500%	0%	85%	150%	300%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
October 1996	98	89	89	89	89	100	100	80	80	80	80	100	100	98	79	53
October 1997	97	76	76	76	76	100	100	59	59	59	59	100	100	96	60	17
October 1998	95	65	65	65	65	100	100	42	42	42	31	100	100	95	47	0
October 1999	93	53	53	53	50	100	100	28	28	28	0	100	100	94	38	0
October 2000	90	43	43	43	34	100	100	17	17	17	0	100	100	93	33	0
October 2001	88	33	33	33	24	100	100	8	8	8	0	100	100	92	31	0
October 2002	85	23	23	23	16	100	100	1	1	1	0	100	100	92	30	0
October 2003	82	14	14	14	11	100	100	0	0	*	0	100	100	90	30	0
October 2004	79	6	6	6	8	100	95	0	0	*	0	100	100	88	30	0
October 2005	75	0	0	0	5	100	86	0	0	*	0	100	100	84	30	0
October 2006	71	0	0	0	4	100	55	0	0	0	0	100	100	75	24	0
October 2007	67	0	0	0	2	100	25	0	0	0	0	100	100	66	19	0
October 2008	62	0	0	0	2	100	0	0	0	0	0	100	99	58	15	0
October 2009	57	0	0	0	1	100	0	0	0	0	0	100	90	51	12	0
October 2010	51	0	0	0	1	100	0	0	0	0	0	100	82	44	9	0
October 2011	45	0	0	0	*	100	0	0	0	0	0	100	74	38	7	0
October 2012	38	0	0	0	*	100	0	0	0	0	0	100	67	33	6	0
October 2013	31	0	0	0	*	100	0	0	0	0	0	100	59	28	4	0
October 2014	22	0	0	0	*	100	0	0	0	0	0	100	52	24	3	0
October 2015	14	0	0	0	*	100	0	0	0	0	0	100	46	20	3	0
October 2016	4	0	0	0	*	100	0	0	0	0	0	100	39	16	2	0
October 2017	0	0	0	0	*	74	0	0	0	0	0	100	33	13	1	0
October 2018	0	0	0	0	*	28	0	0	0	0	0	100	27	10	1	0
October 2019	0	0	0	0	*	0	0	0	0	0	0	93	21	8	1	0
October 2020	0	0	0	0	*	0	0	0	0	0	0	76	16	6	*	0
October 2021	0	0	0	0	*	0	0	0	0	0	0	57	10	4	*	0
October 2022	0	0	0	0	*	0	0	0	0	0	0	37	5	2	*	0
October 2023	0	0	0	0	*	0	0	0	0	0	0	14	*	*	*	0
October 2024	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October 2025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	13.9	4.5	4.5	4.5	4.4	22.5	11.1	2.9	2.9	2.9	2.2	26.3	19.7	14.7	5.7	1.2

* 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.

Characteristics of the R Class

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

The R Class will be subject to certain transfer restrictions. No transfer of record or beneficial ownership of an R Certificate will be allowed to a “disqualified organization.” In addition, no transfer of record or beneficial ownership of an R Certificate will be allowed to any person that is not a “U.S. Person” without the written consent of Fannie Mae. Under regulations issued by the Treasury Department on December 23, 1992 (the “Regulations”), a transfer of a “noneconomic residual interest” to a U.S. Person will be disregarded for all federal tax purposes unless no significant purpose of the transfer is to impede the assessment or collection of tax. The R Class will 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.

CERTAIN ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES

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

REMIC Election and Special Tax Attributes

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

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

Taxation of Beneficial Owners of Regular Certificates

The Principal Only Classes will 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 150% PSA. See “Certain Federal Income Tax

Consequences—Taxation of Beneficial Owners of Regular Certificates—*Original Issue Discount*” in the REMIC Prospectus. No representation is made as to whether the Mortgage Loans underlying the MBS will prepay at that or any other rate. See “Description of the Certificates—Weighted Average Lives of the Certificates” herein and “Description of the Certificates—Weighted Average Life and Final Distribution Dates” in the REMIC Prospectus.

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 7.91% (which is 120% of the “federal long-term rate”). See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*” and “—Foreign Investors—*Residual Certificates*” in the REMIC Prospectus. The federal income tax consequences of any consideration paid to a transferee on the transfer of an R Certificate are unclear; any transferee receiving such consideration should consult its own tax advisors.

PLAN OF DISTRIBUTION

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

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

LEGAL MATTERS

Certain legal matters will be passed upon for the Dealer by Skadden, Arps, Slate, Meagher & Flom.

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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\$100,000,000

Federal National Mortgage Association



Guaranteed REMIC
Pass-Through Certificates
Fannie Mae REMIC Trust 1995-21

PROSPECTUS SUPPLEMENT

LEHMAN BROTHERS

September 25, 1995