

**\$94,486,432**  
**Federal National Mortgage Association**



**Guaranteed REMIC Pass-Through Certificates**  
**Fannie Mae REMIC Trust 1996-17**

The Guaranteed REMIC Pass-Through Certificates offered hereby (the "Certificates") will represent beneficial ownership interests in Fannie Mae REMIC Trust 1996-17 (the "Trust"). The assets of the Trust will consist of (i) 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") and (ii) a single "interest only" Fannie Mae Stripped Mortgage-Backed Security described herein (the "Trust SMBS"), as further described in Exhibit A hereto. The assets of the Underlying REMIC Trusts and the Trust SMBS evidence direct or indirect beneficial ownership interests in (i) certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the "MBS"), certain of which are held in the form of a Fannie Mae Guaranteed MBS Pass-Through Certificate (a "Mega Certificate"), and (ii) certain "fully modified pass-through" mortgage-backed securities (the "GNMA Certificates") guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("GNMA"). Each MBS represents a beneficial ownership interest in a pool of first lien, single-family, fixed-rate residential mortgage loans having the characteristics described herein. Each GNMA Certificate is based on and backed by a pool of mortgage loans (together with the pools and mortgage loans underlying the MBS, the "Pools" and "Mortgage Loans") which are either insured by the Federal Housing Administration ("FHA") or partially guaranteed by the Department of Veterans Affairs ("VA"). 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
VA	\$ 1,711,000	SC/AD/SEQ	6.00%	FIX	31359L6H3	March 2001	ZB	\$ 7,313,530	SC/SEQ	6.00%	FIX/Z	31359L6Q3	November 2023
VB	3,358,000	SC/AD/SEQ	6.00	FIX	31359L6J9	January 2008	A	27,902,000	SC/PT	6.00	FIX	31359L6R1	August 2004
VC	5,092,000	SC/AD/SEQ	6.00	FIX	31359L6K6	October 2014	SA	(2)	NTL	(3)	INV/IO	31359L6S9	March 2024
ZA	5,017,572	SC/SEQ	6.00	FIX/Z	31359L6L4	March 2024	P	16,845,187	SC/PT	(4)	PO	31359L6T7	March 2024
VD	2,495,000	SC/AD/SEQ	6.00	FIX	31359L6M2	March 2001	B	14,732,143	SC/PT	10.00	FIX	31359L6U4	February 2019
VE	4,892,000	SC/AD/SEQ	6.00	FIX	31359L6N0	December 2007	R	0	NPR	0	NPR	31359L6V2	March 2024
VG	5,128,000	SC/AD/SEQ	6.00	FIX	31359L6P5	December 2012							

- (1) See "Description of the Certificates—Class Definitions and Abbreviations" in the REMIC Prospectus and "Description of the Certificates—Distributions of Interest" and "—Distributions of Principal" herein.
- (2) The SA Class will be a Notional Class, will have no principal balance and will bear interest on its notional principal balance (initially, \$24,064,552). The notional principal balance of the SA Class will be calculated based on the principal balance of the P Class. See "Description of the Certificates—Distributions of Interest—Notional Class" herein.
- (3) The SA 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.
- (4) The P Class will be a Principal Only Class and will bear no interest.

The Certificates will be offered by Bear, Stearns & Co. 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 issuance by Fannie Mae, 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 April 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, 245 Park Avenue, New York, New York 10167, on or about the Settlement Date.

**Bear, Stearns & Co. Inc.**

April 12, 1996

(Cover continued from previous page)

The yield to investors in each Class will be sensitive in varying degrees to, among other things, the rate of 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 Class, 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 Class), 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 Class” 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, certain of the Underlying REMIC Certificates are Support classes that are 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 Trusts. Accordingly, such Underlying REMIC Certificates may receive no principal payments for extended periods of time or may receive principal payments that vary widely from period to period. In addition, the Class 1994-59-S REMIC Certificates have a Principal Balance Schedule and as a result, may receive principal distributions at a rate faster or slower than would otherwise have been the case. 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 the Class 1994-59-S REMIC Certificates have adhered to their Principal Balance Schedule, 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”), the SMBS Prospectus, the Mega Prospectus, the MBS Prospectus or the GNMA Prospectus (as defined below). 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 Securities dated January 15, 1996 (the “Mega Prospectus”);
- Fannie Mae’s Prospectus for Guaranteed Mortgage Pass-Through Certificates dated January 15, 1996 (the “MBS Prospectus”);
- Fannie Mae’s Prospectus for Guaranteed REMIC Pass-Through Certificates (backed by GNMA Certificates) dated April 7, 1994 (the “GNMA 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, the GNMA 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 Bear, Stearns & Co. Inc. by writing or calling its Prospectus Department at One MetroTech Center North, Brooklyn, New York 11201 (telephone 212-272-1581).

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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.**

**Characteristics of the Underlying REMIC Certificates and the Trust SMBS**

The table contained in Exhibit A hereto sets forth information with respect to each class of Underlying REMIC Certificates and the Trust SMBS, including certain information regarding the underlying Mortgage Loans. 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 and the Trust SMBS” herein.

**Interest Rates**

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

The Inverse Floating Rate Class 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>Assumed Initial Interest Rate</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate</u>
SA .....	2.48124%(1)	7.94999%	0.0%	7.94999% – LIBOR

(1) The initial interest rate listed above is an assumed rate. The actual initial interest rate will be calculated on the basis of the formula for the calculation of the interest rate on the April 23, 1996 Index Determination Date.

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

**Notional Class**

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

<u>Class</u>	<u>Percentage of Principal Balance of Specified Class</u>
SA .....	142.85713777% of P Class

See “Description of the Certificates—Distributions of Interest—Notional Class” and “—Yield Considerations—*The Inverse Floating Rate Class*” herein.

**Distributions of Principal**

The portion of the Principal Distribution Amount allocated to each Class of Certificates will be determined by distributions on particular classes of the Underlying REMIC Certificates. 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*” herein.

*Group 1 Principal Distribution Amount*

*Group 1 Accrual Amount*

To the VA, VB and VC Classes, in that order, to zero, and then to the ZA Class.

*Group 1 Cash Flow Distribution Amount*

To the VA, VB, VC and ZA Classes, in that order, to zero.

*Group 2 Principal Distribution Amount*

*Group 2 Accrual Amount*

To the VD, VE and VG Classes, in that order, to zero, and then to the ZB Class.

*Group 2 Cash Flow Distribution Amount*

To the VD, VE, VG and ZB Classes, in that order, to zero.

*Group 3 Principal Distribution Amount*

To the A Class, to zero.

*Group 4 Principal Distribution Amount*

To the P Class, to zero.

*Group 5 Principal Distribution Amount*

To the B Class, to zero.

**Weighted Average Lives (years) \***

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>75%</u>	<u>100%</u>	<u>200%</u>	<u>450%</u>
VA .....	2.6	2.6	2.6	2.6	0.4
VB .....	8.5	8.5	8.5	8.5	0.5
VC .....	15.3	15.3	15.3	12.7	0.6
ZA .....	27.6	25.8	25.0	19.1	0.8
VD .....	2.6	2.6	2.6	0.9	0.2
VE .....	8.5	8.5	8.5	2.1	0.3
VG .....	14.3	14.3	14.3	4.5	0.6
ZB .....	26.6	23.1	21.6	14.8	0.9
A .....	5.3	5.3	5.3	1.5	0.4
P and SA .....	24.9	16.6	14.4	7.0	0.8

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>150%</u>	<u>300%</u>	<u>450%</u>	<u>600%</u>
B .....	16.1	7.5	4.5	3.0	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 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 April 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 Trust SMBS and the Mega Certificates are described in the SMBS Prospectus and the Mega Prospectus, respectively. The guaranty obligations of Fannie Mae with respect to the Underlying REMIC Certificates are described in the Underlying Prospectus Supplements. In addition, Fannie Mae will be obligated to distribute on a timely basis to the Holders of Certificates required installments of principal and interest and to distribute the principal balance of each Class of Certificates in full no later than the applicable Final Distribution Date, whether or not sufficient funds are available in the Collateral Account. The guaranties of Fannie Mae are not backed by the full faith and credit of the United States. See “Description of the Certificates—Fannie Mae’s Guaranty” in the REMIC Prospectus, “Description of the Certificates—General—*Fannie Mae Guaranty*” in the related Underlying Prospectus Supplements, “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 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 and any interest to be added as principal to the principal balances of the Accrual Classes on such Distribution Date.

*Optional Termination.* Consistent with its policy described under “Description of Certificates—Termination” in the MBS Prospectus, Fannie Mae will agree not to effect indirectly an early termination of the Trust through the exercise of its right to repurchase the Mortgage Loans underlying any MBS unless only one Mortgage Loan remains in the related Pool or the principal balance of such Pool at the time of repurchase is less than one percent of the original principal balance thereof.

*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 Underlying REMIC Certificates and the Trust SMBS**

The Underlying REMIC Certificates represent beneficial ownership interests in the respective Underlying REMIC Trusts, the assets of which evidence the direct or indirect beneficial ownership interests in (i) certain MBS having the general characteristics set forth in the MBS Prospectus and (ii) certain GNMA Certificates having the general characteristics described in the GNMA Prospectus. The Trust SMBS represent beneficial ownership interests in distributions of interest on certain MBS held in the form of a Mega Certificate and included in Fannie Mae Stripped Mortgage-Backed Security Trust 000047-CL.

The general characteristics of the Underlying REMIC Certificates are described in the related Underlying Prospectus Supplements. The general characteristics of the Trust SMBS, the Mega Certificate and the MBS are described in the SMBS Prospectus, Mega Prospectus and MBS Prospectus, respectively. 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. Each GNMA Certificate is based on and backed by a pool of mortgage loans

that are either insured by the FHA or partially guaranteed by the VA. The Underlying REMIC Certificates and the Trust SMBS provide that distributions 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 of the Underlying REMIC Certificates and the Trust SMBS, including the numerical designation of the Underlying REMIC Trusts and the Trust SMBS, the class designation, 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 April 1, 1996 (the "Issue Date"). The table also sets forth the approximate weighted average WAC, approximate weighted average WAM or WARM, as applicable, and approximate weighted average CAGE or WALA, as applicable, of the Mortgage Loans underlying the related MBS or GNMA Certificates as of the Issue Date, the underlying security type and the related Class Group.

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

### **Prepayment Considerations and Risks**

The rate of distributions of principal of the Certificates will be determined by the rate of principal distributions on the related Underlying REMIC Certificates, which in turn will be very sensitive to the rate of payments of principal of the underlying 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, certain of the Underlying REMIC Certificates are Support classes that are 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 Trusts. As illustrated in the Decrement Tables herein, it is possible under certain prepayment scenarios that no principal distributions would be made on certain Certificates for extended periods of time or, conversely, that investors in such Classes would receive distributions of principal earlier than they anticipated. In addition, the Class 1994-59-S REMIC Certificates have a Principal Balance Schedule 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 the Class 1994-59-S REMIC Certificates have adhered to their Principal Balance Schedule, 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	VA, VB, VC, ZA, VD, VE, VG, ZB, A and B
Inverse Floating Rate	SA
Interest Only	SA
Principal Only	P
Accrual	ZA and ZB
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 (except with respect to the Accrual Classes) in the month after the Settlement Date. Interest to be distributed or, in the case of the Accrual Classes, added to principal on each interest-bearing Certificate on a Distribution Date will consist of one month’s interest on the outstanding principal balance of such Certificate immediately prior to such Distribution Date.

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

<u>Classes</u>	<u>Interest Accrual Periods</u>
SA 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 ZA and ZB 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 (i) in the case of the ZA Class, until the Distribution Date following the Distribution Date on which the principal balance of the VC Class has been reduced to zero, and (ii) in the case of the ZB Class, until the Distribution Date following the Distribution Date on which the principal balance of the VG Class has been reduced to zero. 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 Class.* The SA Class will be a Notional Class. The 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

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

<u>Class</u>	<u>Percentage of Principal Balance of Specified Class</u>
SA.....	142.85713777% of P 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 balance of the Notional Class.

*Inverse Floating Rate Class.* The following Class 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>Assumed Initial Interest Rate</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate</u>
SA.....	2.48124%(1)	7.94999%	0.0%	7.94999% – LIBOR

(1) The initial interest rate listed above is an assumed rate. The actual initial interest rate will be calculated on the basis of the formula for the calculation of the interest rate on the April 23, 1996 Index Determination Date.

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

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

### **Calculation of LIBOR**

On each Index Determination Date, until the notional principal balance of the SA 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>
<b>Group 1 Classes</b>	
Accretion Directed	VA, VB and VC
Structured Collateral**/Sequential Pay	VA, VB, VC and ZA
<b>Group 2 Classes</b>	
Accretion Directed	VD, VE and VG
Structured Collateral**/Sequential Pay	VD, VE, VG and ZB
<b>Group 3 Class</b>	
Structured Collateral**/Pass-Through	A
<b>Group 4 Classes</b>	
Structured Collateral**/Pass-Through	P
Notional	SA
<b>Group 5 Class</b>	
Structured Collateral**/Pass-Through	B
<b>No Payment Residual</b>	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 Class 1995-16-B REMIC Certificate (the “Group 1 Cash Flow Distribution Amount”) and any interest accrued and added on such Distribution Date to the principal balance of the ZA 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 Class 1995-G4-A REMIC Certificate (the “Group 2 Cash Flow Distribution Amount”) and any interest accrued and added on such Distribution Date to the principal balance of the ZB Class (the “Group 2 Accrual Amount” and, together with the Group 2 Cash Flow Distribution Amount, the “Group 2 Principal Distribution Amount”), (iii) the aggregate distributions of principal concurrently made on the Class 1994-23-FA and Class 1994-23-SC REMIC Certificates (the “Group 3 Principal Distribution Amount”), (iv) the distribution of principal concurrently made on the Class 1994-59-S REMIC Certificate (the “Group 4 Principal Distribution Amount”) and (v) the distribution of principal concurrently made on the Class 1989-7-A 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 VA, VB and VC 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 1 Cash Flow Distribution Amount*

On each Distribution Date, the Group 1 Cash Flow Distribution Amount will be distributed, sequentially, as principal of the VA, VB, VC and ZA Classes, in that order, until the respective principal balances thereof are reduced to zero.

Structured  
Collateral/  
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 VD, VE, and VG Classes, in that order, until the respective principal balances thereof are reduced to zero, and then to the ZB 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 VD, VE, VG and ZB Classes, in that order, until the respective principal balances thereof are reduced to zero.

Structured  
Collateral/  
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 A 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 P 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 B 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”):

- all payments (including prepayments) on the Mortgage Loans underlying the GNMA Certificates, are distributed on the Certificates in the month in which such payments are received;
- 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 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 Index will remain constant.

The rate of distributions of principal of the Certificates will be directly related to the rate of principal distributions on the Underlying REMIC Certificates, which in turn will be very sensitive to the amortization (including prepayments) of the Mortgage Loans and the priority sequences affecting principal distributions on the 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, certain of the Underlying REMIC Certificates are Support classes that are 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 Trusts. As illustrated in the Decrement Tables herein, it is possible under certain prepayment scenarios that no principal distributions would be made on certain Certificates for extended periods of time or, conversely, that investors in such Classes would receive distributions of principal earlier than they anticipated. In addition, the Class 1994-59-S REMIC Certificates have a Principal Balance Schedule 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 the Class 1994-59-S REMIC Certificates have adhered to their Principal Balance Schedule, 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 the 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 the Index,

the greater the effect on an investor's yield to maturity. As a result, the effect on an investor's yield of principal prepayments or the level of the Index occurring at a rate 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 the Index.

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

The 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 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 Class.* **The Principal Only Class 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 Trust will have a negative effect on the yield to investors in the Principal Only Class.**

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

<u>Class</u>	<u>Price</u>
P.....	68.0%

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

<u>Class</u>	<u>PSA Prepayment Assumption</u>			
	<u>75%</u>	<u>100%</u>	<u>200%</u>	<u>450%</u>
P.....	2.3%	2.7%	5.8%	54.8%

*The Inverse Floating Rate Class.* **The yield to investors in the Inverse Floating Rate Class will be very sensitive to the level of the Index and to the rate of principal payments (including prepayments) of the Mortgage Loans underlying the related Underlying REMIC Trust. 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 table below, it is possible that, under certain Index and prepayment scenarios, investors in the Inverse Floating Rate Class would not fully recoup their initial investment.**

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

The information set forth in the following table was prepared on the basis of the Pricing Assumptions and the assumptions that (i) the interest rate applicable to the Inverse Floating Rate Class for each Interest Accrual Period subsequent to its initial Interest Accrual Period will be based on the indicated level of the Index and (ii) the aggregate purchase price of the Inverse Floating Rate Class (expressed as a percentage of original principal balance) is as follows:

<u>Class</u>	<u>Price*</u>
SA .....	4.55%

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>			
	<u>75%</u>	<u>100%</u>	<u>200%</u>	<u>450%</u>
3.4687% .....	117.0%	117.0%	112.5%	(30.7)%
5.4687% .....	61.1%	61.1%	55.1%	(84.7)%
7.4687% .....	8.1%	6.8%	(5.9)%	*
7.9500% .....	*	*	*	*

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

**Weighted Average Lives of the Certificates**

The weighted average life of a Certificate is determined by (a) multiplying the amount of the reduction, if any, of the principal balance of such Certificate from one Distribution Date to the next Distribution Date by the number of years from the Settlement Date to the second such Distribution Date, (b) summing the results and (c) dividing the sum by the aggregate amount of the reductions in principal balance of such Certificate referred to in clause (a). For a description of the factors which may influence the weighted average life of a Certificate, see “Description of the Certificates—Weighted Average Life and Final Distribution Dates” in the REMIC Prospectus.

In general, the weighted average lives of the Certificates will be shortened if the level of prepayments of principal of the related Mortgage Loans increases. However, the weighted average lives will depend upon a variety of other factors, including the timing of changes in such rate of principal payments, the priority sequence of distributions of principal of the Classes and the priority sequence of distributions of principal of the Underlying REMIC Certificates. 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 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 the underlying Mortgage Loans have the original and remaining terms to maturity and bear interest at the per annum rates specified below:

<b>Mortgage Loans relating to Trust SMBS and Underlying REMIC Trusts specified below</b>	<b>Original Terms to Maturity</b>	<b>Remaining Terms to Maturity</b>	<b>Interest Rates</b>	<b>Related Classes</b>
1989-7 and 000047-CL	360 months	272 months	12.5%	B
1994-23	360 months	334 months	8.5%	A
1994-59	360 months	335 months	10.5%	P and SA
1995-16	360 months	335 months	9.0%	VA, VB, VC and ZA
1995-G4	360 months	331 months	8.5%	VD, VE, VG and ZB

It is not likely that (i) all of the underlying Mortgage Loans will have the interest rates, CAGEs or WALAs 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 or WALAs of the Mortgage Loans are identical to the distributions of the remaining terms to maturity and CAGEs or WALAs specified in the Pricing Assumptions.

## Percent of Original Principal Balances Outstanding

Date	VA Class					VB Class					VC Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	75%	100%	200%	450%	0%	75%	100%	200%	450%	0%	75%	100%	200%	450%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
April 1997	82	82	82	82	0	100	100	100	100	0	100	100	100	100	0
April 1998	63	63	63	63	0	100	100	100	100	0	100	100	100	100	0
April 1999	42	42	42	42	0	100	100	100	100	0	100	100	100	100	0
April 2000	21	21	21	21	0	100	100	100	100	0	100	100	100	100	0
April 2001	0	0	0	0	0	99	99	99	99	0	100	100	100	100	0
April 2002	0	0	0	0	0	86	86	86	86	0	100	100	100	100	0
April 2003	0	0	0	0	0	73	73	73	73	0	100	100	100	100	0
April 2004	0	0	0	0	0	59	59	59	59	0	100	100	100	100	0
April 2005	0	0	0	0	0	44	44	44	44	0	100	100	100	100	0
April 2006	0	0	0	0	0	29	29	29	29	0	100	100	100	100	0
April 2007	0	0	0	0	0	12	12	12	12	0	100	100	100	100	0
April 2008	0	0	0	0	0	0	0	0	0	0	96	96	96	81	0
April 2009	0	0	0	0	0	0	0	0	0	0	84	84	84	37	0
April 2010	0	0	0	0	0	0	0	0	0	0	70	70	70	0	0
April 2011	0	0	0	0	0	0	0	0	0	0	56	56	56	0	0
April 2012	0	0	0	0	0	0	0	0	0	0	41	41	41	0	0
April 2013	0	0	0	0	0	0	0	0	0	0	26	26	26	0	0
April 2014	0	0	0	0	0	0	0	0	0	0	9	9	9	0	0
April 2015	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April 2016	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April 2017	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April 2018	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April 2019	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April 2020	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April 2021	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April 2022	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April 2023	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April 2024	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April 2025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April 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	0.4	8.5	8.5	8.5	8.5	0.5	15.3	15.3	15.3	12.7	0.6

Date	ZA Class					VD Class					VE Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	75%	100%	200%	450%	0%	75%	100%	200%	450%	0%	75%	100%	200%	450%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
April 1997	106	106	106	106	0	82	82	82	36	0	100	100	100	100	0
April 1998	113	113	113	113	0	63	63	63	0	0	100	100	100	53	0
April 1999	120	120	120	120	0	42	42	42	0	0	100	100	100	1	0
April 2000	127	127	127	127	0	21	21	21	0	0	100	100	100	0	0
April 2001	135	135	135	135	0	0	0	0	0	0	99	99	99	0	0
April 2002	143	143	143	143	0	0	0	0	0	0	86	86	86	0	0
April 2003	152	152	152	152	0	0	0	0	0	0	73	73	73	0	0
April 2004	161	161	161	161	0	0	0	0	0	0	59	59	59	0	0
April 2005	171	171	171	171	0	0	0	0	0	0	44	44	44	0	0
April 2006	182	182	182	182	0	0	0	0	0	0	29	29	29	0	0
April 2007	193	193	193	193	0	0	0	0	0	0	12	12	12	0	0
April 2008	205	205	205	205	0	0	0	0	0	0	0	0	0	0	0
April 2009	218	218	218	218	0	0	0	0	0	0	0	0	0	0	0
April 2010	231	231	231	225	0	0	0	0	0	0	0	0	0	0	0
April 2011	245	245	245	197	0	0	0	0	0	0	0	0	0	0	0
April 2012	261	261	261	171	0	0	0	0	0	0	0	0	0	0	0
April 2013	277	277	277	146	0	0	0	0	0	0	0	0	0	0	0
April 2014	294	294	294	124	0	0	0	0	0	0	0	0	0	0	0
April 2015	303	303	303	103	0	0	0	0	0	0	0	0	0	0	0
April 2016	303	303	303	85	0	0	0	0	0	0	0	0	0	0	0
April 2017	303	303	303	68	0	0	0	0	0	0	0	0	0	0	0
April 2018	303	303	303	54	0	0	0	0	0	0	0	0	0	0	0
April 2019	303	303	289	40	0	0	0	0	0	0	0	0	0	0	0
April 2020	303	303	217	29	0	0	0	0	0	0	0	0	0	0	0
April 2021	303	226	148	18	0	0	0	0	0	0	0	0	0	0	0
April 2022	303	127	82	10	0	0	0	0	0	0	0	0	0	0	0
April 2023	303	31	19	2	0	0	0	0	0	0	0	0	0	0	0
April 2024	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April 2025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	27.6	25.8	25.0	19.1	0.8	2.6	2.6	2.6	0.9	0.2	8.5	8.5	8.5	2.1	0.3

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

Date	VG Class					ZB Class					A Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	75%	100%	200%	450%	0%	75%	100%	200%	450%	0%	75%	100%	200%	450%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
April 1997	100	100	100	100	0	106	106	106	106	33	100	100	100	100	87
April 1998	100	100	100	100	0	113	113	113	113	0	97	97	97	13	0
April 1999	100	100	100	100	0	120	120	120	120	0	84	84	84	0	0
April 2000	100	100	100	61	0	127	127	127	127	0	70	70	70	0	0
April 2001	100	100	100	30	0	135	135	135	135	0	55	55	55	0	0
April 2002	100	100	100	5	0	143	143	143	143	0	40	40	40	0	0
April 2003	100	100	100	0	0	152	152	152	138	0	23	23	23	0	0
April 2004	100	100	100	0	0	161	161	161	129	0	5	5	5	0	0
April 2005	100	100	100	0	0	171	171	171	120	0	0	0	0	0	0
April 2006	100	100	100	0	0	182	182	182	111	0	0	0	0	0	0
April 2007	100	100	100	0	0	193	193	193	102	0	0	0	0	0	0
April 2008	94	94	94	0	0	205	205	205	93	0	0	0	0	0	0
April 2009	76	76	76	0	0	218	218	218	84	0	0	0	0	0	0
April 2010	57	57	57	0	0	231	231	231	76	0	0	0	0	0	0
April 2011	37	37	37	0	0	245	245	245	67	0	0	0	0	0	0
April 2012	15	15	15	0	0	261	261	261	58	0	0	0	0	0	0
April 2013	0	0	0	0	0	271	271	262	50	0	0	0	0	0	0
April 2014	0	0	0	0	0	271	271	233	42	0	0	0	0	0	0
April 2015	0	0	0	0	0	271	271	204	35	0	0	0	0	0	0
April 2016	0	0	0	0	0	271	271	175	28	0	0	0	0	0	0
April 2017	0	0	0	0	0	271	213	147	22	0	0	0	0	0	0
April 2018	0	0	0	0	0	271	175	120	17	0	0	0	0	0	0
April 2019	0	0	0	0	0	271	138	93	12	0	0	0	0	0	0
April 2020	0	0	0	0	0	271	101	67	8	0	0	0	0	0	0
April 2021	0	0	0	0	0	271	65	42	5	0	0	0	0	0	0
April 2022	0	0	0	0	0	206	29	19	2	0	0	0	0	0	0
April 2023	0	0	0	0	0	80	2	1	0	0	0	0	0	0	0
April 2024	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April 2025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	14.3	14.3	14.3	4.5	0.6	26.6	23.1	21.6	14.8	0.9	5.3	5.3	5.3	1.5	0.4

Date	SA† & P Classes					B Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	75%	100%	200%	450%	0%	150%	300%	450%	600%
Initial Percent	100	100	100	100	100	100	100	100	100	100
April 1997	100	100	100	99	36	99	90	81	72	63
April 1998	100	100	100	92	0	98	81	65	52	40
April 1999	100	100	100	87	0	97	72	53	37	25
April 2000	100	100	100	83	0	96	64	42	27	16
April 2001	100	100	100	75	0	95	57	34	19	10
April 2002	100	100	100	65	0	93	51	27	14	6
April 2003	100	100	100	54	0	91	45	22	10	4
April 2004	100	100	100	43	0	89	40	17	7	2
April 2005	100	100	100	30	0	87	35	14	5	1
April 2006	100	100	100	18	0	84	30	11	3	1
April 2007	100	100	96	6	0	81	26	8	2	1
April 2008	100	100	81	0	0	78	23	6	2	*
April 2009	100	100	68	0	0	74	19	5	1	*
April 2010	100	86	54	0	0	70	16	4	1	*
April 2011	100	71	41	0	0	65	13	3	*	*
April 2012	100	57	28	0	0	60	11	2	*	*
April 2013	100	43	16	0	0	54	8	1	*	*
April 2014	100	30	5	0	0	47	6	1	*	*
April 2015	100	16	0	0	0	39	4	1	*	*
April 2016	100	3	0	0	0	30	2	*	*	*
April 2017	100	0	0	0	0	20	1	*	*	*
April 2018	100	0	0	0	0	8	*	0	0	0
April 2019	100	0	0	0	0	0	0	0	0	0
April 2020	81	0	0	0	0	0	0	0	0	0
April 2021	48	0	0	0	0	0	0	0	0	0
April 2022	12	0	0	0	0	0	0	0	0	0
April 2023	0	0	0	0	0	0	0	0	0	0
April 2024	0	0	0	0	0	0	0	0	0	0
April 2025	0	0	0	0	0	0	0	0	0	0
April 2026	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	24.9	16.6	14.4	7.0	0.8	16.1	7.5	4.5	3.0	2.2

\* 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 Notional Class, the Principal Only Class, the Accrual Classes and the VC and VG 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 100% PSA in the case of the VA, VB,

VC, ZA, VD, VE, VG, ZB, A, SA and P Classes and 300% PSA in the case of the B Class. 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 or the GNMA Certificates 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 7.62% (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.

The Prepayment Assumptions that will be used to determine the accruals of OID on certain 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**

The Dealer will receive the Certificates in exchange for the Underlying REMIC Certificates and the Trust 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.

### **LEGAL MATTERS**

Certain legal matters will be passed upon for the Dealer by Stroock & Stroock & Lavan, Seven Hanover Square, New York, New York 10004-2696.

**Underlying REMIC Certificates and Trust SMBS  
(Directly Owned by the Trust)**

Underlying REMIC Trust	Class	Date of Issue	CUSIP Number	Interest Rate	Interest Type (1)	Final Distribution Date	Original Principal Type (1)	Original Principal Balance of Class	April 1996 Class Factor	Principal Balance or Notional Principal Balance in the Trust as of Issue Date	Approximate Weighted Average WAC	Approximate Weighted Average WAM or WARM (in months)	Approximate Weighted Average CAGE or WALA (in months)	Underlying Security Type	Class Group
1995-16(2)	B	August 1995	31359LWX9	6.000%	FIX	March 2024	SC	\$ 15,178,572	1.00000000	\$15,178,572	7.092	327	27	MBS	1
1995-G4(3)	A	August 1995	31359LWZ4	6.000	FIX	November 2023	SC	19,828,530	1.00000000	19,828,530	7.500	322	31	GNMA	2
1994-23	FA	February 1994	31359GZV1	(4)	FLT	August 2004	AD/SUP	19,695,000	1.00000000	19,695,000	6.667	326	29	MBS	3
1994-23	SC	February 1994	31359GZW9	(4)	INV	August 2004	AD/SUP	8,207,000	1.00000000	8,207,000	6.667	326	29	MBS	3
1994-59	S	March 1994	31359HLQ5	(4)	INV	March 2024	TAC	18,576,977	0.90677763	16,845,187	8.441	309	45	MBS	4
1989-7	A	February 1989	313602LC6	(5)	PO	February 2019	PAC	99,944,743	0.21743383	14,732,143	10.569	257	93	MBS	5
SMBS-47	IO	December 1988	31364HEX1	10.000	IO	October 2018	NTL	199,963,276	0.11620701	14,732,143	10.569	257	93	MBS	5

- (1) See “Description of the Certificates—Class Definitions and Abbreviations” in the REMIC Prospectus.
- (2) The Class 1995-16-B REMIC Certificate represents a beneficial ownership interest in the Class 1994-36-F and Class 1994-36-S REMIC Certificates, certain characteristics of which are set forth below. See the related Underlying Prospectus Supplement for a further description of the Class 1994-36-F and Class 1994-36-S REMIC Certificates.
- (3) The Class 1995-G4-A REMIC Certificate represents a beneficial ownership interest in the Class 1993-G35-FC REMIC Certificates and Class 1993-G35-SE REMIC Certificates, certain characteristics of which are set forth below. See the related Underlying Prospectus Supplement for a further description of the Class 1993-G35-FC and Class 1993-G35-SE REMIC Certificates.
- (4) 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*
1994-23-FA	8.50000%	0.55000%	COFI + 55 basis points
1994-23-SC	19.07880	0.00054	19.0788% - (COFI × 2.39978067)
1994-59-S	11.35714	0.00000	11.35714% - (1.4285714 × LIBOR)

- \* See “Description of the Certificates—Distributions of Interest” in the related Underlying Prospectus Supplement and “Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes” in the REMIC Prospectus for a description of COFI, 10-Year Treasury Index and LIBOR.
- (5) This Class is a Principal Only Class and will bear no interest.

**The Class 1994-36-F, Class 1994-36-S, Class 1993-G35-FC and Class 1993-G35-SE REMIC Certificates  
(Indirectly Owned by the Trust)**

<u>Underlying REMIC Trust</u>	<u>Class</u>	<u>Date of Issue</u>	<u>CUSIP Number</u>	<u>Interest Rate</u>	<u>Interest Type</u>	<u>Final Distribution Date</u>	<u>Principal Type</u>	<u>Original Principal Balances of Class</u>	<u>April 1996 Class Factor</u>	<u>Principal Balance in the Related Underlying REMIC Trust as of Issue Date</u>	<u>Approximate Weighted Average WAC</u>	<u>Approximate Weighted Average WAM or WARM (in months)</u>	<u>Approximate Weighted Average CAGE or WALA (in months)</u>	<u>Underlying Security Type</u>
1994-36	F	March 1994	31359HHH0	(1)	FLT	March 2024	SUP	\$48,788,235	1.00000000	\$25,000,000	7.092%	327	27	MBS
1994-36	S	March 1994	31359HHJ6	(1)	INV	March 2024	SUP	10,454,622	1.00000000	5,357,143	7.092	327	27	MBS
1993-G35	FC	November 1993	31359FJW9	(1)	FLT	November 2023	SUP	63,748,369	0.96880143	17,349,964	7.500	322	31	GNMA
1993-G35	SE	November 1993	31359FJU3	(1)	INV	November 2023	SUP	25,000,000	0.96880143	22,307,096	7.500	322	31	GNMA

(1) 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:

<u>Class</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate</u>
1994-36-F	8.50000%	1.50%	COFI + 150 basis points
1994-36-S	32.66666	0.00	32.66666% - (4.66666 × COFI)
1993-G35-FC	16.00000	0.00	(5.12 × LIBOR) - 16%
1993-G35-SE	12.44444	0.00	24.88888% - (3.982223 × 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.

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**\$94,486,432**

**Federal National  
Mortgage Association**



**Guaranteed REMIC  
Pass-Through Certificates  
Fannie Mae REMIC Trust 1996-17**

**PROSPECTUS SUPPLEMENT**

**Bear, Stearns & Co. Inc.**

**April 12, 1996**