

\$387,869,672

Federal National Mortgage Association



Guaranteed REMIC Pass-Through Certificates Fannie Mae REMIC Trust 1996-16

The Guaranteed REMIC Pass-Through Certificates offered hereby (the "Certificates") will represent beneficial ownership interests in Fannie Mae REMIC Trust 1996-16 (the "Trust"). The assets of the Trust will consist of (i) two groups of Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the "Group 1 MBS" and "Group 2 MBS" and, together, the "Trust MBS") and (ii) the REMIC Certificates specified herein (collectively, the "Underlying REMIC Certificates") evidencing beneficial ownership interests in the related Fannie Mae REMIC Trusts (collectively, the "Underlying REMIC Trusts") as further described in Exhibit A hereto. The assets of the Underlying REMIC Trusts evidence beneficial ownership interests in certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (together with the Trust MBS, the "MBS"). Each MBS represents a beneficial ownership 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.

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

(Cover continued on next page)

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

THE 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	Class	Original Principal Balance	Principal Type (1)	Interest Rate	Interest Type (1)	CUSIP Number	Final Distribution Date
A ..	\$112,322,000	SEQ	7.50%	FIX	31359KBR7	October 2023	G ..	\$ 24,795,000	AD/SEQ	7.00%	FIX	31359KCB1	November 2015
B ..	6,385,000	AD/SEQ	7.50	FIX	31359KBS5	June 2001	ZA ..	10,149,000	SEQ	7.00	FIX/Z	31359KCC9	June 2026
C ..	42,125,000	AD/SEQ	7.50	FIX	31359KBT3	April 2016	PA ..	18,047,148	SC/PT	(2)	PO	31359KCD7	August 2023
H ..	18,390,000	SEQ	7.50	FIX	31359KBU0	June 2022	SA ..	(3)	NLT	(4)	INV/IO	31359KCE5	August 2023
K ..	16,492,000	SEQ	7.50	FIX	31359KBV8	April 2013	PB ..	8,715,945	SC/PT	(2)	PO	31359KCF2	September 2023
L ..	30,000,000	SEQ	7.50	FIX	31359KBW6	June 2022	SB ..	(3)	NLT	(4)	INV/IO	31359KCG0	September 2023
J ..	10,000,000	SEQ	7.50	FIX	31359KBX4	May 2026	PC ..	11,106,579	SC/PT	(2)	PO	31359KCH8	April 2023
Z ..	14,286,000	SEQ	7.50	FIX/Z	31359KBY2	June 2026	SC ..	(3)	NLT	(4)	INV/IO	31359KCJ4	April 2023
D ..	60,859,000	SEQ	7.00	FIX	31359KBZ9	August 2021	R ..	0	NPR	0	NPR	31359KCK1	June 2026
E ..	4,197,000	AD/SEQ	7.00	FIX	31359KCA3	June 2001							

- (1) See "Description of the Certificates—Class Definitions and Abbreviations" in the REMIC Prospectus and "Description of the Certificates—Distributions of Interest" and "—Distributions of Principal" herein.
- (2) These Classes are Principal Only Classes and will bear no interest.
- (3) The SA, SB and SC Classes will be Notional Classes, will have no principal balances and will bear interest on their notional principal balances (initially, \$18,047,148, \$8,715,945 and \$11,106,579, respectively). The notional principal balance of the SA Class will be calculated based on the principal balance of the PA Class, the notional principal balance of the SB Class will be calculated based upon the principal balance of the PB Class and the notional principal balance of the SC Class will be calculated based on the principal balance of the PC Class. See "Description of the Certificates—Distributions of Interest—Notional Classes" herein.
- (4) The SA and SB Classes will bear interest based on "COFI" and the SC Class will bear interest based on "LIBOR," as described under "Description of the Certificates—Distributions of Interest" herein and "Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes" in the REMIC Prospectus.

The Certificates will be offered by Morgan Stanley & Co. 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 R Class, will be available through the book-entry system of the Federal Reserve Banks on or about May 30, 1996 (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, New York, New York, on or about the Settlement Date.

MORGAN STANLEY & CO.
Incorporated

April 11, 1996

The yields to investors in the A, B, C, D, E, G, H, K, L, J, Z and ZA Classes will be sensitive in varying degrees to, among other things, the rate of principal distributions on the related Trust MBS, which in turn will be determined by the rate of principal payments of the related Mortgage Loans and the actual characteristics of such Mortgage Loans. The yields to investors in the PA, SA, PB, SB, PC and SC Classes will be sensitive in varying degrees to, among other things, the rate of principal distributions on the related 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 and the priority sequences affecting principal distributions on such Underlying REMIC Certificates. The yields to investors in each Class will also be sensitive to the purchase price paid for such Class and, in the case of any Inverse Floating Rate Classes, fluctuations in the level of the applicable Index (as defined herein). Accordingly, investors should consider the following risks:

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

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 principal distribution to certain other classes of certificates evidencing beneficial ownership interests in the related Underlying REMIC Trusts and, accordingly, there is no assurance that principal distributions will be made on such Underlying REMIC Certificates on any particular Distribution Date. In particular, the Class 1993-58-SB REMIC Certificate is a Support class that is entitled to receive principal payments on any Distribution Date only if scheduled payments have been made on other specified classes of certificates evidencing beneficial ownership interests in the related Underlying REMIC Trust. Accordingly, the Class 1993-58-SB REMIC Certificate may receive no principal payments for extended periods of time or may receive principal payments that vary widely from period to period. In addition, certain of the Underlying REMIC Certificates have Principal Balance Schedules and, as a result, may receive principal distributions at a rate faster or slower than would otherwise have been the case (and, in some cases, may receive no principal distributions for extended periods). Further, 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 Underlying REMIC Certificates have adhered to their Principal Balance Schedules, whether any related Support classes 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 in the context of applicable information contained in the related Underlying Prospectus Supplements (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 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 15, 1996 (the “MBS Prospectus”);
- Fannie Mae’s Information Statement dated February 22, 1996 and any supplements thereto (collectively, the “Information Statement”); and
- The Underlying Prospectus Supplements.

The MBS Prospectus and the Information Statement 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 Morgan Stanley & Co. Incorporated by writing or calling its Prospectus Department at 1585 Broadway, New York, New York 10036 (telephone 212-761-6775).

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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 Characteristics of the Mortgage Loans Underlying the Trust MBS (as of May 1, 1996)

<u>Trust MBS</u>	<u>Approximate Principal Balance</u>	<u>Approximate Weighted Average Remaining Term to Maturity (in months)</u>	<u>Calculated Loan Age (in months)</u>	<u>Approximate Weighted Average Coupon</u>
Group 1	\$250,000,000	325	30	8.0%
Group 2	100,000,000	330	26	7.5

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

Characteristics of the Underlying REMIC Certificates

The table contained in Exhibit A hereto sets forth 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 Classes will bear interest at the applicable per annum interest rates set forth on the cover.

Each of the Inverse Floating Rate Classes will bear interest during the initial Interest Accrual Period at an initial interest rate determined as described below, and will bear interest during each Interest Accrual Period thereafter, subject to the applicable maximum and minimum interest rates, at the rate determined as described below:

<u>Class</u>	<u>Initial Interest Rate</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate</u>
SA	6.75999%	19.30693%	0.00000%	$19.30693\% - (\text{COFI} \times 2.57425743)$
SB	6.82419%	22.46913%	0.00000%	$22.46913\% - (\text{COFI} \times 3.20987654)$
SC	15.34000% (1)	15.34000%	0.00000%	$59.65556\% - (\text{LIBOR} \times 6.8177778)$

(1) The initial interest rate for the SC Class is an assumed rate. The actual initial interest rate for the SC Class will be calculated on the basis of the applicable formula on the May 23, 1996 Index Determination Date.

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

Notional Classes

The notional principal balance of each Notional Class will be equal to the indicated percentage of the outstanding principal balance of the following Classes immediately prior to the related Distribution Date:

<u>Class</u>	<u>Percentage of Principal Balance of Specified Class</u>
SA	100% of PA Class
SB	100% of PB Class
SC	100% of PC Class

See “Description of the Certificates—Distributions of Interest—*Notional Classes*” and “—Yield Considerations—*The Inverse 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 particular Trust MBS or a particular class of Underlying REMIC Certificates, as applicable. For such purposes, the Principal Distribution Amount will be allocated among the Group 1, Group 2, Group 3, Group 4 and Group 5 Principal Distribution Amounts, as described herein under “Description of the Certificates—Distributions of Principal—*Principal Distribution Amount*.”

Group 1 Principal Distribution Amount

Group 1 Accrual Distribution Amount

To the B and C Classes, in that order, to zero, and then to the Z Class.

Group 1 Cash Flow Distribution Amount

1. To the A, H, K, L and J Classes as follows:
 - a. 59.9997863294% of such amount to the A Class, to zero; and
 - b. 40.0002136706% of such amount to the H, K, L and J Classes, in the following order and proportions:
 - (i) to the H and K Classes, in the proportions of 28.3437625227% and 71.6562374773% respectively, until the principal balance of the K Class is reduced to zero;
 - (ii) to the H and L Classes, in the proportions of 28.3437625227% and 71.6562374773%, respectively, until the principal balances thereof are reduced to zero; and
 - (iii) to the J Class, to zero.
2. Remaining amount to the B, C and Z Classes, in that order, to zero.

Group 2 Principal Distribution Amount

Group 2 Accrual Distribution Amount

To the E and G Classes, in that order, to zero, and then to the ZA Class.

Group 2 Cash Flow Distribution Amount

To the D, E, G and ZA Classes, in that order, to zero.

Group 3 Principal Distribution Amount

To the PA Class, to zero.

Group 4 Principal Distribution Amount

To the PB Class, to zero.

Group 5 Principal Distribution Amount

To the PC Class, to zero.

Weighted Average Lives (years) *

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>185%</u>	<u>300%</u>	<u>500%</u>
A	19.2	6.8	4.1	2.6	1.5
B	2.7	2.7	2.7	2.7	2.5
C	13.7	13.2	10.8	7.9	5.0
H	18.0	5.6	3.3	2.1	1.2
K	10.7	1.7	1.0	0.6	0.4
L	22.1	7.7	4.6	2.9	1.7
J	26.6	14.3	9.0	5.7	3.3
Z	28.7	21.9	18.3	13.9	9.1

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>160%</u>	<u>300%</u>	<u>500%</u>
D	17.2	5.2	3.5	1.9	1.1
E	2.6	2.6	2.6	2.6	2.0
G	13.4	11.6	9.5	6.1	3.8
ZA	27.8	20.4	17.6	12.3	7.9

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>175%</u>	<u>300%</u>	<u>500%</u>
PA and SA	25.4	17.0	4.5	1.3	0.6

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>155%</u>	<u>300%</u>	<u>500%</u>
PB and SB	25.1	15.3	3.8	1.3	0.6

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>195%</u>	<u>300%</u>	<u>500%</u>
PC and SC	25.8	20.8	15.6	7.8	1.2

* 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 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 May 1, 1996 (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 Underlying REMIC Certificates (which evidence beneficial ownership interests in the Underlying REMIC Trusts).

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 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, “Description of the Certificates—General—*Fannie Mae Guaranty*” in the related Underlying Prospectus Supplements 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 at the corporate trust office of the Transfer Agent, or at the agency of the Transfer Agent in New York, New York. The Transfer Agent initially will be State Street Bank and Trust Company in Boston, Massachusetts (“State Street”). A service charge may be imposed for any registration of transfer of the 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 Class of the proceeds of any remaining assets of the Trust will be made only upon presentation and surrender of the related 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 Class will be issued as a single Certificate and will not have a principal balance.

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

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.

Voting the Underlying REMIC Certificates. 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 Trust MBS

The Trust MBS will have the aggregate unpaid principal balances and Pass-Through Rates set forth below and the general characteristics described in the MBS Prospectus. The Trust MBS will provide that principal and interest on the underlying Mortgage Loans will be passed through monthly, commencing on the 25th day of the month following the month of the initial issuance of such Trust MBS (or, if such 25th day is not a business day, on the first business day next succeeding such 25th day). The Mortgage Loans underlying the Trust MBS 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

Trust MBS and the related Mortgage Loans as of May 1, 1996 (the “Issue Date”) are expected to be as follows:

Group 1 MBS

Aggregate Unpaid Principal Balance	\$250,000,000
MBS Pass-Through Rate	7.50%

Mortgage Loans Underlying Group 1 MBS

Range of WACs (per annum percentages)	7.75% to 10.00%
Range of WAMs	241 months to 360 months
Approximate Weighted Average WAM	325 months
Approximate Weighted Average CAGE	30 months

Group 2 MBS

Aggregate Unpaid Principal Balance	\$100,000,000
MBS Pass-Through Rate	7.00%

Mortgage Loans Underlying Group 2 MBS

Range of WACs (per annum percentages)	7.25% to 9.50%
Range of WAMs	241 months to 360 months
Approximate Weighted Average WAM	330 months
Approximate Weighted Average CAGE	26 months

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 certain MBS having the general characteristics set forth in the MBS 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 Underlying REMIC Certificates provide that principal and 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).

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 Certificate, 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 current principal factor for such class and the principal balance of such class contained in the Trust as of May 1, 1996 (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 Group.

To request further information regarding the Underlying REMIC Certificates, telephone Fannie Mae at 1-800-BEST-MBS or 202-752-6547. 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.

Final Data Statement

Following the issuance of the Certificates, Fannie Mae will prepare a Final Data Statement setting forth, among other information, the current principal balances of the Underlying REMIC Certificates as of the Issue Date and, with respect to the Trust MBS, the Pool number, the current WAC (or original WAC, if the current WAC is not available) and the current WAM (or Adjusted WAM, if the current WAM is not available) of the Mortgage Loans underlying each Trust MBS, along with the weighted average of all the current or original WACs and the weighted average of all the current or Adjusted WAMs, based on the current unpaid principal balances of the Mortgage Loans underlying the Trust MBS as of the Issue Date. The Final Data Statement will not accompany this Prospectus Supplement but will be made available by Fannie Mae. To request the Final Data Statement, telephone Fannie Mae at 1-800-BEST-MBS or 202-752-6547. The contents of the Final Data Statement and other data specific to the Certificates are available in electronic form by calling Fannie Mae at 1-800-752-6440 or 202-752-6000.

Prepayment Considerations and Risks

The rate of distributions of principal of the A, B, C, D, E, G, H, K, L, J, Z and ZA Classes will be sensitive in varying degrees to the rate of principal distributions on the related Trust MBS, which in turn will reflect the rate of amortization (including prepayments) of the related Mortgage Loans. There can be no assurance that the Mortgage Loans underlying the Trust MBS will have the characteristics assumed herein or will prepay at any of the rates assumed herein, or at any other particular rate. Furthermore, because some of the Mortgage Loans underlying the Trust MBS 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 distribution on the related Classes is likely to differ from the rate anticipated by an investor, even if all such Mortgage Loans prepay at the indicated constant percentages of PSA. In addition, it is not likely that the Mortgage Loans underlying the Trust MBS will prepay at a *constant* PSA rate until maturity or that all such Mortgage Loans will prepay at the same rate.

The rate of distributions of principal of the PA, PB and PC Classes will be determined by the rate of principal distributions on the related Underlying REMIC Certificates, which in turn will be sensitive in varying degrees to the rate of payments of principal of the related Mortgage Loans and the priority sequences affecting principal distributions on such Underlying REMIC Certificates. As described in the Underlying Prospectus Supplements, the Underlying REMIC Certificates are subordinate in priority of principal distributions to certain other classes of certificates evidencing beneficial ownership interests in the related Underlying REMIC Trusts and, accordingly, distributions of principal of the related Mortgage Loans may for extended periods be applied to the distribution of principal of those classes of certificates having priority over such Underlying REMIC Certificates. In particular, the Class 1993-58 SB REMIC Certificate is a Support class that is entitled to receive principal payments on any Distribution Date only if scheduled payments have been made on other specified classes of certificates evidencing beneficial ownership interests in the related Underlying REMIC Trust. As illustrated in the Decrement Tables herein, it is possible under certain prepayment scenarios that no principal distributions would be made on certain Classes for extended periods of time or, conversely, that investors in such Classes would receive distributions of principal earlier than they anticipated. In addition, certain of the Underlying REMIC Certificates have Principal Balance Schedules and, as a result, may receive distributions of principal during certain periods at a rate faster or slower than would otherwise have been the case (and, in some cases, may receive no principal distributions for extended periods). Further, 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 Underlying REMIC Certificates have adhered to their Principal Balance Schedules, whether any related Support classes 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 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	A, B, C, D, E, G, H, K, L, J, Z and ZA
Inverse Floating Rate	SA, SB and SC
Interest Only	SA, SB and SC
Principal Only	PA, PB and PC
Accrual	Z and ZA
No Payment Residual	R

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

General. The interest-bearing Certificates will bear interest at the applicable 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 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 Periods</u>
SC Class (the “No Delay Class”)	One month period beginning on the 25th day of the month preceding the month of the Distribution Date and ending on the 24th day of the month of the Distribution Date
All other interest-bearing Classes (collectively, the “Delay Classes”)	Calendar month preceding the month in which the Distribution Date occurs

See “Yield Considerations” herein.

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

Notional Classes. The SA, SB and SC Classes will be Notional Classes. Each Notional Class will have no principal balance and will bear interest at the per annum interest rate described herein during each Interest Accrual Period on the related notional principal balance. The notional principal balance

of each Notional Class will be equal to the indicated percentage of the outstanding principal balance of the following Classes immediately prior to the related Distribution Date:

<u>Class</u>	<u>Percentage of Principal Balance of Specified Class</u>
SA	100% of PA Class
SB	100% of PB Class
SC	100% of PC Class

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

Inverse Floating Rate Classes. Each of the following Classes will bear interest during its initial Interest Accrual Period at an initial interest rate determined as described below, and will bear interest during each Interest Accrual Period thereafter, subject to the applicable maximum and minimum interest rates, at the rate determined as described below:

<u>Class</u>	<u>Initial Interest Rate</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate</u>
SA	6.75999%	19.30693%	0.00000%	$19.30693\% - (\text{COFI} \times 2.57425743)$
SB	6.82419%	22.46913%	0.00000%	$22.46913\% - (\text{COFI} \times 3.20987654)$
SC	15.34000%(1)	15.34000%	0.00000%	$59.65556\% - (\text{LIBOR} \times 6.8177778)$

(1) The initial interest rate for the SC Class is an assumed rate. The actual initial interest rate for the SC Class will be calculated on the basis of the applicable formula on the May 23, 1996 Index Determination Date.

The yields with respect to such Classes will be affected by changes in the applicable index as set forth in the table above (each, an “Index”), which changes may not correlate with changes in mortgage interest rates. It is possible that lower mortgage interest rates could occur concurrently with an increase in the level of the applicable Index. Conversely, higher mortgage interest rates could occur concurrently with a decrease in the level of such Index.

The establishment of each Index value by Fannie Mae and Fannie Mae’s determination of the rate of interest for the applicable Classes for the related Interest Accrual Period shall (in the absence of manifest error) be final and binding. Each such rate of interest may be obtained by telephoning Fannie Mae at 1-800-BEST-MBS or 202-752-6547.

Calculation of COFI

Except as otherwise specified below, the amount of interest which will accrue in respect of the SA and SB Classes (the “COFI Classes”) during each Interest Accrual Period following their initial Interest Accrual Period will be determined on the basis of the Eleventh District Cost of Funds Index for the second month next preceding the month in which such Interest Accrual Period commences if such Eleventh District Cost of Funds Index for such second preceding month is published on or before the tenth day of the month in which such Interest Accrual Period commences. For example, if the Eleventh District Cost of Funds Index for May is announced on or before July 10, interest accrued on the COFI Classes for the Interest Accrual Period commencing in July and distributable in August will be based on the Eleventh District Cost of Funds relating to May. If the Eleventh District Cost of Funds Index for the applicable month is not published on or before the tenth day of the second following month, interest will accrue on the COFI Classes at rates determined as provided in the

REMIC Prospectus under “Description of the Certificates-Indices Applicable to Floating Rate and Inverse Floating Rate Classes—*COFI*.” Under certain circumstances, an alternative index may be applicable to the COFI Classes. A change of index from the Eleventh District Cost of Funds Index to an alternative index will result in a change in the index level, and, particularly if LIBOR is the alternative index, could increase the degree of index volatility.

For information regarding historical values of the Eleventh District Cost of Funds Index as reported by the Federal Home Loan Bank of San Francisco (“FHLBSF”), see “Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes—*COFI*” in the REMIC Prospectus.

The values of the Eleventh District Cost of Funds Index as reported by the FHLBSF for the following months were as follows:

<u>Months</u>	<u>COFI</u>
April 1994	3.672%
May 1994	3.726%
June 1994	3.804%
July 1994	3.860%
August 1994	3.945%
September 1994	4.039%
October 1994	4.187%
November 1994	4.367%
December 1994	4.589%
January 1995	4.747%
February 1995	4.925%
March 1995	5.007%
April 1995	5.064%
May 1995	5.141%
June 1995	5.179%
July 1995	5.144%
August 1995	5.133%
September 1995	5.111%
October 1995	5.116%
November 1995	5.119%
December 1995	5.059%
January 1996	5.033%
February 1996	4.975%
March 1996	4.874%

Calculation of LIBOR

On each Index Determination Date, until the notional principal balance of the SC Class has 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 related Underlying REMIC Certificate.

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>
Group 1 Classes	
Sequential Pay	A, B, C, H, K, L, J and Z
Accretion Directed	B and C
Group 2 Classes	
Sequential Pay	D, E, G and ZA
Accretion Directed	E and G
Group 3 Classes	
Structured Collateral**/Pass-Through	PA
Notional	SA
Group 4 Classes	
Structured Collateral**/Pass-Through	PB
Notional	SB
Group 5 Classes	
Structured Collateral**/Pass-Through	PC
Notional	SC
No Payment Residual	R

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

** A Structured Collateral Class (“SC”) is designed to receive principal payments based on actual distributions on the related Underlying Securities (as defined 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 distribution of principal concurrently made on the Group 1 MBS (the “Group 1 Cash Flow Distribution Amount”) and any interest accrued and added on such Distribution Date to the principal balance of the Z Class (the “Group 1 Accrual Amount” and, together with the Group 1 Cash Flow Distribution Amount, the “Group 1 Principal Distribution Amount”), (ii) the distribution of principal concurrently made on the Group 2 MBS (the “Group 2 Cash Flow Distribution Amount”) and any interest accrued and added on such Distribution Date to the principal balance of the ZA Class (the “Group 2 Accrual Amount” and, together with the Group 2 Cash Flow Distribution Amount, the “Group 2 Principal Distribution Amount”), (iii) the distribution of principal concurrently made on the Class 1993-138-SK REMIC Certificate (the “Group 3 Principal Distribution Amount”), (iv) the distribution of principal concurrently made on the Class 1993-187-S REMIC Certificate (the “Group 4 Principal Distribution Amount”) and (v) the distribution of principal concurrently made on the Class 1993-58-SB REMIC Certificate (the “Group 5 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

Group 1 Accrual Amount

On each Distribution Date, the Group 1 Accrual Amount will be distributed, sequentially, as principal of the B and C Classes, in that order, until the respective principal balances thereof are reduced to zero, and then to the Z Class.

Accretion
Directed and
Accrual
Classes

Group 1 Cash Flow Distribution Amount

On each Distribution Date, the Group 1 Cash Flow Distribution Amount will be distributed as principal of the A, H, K, L and J Classes as follows:

(a) 59.9997863294% of such amount to the A Class, until the principal balance thereof is reduced to zero; and

(b) 40.0002136706% of such amount to the H, K, L and J Classes, in the following order and proportions:

(i) concurrently, to the H and K Classes, in the proportions of 28.3437625227% and 71.6562374773%, respectively, until the principal balance of the K Class is reduced to zero;

(ii) concurrently, to the H and L Classes, in the proportions of 28.3437625227% and 71.6562374773%, respectively, until the principal balances thereof are reduced to zero; and

(iii) to the J Class, until the principal balance thereof is reduced to zero.

On each Distribution Date, the excess of the Group 1 Cash Flow Distribution Amount over the amount distributed pursuant to the preceding paragraph will be distributed, sequentially, as principal of the B, C and Z Classes, in that order, until the respective principal balances thereof are reduced to zero.

Sequential
Pay
Classes

Group 2 Principal Distribution Amount

Group 2 Accrual Amount

On each Distribution Date, the Group 2 Accrual Amount will be distributed, sequentially, as principal of the E and G Classes, in that order, until the respective principal balances thereof are reduced to zero, and then to the ZA Class.

Accretion
Directed and
Accrual
Classes

Group 2 Cash Flow Distribution Amount

On each Distribution Date, the Group 2 Cash Flow Distribution Amount will be distributed, sequentially, as principal of the D, E, G and ZA Classes, in that order, until the respective principal balances thereof are reduced to zero.

Sequential
Pay
Classes

Group 3 Principal Distribution Amount

On each Distribution Date, the Group 3 Principal Distribution Amount will be distributed as principal of the PA Class, until the principal balance thereof is reduced to zero.

Group 4 Principal Distribution Amount

On each Distribution Date, the Group 4 Principal Distribution Amount will be distributed as principal of the PB Class, until the principal balance thereof is reduced to zero.

Structured
Collateral/
Pass-Through
Classes

Group 5 Principal Distribution Amount

On each Distribution Date, the Group 5 Principal Distribution Amount will be distributed as principal of the PC Class, until the principal balance thereof is 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 underlying the Group 1 MBS bear interest at a rate of 8.00% per annum and have an original term to maturity of 360 months, a CAGE of 30 months and a remaining term to maturity of 325 months;
- the Mortgage Loans underlying the Group 2 MBS bear interest at a rate of 7.50% per annum and have an original term to maturity of 360 months, a CAGE of 26 months and a remaining term to maturity of 330 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 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.

Yield Considerations

General. There can be no assurance that the Mortgage Loans will have the characteristics assumed herein or will prepay at any of the rates assumed herein or at any other particular rate, that the pre-tax yields on the Certificates will correspond to any of the pre-tax yields shown herein or that the aggregate purchase prices of the Certificates will be as assumed. In addition, there can be no assurance that the applicable Index will correspond to the levels shown herein. 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 applicable Index will remain constant.

The rate of distributions of principal of the A, B, C, D, E, G, H, K, L, J, Z and ZA Classes will be sensitive in varying degrees to the rate of principal distributions on the related Trust MBS, which in turn will reflect the rate of amortization (including prepayments) of the related Mortgage Loans. There can be no assurance that the Mortgage Loans underlying the Trust MBS will have the characteristics assumed herein or will prepay at any of the rates assumed herein, or at any other particular rate. Furthermore, because some of the Mortgage Loans underlying the Trust MBS 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 distribution on the related Classes is likely to differ from the rate anticipated by an investor, even if all such Mortgage Loans prepay at the indicated constant percentages of PSA. In addition, it is not likely that the Mortgage Loans underlying the Trust MBS will prepay at a *constant* PSA rate until maturity or that all such Mortgage Loans will prepay at the same rate.

The rate of distributions of principal of the PA, PB and PC Classes will be determined by the rate of principal distributions on the related Underlying REMIC Certificates, which in turn will be sensitive in varying degrees to the rate of payments of principal of the related Mortgage Loans and the priority sequences affecting principal distributions on such Underlying REMIC Certificates. As described in the Underlying Prospectus Supplements, the Underlying REMIC Certificates are subordinate in priority of principal distributions to certain other classes of certificates evidencing beneficial ownership interests in the related Underlying REMIC Trusts and, accordingly, distributions of principal of the related Mortgage Loans may for extended periods be applied to the distribution of principal of those classes of certificates having priority over such Underlying REMIC Certificates. In particular, the Class 1993-58-SB REMIC Certificate is a Support class that is entitled to receive principal distributions on any Distribution Date only if scheduled distributions have been made on other specified classes of certificates evidencing beneficial ownership interests in the related Underlying REMIC Trust. As illustrated in the Decrement Tables herein, it is possible under certain prepayment scenarios that no principal distributions would be made on certain Classes for extended periods of time or, conversely, that investors in such Classes would receive distributions of principal earlier than they anticipated. In addition, certain of the Underlying REMIC Certificates have Principal Balance Schedules and, as a result, may receive distributions of principal during certain periods at a rate faster or slower than would otherwise have been the case (and, in some cases, may receive no principal distributions for extended periods). Further 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 Underlying REMIC Certificates have adhered to their Principal Balance Schedules, whether any related Support classes 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 Underlying Prospectus Supplements, which may be obtained from Fannie Mae as described herein.

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

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

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

The 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) on the Mortgage Loans underlying the related Underlying REMIC Trusts will have a negative effect on the yields to investors in the Principal Only Classes.

The information set forth in the following table was prepared on the basis of the Pricing Assumptions and the assumption that the aggregate purchase prices of the Principal Only Classes (expressed in each case as a percentage of original principal balance) are as follows:

<u>Class</u>	<u>Price</u>
PA	55%
PB	52%
PC	40%

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

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>175%</u>	<u>300%</u>	<u>500%</u>
PA	2.8%	3.6%	16.2%	64.3%	145.7%

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>155%</u>	<u>300%</u>	<u>500%</u>
PB	3.2%	4.3%	20.2%	80.0%	169.3%

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>195%</u>	<u>300%</u>	<u>500%</u>
PC	4.0%	4.5%	6.1%	18.1%	105.8%

The Inverse Floating Rate Classes. The yields to investors in the Inverse Floating Rate Classes will be very sensitive to the level of the applicable Index and to the rate of principal payments (including prepayments) of the Mortgage Loans underlying the related Underly-

ing REMIC Trusts. The Mortgage Loans generally can be prepaid at any time. In addition, the rate of principal payments (including prepayments) of the Mortgage Loans is likely to vary, and may vary considerably, from Pool to Pool. As indicated in the tables below, it is possible that, under certain Index and prepayment scenarios, investors in the Inverse Floating Rate Classes would not fully recoup their initial investment.

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

The information set forth in the following tables was prepared on the basis of the Pricing Assumptions and the assumptions that (i) the interest rates applicable to the Inverse Floating Rate Classes for each Interest Accrual Period subsequent to their initial Interest Accrual Period will be based on the indicated level of the applicable Index and (ii) the aggregate purchase prices of the Inverse Floating Rate Classes (expressed as percentages of original principal balances) are as follows:

<u>Class</u>	<u>Price</u>
SA	14.00000%
SB	16.00000%
SC	62.63025%

* The prices do not include accrued interest. Accrued interest has been added to such prices in calculating the yields set forth in the tables below.

Sensitivity of the SA Class to Prepayments and COFI (Pre-Tax Yields to Maturity)

<u>COFI</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>175%</u>	<u>300%</u>	<u>500%</u>
2.874%	95.3%	95.3%	75.7%	6.7%	(91.4)%
4.874%	51.6%	51.5%	31.0%	(33.0)%	*
6.874%	10.3%	9.0%	(15.5)%	(86.2)%	*
7.500%	*	*	*	*	*

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

Sensitivity of the SB Class to Prepayments and COFI (Pre-Tax Yields to Maturity)

<u>COFI</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>155%</u>	<u>300%</u>	<u>500%</u>
2.874%	92.5%	92.5%	74.9%	(0.2)%	(89.4)%
4.874%	45.2%	45.1%	21.7%	(43.2)%	*
6.874%	(5.5)%	(10.5)%	(53.4)%	*	*
7.000%	*	*	*	*	*

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

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

LIBOR	PSA Prepayment Assumption				
	50%	100%	195%	300%	500%
3.43750%	25.7%	25.6%	24.8%	13.1%	*
5.43750%	25.7%	25.6%	24.8%	13.1%	*
7.43750%	14.2%	13.8%	12.2%	1.9%	*
8.75001%	*	*	*	*	*

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

Weighted Average Lives of the Certificates

The weighted average life of a Certificate is determined by (a) multiplying the amount of the reduction, if any, of the principal balance of such Certificate from one Distribution Date to the next Distribution Date by the number of years from the 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 Group 1 and Group 2 Classes and, in the case of the Group 3, Group 4 and Group 5 Classes, the priority sequence of distributions of principal of the related Underlying REMIC Certificates. See “Distributions of Principal” herein and “Description of the Certificates—Distributions of Principal” in the Underlying Prospectus Supplements.

The effect of the foregoing factors may differ as to 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 balance 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 the underlying Mortgage Loans have the original and remaining terms to maturity and bear interest at the per annum rates specified below:

Mortgage Loans relating to the Trust MBS and Underlying REMIC Trusts specified below	Original Terms to Maturity	Remaining Terms to Maturity	Interest Rates	Related Classes
Group 1 MBS	360 months	360 months	10.0%	A, B, C, H, K, L, J and Z
Group 2 MBS	360 months	360 months	9.5%	D, E, G and ZA
1993-138	360 months	327 months	9.5%	PA and SA
1993-187	360 months	328 months	9.0%	PB and SB
1993-58	360 months	323 months	10.0%	PC and SC

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	A Class					B Class					C Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	185%	300%	500%	0%	100%	185%	300%	500%	0%	100%	185%	300%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
May 1997	99	91	84	75	59	83	83	83	83	83	100	100	100	100	100
May 1998	98	82	70	54	30	64	64	64	64	64	100	100	100	100	100
May 1999	98	73	57	37	11	44	44	44	44	44	100	100	100	100	100
May 2000	97	66	46	24	0	22	22	22	22	0	100	100	100	100	90
May 2001	95	58	36	13	0	0	0	0	0	0	100	100	100	100	44
May 2002	94	51	27	4	0	0	0	0	0	0	96	96	96	96	11
May 2003	93	45	19	0	0	0	0	0	0	0	92	92	92	76	0
May 2004	91	38	12	0	0	0	0	0	0	0	87	87	87	46	0
May 2005	90	33	6	0	0	0	0	0	0	0	83	83	83	19	0
May 2006	88	27	1	0	0	0	0	0	0	0	77	77	77	0	0
May 2007	86	22	0	0	0	0	0	0	0	0	72	72	56	0	0
May 2008	84	17	0	0	0	0	0	0	0	0	66	66	31	0	0
May 2009	81	12	0	0	0	0	0	0	0	0	59	59	8	0	0
May 2010	79	8	0	0	0	0	0	0	0	0	52	52	0	0	0
May 2011	76	3	0	0	0	0	0	0	0	0	45	45	0	0	0
May 2012	72	0	0	0	0	0	0	0	0	0	37	34	0	0	0
May 2013	69	0	0	0	0	0	0	0	0	0	28	9	0	0	0
May 2014	65	0	0	0	0	0	0	0	0	0	19	0	0	0	0
May 2015	60	0	0	0	0	0	0	0	0	0	9	0	0	0	0
May 2016	55	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May 2017	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May 2018	44	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May 2019	37	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May 2020	30	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May 2021	22	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May 2022	13	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May 2023	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May 2024	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May 2025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	19.2	6.8	4.1	2.6	1.5	2.7	2.7	2.7	2.7	2.5	13.7	13.2	10.8	7.9	5.0

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

Date	H Class					K Class					L Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	185%	300%	500%	0%	100%	185%	300%	500%	0%	100%	185%	300%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
May 1997	99	89	81	71	53	98	70	48	18	0	100	100	100	100	82
May 1998	98	79	65	47	20	95	41	1	0	0	100	100	100	73	31
May 1999	97	69	50	28	0	92	14	0	0	0	100	100	78	43	0
May 2000	96	60	37	12	0	89	0	0	0	0	100	93	58	19	0
May 2001	95	52	26	0	0	85	0	0	0	0	100	80	40	0	0
May 2002	93	44	16	0	0	81	0	0	0	0	100	68	25	0	0
May 2003	92	36	7	0	0	77	0	0	0	0	100	56	11	0	0
May 2004	90	29	0	0	0	72	0	0	0	0	100	45	0	0	0
May 2005	88	22	0	0	0	67	0	0	0	0	100	34	0	0	0
May 2006	86	16	0	0	0	61	0	0	0	0	100	24	0	0	0
May 2007	84	10	0	0	0	54	0	0	0	0	100	15	0	0	0
May 2008	81	4	0	0	0	47	0	0	0	0	100	6	0	0	0
May 2009	78	0	0	0	0	39	0	0	0	0	100	0	0	0	0
May 2010	75	0	0	0	0	30	0	0	0	0	100	0	0	0	0
May 2011	72	0	0	0	0	20	0	0	0	0	100	0	0	0	0
May 2012	68	0	0	0	0	10	0	0	0	0	100	0	0	0	0
May 2013	64	0	0	0	0	0	0	0	0	0	99	0	0	0	0
May 2014	59	0	0	0	0	0	0	0	0	0	92	0	0	0	0
May 2015	54	0	0	0	0	0	0	0	0	0	84	0	0	0	0
May 2016	48	0	0	0	0	0	0	0	0	0	75	0	0	0	0
May 2017	42	0	0	0	0	0	0	0	0	0	65	0	0	0	0
May 2018	35	0	0	0	0	0	0	0	0	0	54	0	0	0	0
May 2019	27	0	0	0	0	0	0	0	0	0	42	0	0	0	0
May 2020	19	0	0	0	0	0	0	0	0	0	29	0	0	0	0
May 2021	10	0	0	0	0	0	0	0	0	0	15	0	0	0	0
May 2022	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May 2023	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May 2024	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May 2025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	18.0	5.6	3.3	2.1	1.2	10.7	1.7	1.0	0.6	0.4	22.1	7.7	4.6	2.9	1.7

Date	J Class					Z Class					D Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	185%	300%	500%	0%	100%	185%	300%	500%	0%	100%	160%	300%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
May 1997	100	100	100	100	100	108	108	108	108	108	99	89	83	69	50
May 1998	100	100	100	100	100	116	116	116	116	116	98	78	67	44	15
May 1999	100	100	100	100	80	125	125	125	125	125	97	67	53	23	0
May 2000	100	100	100	100	0	135	135	135	135	135	95	58	40	6	0
May 2001	100	100	100	96	0	145	145	145	145	145	94	48	28	0	0
May 2002	100	100	100	28	0	157	157	157	157	157	92	40	18	0	0
May 2003	100	100	100	0	0	169	169	169	169	130	90	32	9	0	0
May 2004	100	100	94	0	0	182	182	182	182	89	88	24	*	0	0
May 2005	100	100	48	0	0	196	196	196	196	61	86	17	0	0	0
May 2006	100	100	8	0	0	211	211	211	202	42	84	10	0	0	0
May 2007	100	100	0	0	0	228	228	228	161	28	81	3	0	0	0
May 2008	100	100	0	0	0	245	245	245	128	19	78	0	0	0	0
May 2009	100	90	0	0	0	264	264	264	101	13	75	0	0	0	0
May 2010	100	57	0	0	0	285	285	247	80	9	72	0	0	0	0
May 2011	100	25	0	0	0	307	307	209	62	6	68	0	0	0	0
May 2012	100	0	0	0	0	331	331	177	49	4	64	0	0	0	0
May 2013	100	0	0	0	0	356	356	148	37	3	59	0	0	0	0
May 2014	100	0	0	0	0	384	335	123	29	2	54	0	0	0	0
May 2015	100	0	0	0	0	414	290	101	22	1	49	0	0	0	0
May 2016	100	0	0	0	0	440	248	81	16	1	42	0	0	0	0
May 2017	100	0	0	0	0	440	207	64	12	*	36	0	0	0	0
May 2018	100	0	0	0	0	440	169	50	8	*	28	0	0	0	0
May 2019	100	0	0	0	0	440	132	37	6	*	20	0	0	0	0
May 2020	100	0	0	0	0	440	98	26	4	*	11	0	0	0	0
May 2021	100	0	0	0	0	440	64	16	2	*	1	0	0	0	0
May 2022	95	0	0	0	0	440	33	8	1	*	0	0	0	0	0
May 2023	21	0	0	0	0	440	2	1	*	*	0	0	0	0	0
May 2024	0	0	0	0	0	333	0	0	0	0	0	0	0	0	0
May 2025	0	0	0	0	0	175	0	0	0	0	0	0	0	0	0
May 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	26.6	14.3	9.0	5.7	3.3	28.7	21.9	18.3	13.9	9.1	17.2	5.2	3.5	1.9	1.1

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

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

Date	E Class					G Class					ZA Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	160%	300%	500%	0%	100%	160%	300%	500%	0%	100%	160%	300%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
May 1997	83	83	83	83	83	100	100	100	100	100	107	107	107	107	107
May 1998	64	64	64	64	64	100	100	100	100	100	115	115	115	115	115
May 1999	44	44	44	44	0	100	100	100	100	84	123	123	123	123	123
May 2000	22	22	22	22	0	100	100	100	100	38	132	132	132	132	132
May 2001	0	0	0	0	0	100	100	100	82	6	142	142	142	142	142
May 2002	0	0	0	0	0	96	96	96	51	0	152	152	152	152	107
May 2003	0	0	0	0	0	91	91	91	24	0	163	163	163	163	73
May 2004	0	0	0	0	0	86	86	86	1	0	175	175	175	175	50
May 2005	0	0	0	0	0	81	81	63	0	0	187	187	187	142	34
May 2006	0	0	0	0	0	76	76	41	0	0	201	201	201	114	23
May 2007	0	0	0	0	0	70	70	20	0	0	215	215	215	91	16
May 2008	0	0	0	0	0	63	57	*	0	0	231	231	231	72	11
May 2009	0	0	0	0	0	56	36	0	0	0	248	248	202	57	7
May 2010	0	0	0	0	0	49	15	0	0	0	266	266	175	45	5
May 2011	0	0	0	0	0	41	0	0	0	0	285	272	151	35	3
May 2012	0	0	0	0	0	33	0	0	0	0	305	242	130	27	2
May 2013	0	0	0	0	0	24	0	0	0	0	328	215	111	21	1
May 2014	0	0	0	0	0	14	0	0	0	0	351	189	94	16	1
May 2015	0	0	0	0	0	4	0	0	0	0	377	164	78	12	1
May 2016	0	0	0	0	0	0	0	0	0	0	386	141	65	9	*
May 2017	0	0	0	0	0	0	0	0	0	0	386	119	52	7	*
May 2018	0	0	0	0	0	0	0	0	0	0	386	98	41	5	*
May 2019	0	0	0	0	0	0	0	0	0	0	386	78	32	3	*
May 2020	0	0	0	0	0	0	0	0	0	0	386	59	23	2	*
May 2021	0	0	0	0	0	0	0	0	0	0	386	41	15	1	*
May 2022	0	0	0	0	0	0	0	0	0	0	330	24	9	1	*
May 2023	0	0	0	0	0	0	0	0	0	0	259	8	3	*	*
May 2024	0	0	0	0	0	0	0	0	0	0	180	0	0	0	0
May 2025	0	0	0	0	0	0	0	0	0	0	94	0	0	0	0
May 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	2.6	2.6	2.6	2.6	2.0	13.4	11.6	9.5	6.1	3.8	27.8	20.4	17.6	12.3	7.9

Date	PA and SA† Classes					PB and SB† Classes					PC and SC† Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	175%	300%	500%	0%	100%	155%	300%	500%	0%	100%	195%	300%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
May 1997	100	100	91	43	25	100	100	100	42	38	100	100	100	100	57
May 1998	100	100	71	27	0	100	100	75	27	0	100	100	100	82	1
May 1999	100	100	56	15	0	100	100	55	13	0	100	100	100	63	0
May 2000	100	100	44	0	0	100	100	39	0	0	100	100	100	51	0
May 2001	100	100	36	0	0	100	100	26	0	0	100	100	100	44	0
May 2002	100	100	30	0	0	100	100	17	0	0	100	100	100	42	0
May 2003	100	100	26	0	0	100	100	10	0	0	100	100	100	42	0
May 2004	100	100	21	0	0	100	100	3	0	0	100	100	100	42	0
May 2005	100	100	15	0	0	100	100	0	0	0	100	100	100	42	0
May 2006	100	100	8	0	0	100	100	0	0	0	100	100	100	42	0
May 2007	100	100	2	0	0	100	100	0	0	0	100	100	92	41	0
May 2008	100	100	0	0	0	100	100	0	0	0	100	100	78	32	0
May 2009	100	100	0	0	0	100	96	0	0	0	100	100	66	25	0
May 2010	100	95	0	0	0	100	76	0	0	0	100	100	56	20	0
May 2011	100	80	0	0	0	100	55	0	0	0	100	100	47	15	0
May 2012	100	65	0	0	0	100	34	0	0	0	100	100	39	12	0
May 2013	100	49	0	0	0	100	13	0	0	0	100	92	32	9	0
May 2014	100	34	0	0	0	100	0	0	0	0	100	80	26	7	0
May 2015	100	18	0	0	0	100	0	0	0	0	100	68	21	5	0
May 2016	100	3	0	0	0	100	0	0	0	0	100	56	16	4	0
May 2017	100	0	0	0	0	100	0	0	0	0	100	46	12	3	0
May 2018	100	0	0	0	0	100	0	0	0	0	100	35	9	2	0
May 2019	100	0	0	0	0	100	0	0	0	0	100	26	6	1	0
May 2020	100	0	0	0	0	100	0	0	0	0	100	16	4	1	0
May 2021	76	0	0	0	0	61	0	0	0	0	85	7	2	*	0
May 2022	9	0	0	0	0	0	0	0	0	0	43	1	*	*	0
May 2023	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May 2024	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May 2025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	25.4	17.0	4.5	1.3	0.6	25.1	15.3	3.8	1.3	0.6	25.8	20.8	15.6	7.8	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.

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

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 Accrual Classes, Notional Classes and Principal Only Classes will be, and certain other Classes of Certificates may be, issued with original issue discount for federal income tax purposes, which generally will result in recognition of some taxable income in advance of the receipt of the cash attributable to such income. The Prepayment Assumption that will be used in determining the rate of accrual of original issue discount will be 185% PSA, in the case of the A, B, C, H, K, L, J and Z Classes, 160% PSA in the case of the D, E, G and ZA Classes, 175% PSA in the case of the PA and SA Classes, 155% PSA in the case of the PB and SB Classes and 195% PSA in the case of the PC and SC Classes. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certifi-

cates—*Original Issue Discount*” in the REMIC Prospectus. No representation is made as to whether the Mortgage Loans underlying the MBS will prepay at any of those rates or any other rate. See “Description of the Certificates—Weighted Average Lives of the Certificates” herein and “Description of the Certificates—Weighted Average Life and Final Distribution Dates” in the REMIC Prospectus. In addition, certain Classes of Certificates may be treated as having been issued at a premium for federal income tax purposes. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Certificates Purchased at a Premium*” in the REMIC Prospectus.

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 April 20, 1996. 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.

Generally, the Prepayment Assumptions that will be used to determine the accruals of OID on the Underlying REMIC Certificates are different from the Prepayment Assumptions, as provided above, that will be used to determine the accruals of OID on the related Regular Certificates. Because of the different Prepayment Assumptions and the tax characteristics of the Underlying REMIC Certificates, the beneficial owner of an R Certificate may be required to accrue OID on the Underlying REMIC Certificates without being entitled to a corresponding deduction for OID accrued on the Regular Certificates. Investors should refer to “Certain Additional Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates” in the Underlying Prospectus Supplements for the Prepayment Assumptions that will be used to determine the accruals of OID on the Underlying REMIC Certificates. See also “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Taxable Income or Net Loss of a REMIC Trust*” in the REMIC Prospectus.

PLAN OF DISTRIBUTION

General. The Dealer will receive the Certificates in exchange for the Trust MBS and 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. 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 Group 1 and Group 2 Certificates in addition to those contemplated as of the date hereof. In such event, the Trust MBS will be increased in principal balance, but it is expected that all additional Trust MBS will have the same characteristics as described herein under “Description of the Certificates—The Trust MBS.” The proportion that the original principal balance of each Group 1 Class and Group 2 Class bears to the aggregate original principal balance of all Group 1 Classes and Group 2 Classes, respectively, will remain the same.

LEGAL MATTERS

Certain legal matters will be passed upon for the Dealer by Brown & Wood, New York, New York. Brown & Wood also performs legal services for Fannie Mae.

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	May 1996 Class Factor	Principal Balance in the Trust as of Issue Date	Approximate		Underlying Security Type	Class Group		
											Weighted Average WAC (in months)	Weighted Average WAM (in months)				
1993-138	SK	August 1993	31359DER0	(2)	INV	August 2023	SCH	\$20,713,264	0.91548251	\$18,047,148.41	7.520%	317	35	MBS	3
1993-187	S	September 1993	31359DZ89	(2)	INV	September 2023	SCH	14,185,232	0.98730443	8,715,945.23	7.148	318	34	MBS	4
1993-58	SB	April 1993	31358UE36	(2)	INV	April 2023	SUP	20,832,867	0.53312773	11,106,579.09	8.005	310	41	MBS	5

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

(2) 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 follows:

Class	Maximum Interest Rate	Minimum Interest Rate	Formula for Calculation of Interest Rate*
1993-138 SK	19.30693%	0.0%	$19.30693\% - (\text{COFI} \times 2.57425743)$
1993-187 S	22.46913	0.0	$22.46913\% - (\text{COFI} \times 3.20987654)$
1993-58 SB	15.34000	0.0	$59.65556\% - (\text{LIBOR} \times 6.8177778)$

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

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.

\$387,869,672

**Federal National
Mortgage Association**



**Guaranteed REMIC
Pass-Through Certificates**

Fannie Mae REMIC 1996-16

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PROSPECTUS SUPPLEMENT

MORGAN STANLEY & CO.
Incorporated

April 11, 1996