

\$91,782,974



FannieMae

**Guaranteed REMIC Pass-Through Certificates  
Fannie Mae REMIC Trust 1996-27**

The Guaranteed REMIC Pass-Through Certificates offered hereby (the "Certificates") will represent beneficial ownership interests in one of two trust funds. The Certificates, other than the RL Class, will represent beneficial ownership interests in Fannie Mae REMIC Trust 1996-27 (the "Trust"). The assets of the Trust will consist of the "regular interests" in a separate trust fund (the "Lower Tier REMIC"). The assets of the Lower Tier REMIC 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) the "interest only" Fannie Mae Stripped Mortgage-Backed Securities specified herein (collectively, 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") 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"). Certain of the MBS and GNMA Certificates are held in the form of Fannie Mae Guaranteed MBS Pass-Through Certificates (the "Mega Certificates"). 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
FA	\$10,000,000	SC/PT	(2)	FLT	31359KMX2	December 2022	FE	(3)	NTL	(2)	FLT/IO	31359KNG8	October 2023
FB	36,447,340	SC/PT	(2)	FLT	31359KMY0	December 2022	FG	\$ 7,602,275	SC/PT	(2)	FLT	31359KNH6	February 2017
SA	(3)	NTL	(2)	INV/IO	31359KMZ7	December 2022	SG	(3)	NTL	(2)	INV/IO	31359KNJ2	February 2017
SB	(3)	NTL	(2)	INV/IO	31359KNA1	December 2022	FH	8,564,731	SC/PT	(2)	FLT	31359KME4	February 2017
FC	9,056,372	SC/PT	(2)	FLT	31359KNB9	March 2017	SH	(3)	NTL	(2)	INV/IO	31359KMF1	February 2017
SC	(3)	NTL	(2)	INV/IO	31359KNC7	March 2017	J	(3)	NTL	9.0%	FIX/IO	31359KMG9	February 2017
FD	17,112,256	SC/PT	(2)	FLT	31359KND5	February 2017	R	0	NPR	0	NPR	31359KNK9	October 2023
SD	(3)	NTL	(2)	INV/IO	31359KNE3	February 2017	RL	0	NPR	0	NPR	31359KNL7	October 2023
A	3,000,000	SC/PT	(4)	PO	31359KNFO	October 2023							

- (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 will bear interest based on "LIBOR," as described under "Description of the Certificates—Distributions of Interest" herein and "Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes" in the REMIC Prospectus.
- (3) The SA, SB, SC, SD, FE, SG, SH and J Classes will be Notional Classes, will have no principal balances and will bear interest on their notional principal balances (initially, \$46,447,340, \$46,447,340, \$9,056,372, \$17,112,256, \$12,750,000, \$7,602,275, \$8,564,731 and \$5,246,958, respectively). The notional principal balances of the SA and SB Classes will be calculated based on the principal balances of the FA and FB Classes, the notional principal balance of the SC Class will be calculated based on the principal balance of the FC Class, the notional principal balance of the SD Class will be calculated based on the principal balance of the FD Class, the notional principal balance of the FE Class will be calculated based on the principal balance of the A Class, the notional principal balance of the SG Class will be calculated based on the principal balance of the FG Class, the notional principal balance of the SH Class will be calculated based on the principal balance of the FH Class and the notional principal balance of the J Class will be calculated based on the principal balance of the Class 1989-102-A REMIC Certificate (as described herein). See "Description of the Certificates—Distributions of Interest—Notional Classes" herein.
- (4) The A Class will be a Principal Only Class and will bear no interest.

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

The Certificates will be offered by the Dealer, subject to 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, subject to the right by the Dealer to reject any order in whole or in part and subject to approval of certain legal matters by counsel. It is expected that the Certificates, except for the R and RL Classes, will be available through the book-entry system of the Federal Reserve Banks on or about July 30, 1996 (the "Settlement Date"). It is expected that the R and RL Classes in registered, certificated form will be available for delivery at the offices of the Dealer, Seven World Trade Center, New York, New York 10048, on or about the Settlement Date.

**Salomon Brothers Inc**

The date of this Prospectus Supplement is May 30, 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 Floating Rate and Inverse Floating Rate Classes, fluctuations in the level of the 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 Floating Rate or Inverse Floating Rate Class will be sensitive to the level of the Index. See “Description of the Certificates—Distributions of Interest—Floating Rate and Inverse Floating Rate Classes” herein.

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

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

- Certain of 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 1993-201-FA REMIC Certificate is part of 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. Accordingly, such Underlying REMIC Certificate may receive no principal distributions for extended periods of time or may receive principal distributions 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 such 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 Prospectuses, the MBS Prospectus or the GNMA Prospectus (as defined below). Any representation to the contrary is a criminal offense.

Elections will be made to treat the Lower Tier REMIC and the Trust as “real estate mortgage investment conduits” (“REMICs”) pursuant to the Internal Revenue Code of 1986, as amended (the “Code”). The R and RL Classes will be subject to transfer restrictions. See “Description of the Certificates—Characteristics of the R and RL Classes” and “Certain Additional Federal Income Tax Consequences” herein, and “Description of the Certificates—Additional Characteristics of Residual Certificates” and “Certain Federal Income Tax Consequences” in the REMIC Prospectus.

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 May 1, 1996 (the “SMBS Prospectus”);
- Fannie Mae’s Prospectuses for Guaranteed MBS Pass-Through Securities dated January 15, 1996 and Guaranteed MBS Pass-Through Securities (Backed by GNMA Certificates) dated August 1, 1994 (together, the “Mega Prospectuses”);
- 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 SMBS Prospectus, the Mega Prospectuses, 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 Salomon Brothers Inc by writing or calling its Prospectus Department at Brooklyn Army Terminal, 140 58th Street, Suite 1-H, Brooklyn, New York 11220 (telephone 718-567-2005).

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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 Trust SMBS

The table contained in Exhibit A hereto sets forth information with respect to each class of Underlying REMIC Certificates and 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 Trust SMBS” herein.

### Interest Rates

The Floating Rate and Inverse Floating Rate Classes will bear interest during the initial Interest Accrual Period at initial interest rates 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 rates determined as described below:

Class	Initial Interest Rate	Maximum Interest Rate	Minimum Interest Rate	Formula for Calculation of Interest Rate
FA .....	5.93750%	9.00000%	0.50%	LIBOR + 50 basis points
SA .....	3.45485%	8.89235%	0.00%	8.89235% – LIBOR
FB .....	5.93750%	9.50000%	0.50%	LIBOR + 50 basis points
SB .....	0.00000%	(2)	(2)	(2)
FC .....	5.93750%	9.50000%	0.50%	LIBOR + 50 basis points
SC .....	3.56250%	9.00000%	0.00%	9% – LIBOR
FD .....	5.95000%	9.50000%	0.45%	LIBOR + 45 basis points
SD .....	3.55000%	9.05000%	0.00%	9.05% – LIBOR
FE .....	2.75179% (1)	3.05882%	0.00%	LIBOR – 2.71691%
FG .....	5.86750%	9.50000%	0.43%	LIBOR + 43 basis points
SG .....	3.63250%	9.07000%	0.00%	9.07% – LIBOR
FH .....	5.93750%	9.50000%	0.50%	LIBOR + 50 basis points
SH .....	3.56250%	9.00000%	0.00%	9% – 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 July 23, 1996 Index Determination Date.

(2) If the level of LIBOR is less than or equal to 8.5% or greater than or equal to 9.0%, the per annum interest rate for the SB Class for the related Interest Accrual Period will be 0.0%. If the level of LIBOR is greater than 8.5%, the formula for calculation of the interest rate for the SB Class will be as follows:

If LIBOR is	Maximum Interest Rate	Minimum Interest Rate	Formula for Calculation of Interest Rate
Greater than 8.5% and less than or equal to 8.89235% .....	0.08447%	0.0%	$(0.21529758 \times \text{LIBOR}) - 1.83002\%$
Greater than 8.89235% and less than 9.0% .....	0.08447%	0.0%	$7.06232\% - (0.78470241 \times \text{LIBOR})$

See “Description of the Certificates—Distributions of Interest—Floating Rate and 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 Class, Classes or Underlying REMIC Certificate specified below immediately prior to the related Distribution Date:

<u>Class</u>	<u>Percentage of Principal Balance of Specified Class, Classes or Underlying REMIC Certificate</u>
SA .....	100% of FA and FB Classes
SB .....	100% of FA and FB Classes
SC .....	100% of FC Class
SD .....	100% of FD Class
FE .....	425% of A Class
SG .....	100% of FG Class
SH .....	100% of FH Class
J .....	187.93726119% of Class 1989-102-A Certificate

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

To the FA and FB Classes, in proportion to their original principal balances, to zero.

*Group 2 Principal Distribution Amount*

To the FC Class, to zero.

*Group 3 Principal Distribution Amount*

To the FD Class, to zero.

*Group 4 Principal Distribution Amount*

To the A Class, to zero.

*Group 5 Principal Distribution Amount*

To the FG and FH Classes, as described herein under “Description of the Certificates—Distributions of Principal.”

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

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>250%</u>	<u>350%</u>	<u>600%</u>
FA, FB, SA and SB .....	16.3	9.4	5.3	3.9	2.2

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>300%</u>	<u>500%</u>	<u>650%</u>
FC and SC .....	14.4	8.3	4.3	2.6	2.0
FD and SD .....	14.1	8.4	4.3	2.6	2.0

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>185%</u>	<u>350%</u>	<u>500%</u>
A and FE .....	26.3	21.2	11.7	1.3	0.6

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>300%</u>	<u>500%</u>	<u>650%</u>
FG and SG .....	14.0	8.2	4.3	2.6	2.0
FH and SH .....	17.4	11.6	6.2	3.8	2.8
J .....	8.2	2.5	1.0	0.6	0.4

\* 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 and the Lower Tier REMIC will be created pursuant to a trust agreement dated as of July 1, 1996 (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 and RL Classes) will be designated as the “regular interests,” and the R Class will be designated as the “residual interest,” in the REMIC constituted by the Trust. The interests in the Lower Tier REMIC other than the RL Class (the “Lower Tier Regular Interests”) will be designated as the “regular interests,” and the RL Class will be designated as the “residual interest,” in the Lower Tier REMIC. The assets of the Lower Tier REMIC will consist of the Underlying REMIC Certificates (which evidence beneficial ownership interests in the Underlying REMIC Trusts) and Trust SMBS.

*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 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” or “Statement of Terms—Fannie Mae Guaranty,” as applicable, 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 Prospectuses and “Description of Certificates—The Corporation’s Guaranty” in the MBS Prospectus.

*Characteristics of Certificates.* The Certificates, other than the R and RL Certificates, will be issued and maintained and may be transferred by Holders only on the book-entry system of the Federal Reserve Banks. 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 and RL Certificates will not be issued in book-entry form but will be issued in fully registered, certificated form. As to the R or RL Certificate, “Holder” or “Certificateholder” refers to

the registered owner thereof. The R and RL Certificates 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 or RL 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 and RL Classes” herein.

The distribution to the Holders of the R and RL Classes of the proceeds of any remaining assets of the Trust and the Lower Tier REMIC, as applicable, will be made only upon presentation and surrender of the 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 and RL Certificates, will be issued in minimum denominations of \$1,000 and integral multiples of \$1 in excess thereof. The R and RL Classes will be issued as single Certificates and will not have principal balances.

*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 or the Lower Tier REMIC through the exercise of its right to repurchase the Mortgage Loans underlying any MBS unless only one Mortgage Loan remains in the related Pool or the principal balance of such Pool at the time of repurchase is less than one percent of the original principal balance thereof.

*Voting the Underlying REMIC Certificates and Trust SMBS.* In the event any issue arises under the trust agreement or trust indenture governing any of the Underlying REMIC Trusts or Trust SMBS that requires the vote of holders of certificates outstanding thereunder, the Trustee will vote the related Underlying REMIC Certificates or Trust SMBS, as applicable, 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 Trust SMBS**

The Underlying REMIC Certificates represent beneficial ownership interests in the Underlying REMIC Trusts specified in Exhibit A hereto, 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 and certain GNMA Certificates included in the Fannie Mae Stripped Mortgage-Backed Security Trusts specified in Exhibit A hereto. Certain of the MBS and GNMA Certificates are held in the form of Mega Certificates.

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 Certificates, the MBS and the GNMA Certificates are described in the SMBS Prospectus, Mega Prospectuses, MBS Prospectus and GNMA 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 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 Trust SMBS, including the numerical designation of the Underlying REMIC Trusts and 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 Lower Tier REMIC as of July 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, certain of 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 1993-201-FA REMIC Certificate is part of 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 Certificates 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	J
Floating Rate	FA, FB, FC, FD, FE, FG and FH
Inverse Floating Rate	SA, SB, SC, SD, SG and SH
Interest Only	SA, SB, SC, SD, FE, SG, SH and J
Principal Only	A
No Payment Residual	R and RL

\* 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 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>
All interest-bearing Classes other than the J Class (collectively, the “No Delay Classes”)	One month period beginning on the 25th day of the month preceding the month of the Distribution Date and ending on the 24th day of the month of the Distribution Date
J Class (the “Delay Class”)	Calendar month preceding the month in which the Distribution Date occurs

See “Yield Considerations” herein.

*Notional Classes.* The SA, SB, SC, SD, FE, SG, SH and J Classes will be Notional Classes. The Notional Classes will have no principal balances and will bear interest at the applicable per annum interest rates described herein during each Interest Accrual Period on the related notional principal balances. The notional principal balance of each Notional Class will be equal to the indicated

percentage of the outstanding principal balance of the Class, Classes or Underlying REMIC Certificate specified below immediately prior to the related Distribution Date:

<u>Class</u>	<u>Percentage of Principal Balance of Specified Class, Classes or Underlying REMIC Certificate</u>
SA .....	100% of FA and FB Classes
SB .....	100% of FA and FB Classes
SC .....	100% of FC Class
SD .....	100% of FD Class
FE .....	425% of A Class
SG .....	100% of FG Class
SH .....	100% of FH Class
J .....	187.93726119% of Class 1989-102-A Certificate

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, the GNMA Certificates 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.

*Floating Rate and Inverse Floating Rate Classes.* The following Classes will bear interest during their initial Interest Accrual Period at initial interest rates 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 rates 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>
FA .....	5.93750%	9.00000%	0.50%	LIBOR + 50 basis points
SA .....	3.45485%	8.89235%	0.00%	8.89235% - LIBOR
FB .....	5.93750%	9.50000%	0.50%	LIBOR + 50 basis points
SB .....	0.00000%	(2)	(2)	(2)
FC .....	5.93750%	9.50000%	0.50%	LIBOR + 50 basis points
SC .....	3.56250%	9.00000%	0.00%	9% - LIBOR
FD .....	5.95000%	9.50000%	0.45%	LIBOR + 45 basis points
SD .....	3.55000%	9.05000%	0.00%	9.05% - LIBOR
FE .....	2.75179% (1)	3.05882%	0.00%	LIBOR - 2.71691%
FG .....	5.86750%	9.50000%	0.43%	LIBOR + 43 basis points
SG .....	3.63250%	9.07000%	0.00%	9.07% - LIBOR
FH .....	5.93750%	9.50000%	0.50%	LIBOR + 50 basis points
SH .....	3.56250%	9.00000%	0.00%	9% - 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 July 23, 1996 Index Determination Date.

(2) If the level of LIBOR is less than or equal to 8.5% or greater than or equal to 9.0%, the per annum interest rate for the SB Class for the related Interest Accrual Period will be 0.0%. If the level of LIBOR is greater than 8.5%, the formula for calculation of the interest rate for the SB Class will be as follows:

<u>If LIBOR is</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate</u>
Greater than 8.5% and less than or equal to 8.89235% .....	0.08447%	0.0%	$(0.21529758 \times \text{LIBOR}) - 1.83002\%$
Greater than 8.89235% and less than 9.0% .....	0.08447%	0.0%	$7.06232\% - (0.78470241 \times \text{LIBOR})$

The yields with respect to such Classes 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 Classes for the related Interest Accrual Period shall (in the absence of manifest error) be final and binding. Each such rate of interest may be obtained by telephoning Fannie Mae at 1-800-BEST-MBS or 202-752-6547.

### Calculation of LIBOR

On each Index Determination Date, until the principal balances or notional principal balances of the FA, SA, FB, SB, FC, SC, FD, SD, FE, FG, SG, FH and SH Classes have been reduced to zero, Fannie Mae will establish LIBOR for the related Interest Accrual Period in the manner described in the REMIC Prospectus under “Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes—LIBOR.”

If on the initial Index Determination Date, Fannie Mae is unable to determine LIBOR in the manner specified in the REMIC Prospectus, LIBOR for the next succeeding Interest Accrual Period will be equal to 5.4375%, in the case of the FA, SA, FB, SB, FC, SC, FD, SD, FG, SG, FH and SH Classes, and will be equal to LIBOR as determined for such Interest Accrual Period for the related Underlying REMIC Certificate, in the case of the FE Class.

### 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>	
Structured Collateral**/Pass-Through	FA and FB
Notional	SA and SB
<b>Group 2 Classes</b>	
Structured Collateral**/Pass-Through	FC
Notional	SC
<b>Group 3 Classes</b>	
Structured Collateral**/Pass-Through	FD
Notional	SD
<b>Group 4 Classes</b>	
Structured Collateral**/Pass-Through	A
Notional	FE
<b>Group 5 Classes</b>	
Structured Collateral**/Pass-Through	FG and FH
Notional	SG, SH and J
<b>No Payment Residual</b>	R and RL

\* 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 aggregate distributions of principal concurrently made on the Class 1992-G68-A and Class 1992-G68-B REMIC Certificates (the “Group 1 Principal Distribution Amount”), (ii) the distribution of principal concurrently made on the Class 1989-28-B REMIC Certificate (the “Group 2 Principal Distribution Amount”), (iii) the aggregate distributions of principal concurrently made on the Class 1990-33-A, Class 1990-33-B and Class 1990-33-C REMIC Certificates (the “Group 3 Principal Distribution Amount”), (iv) the distribution of principal concurrently made on the Class 1993-201-FA REMIC Certificate (the “Group 4 Principal Distribution Amount”) and (v) the aggregate distributions of principal concurrently made on the Class 1989-102-A, Class 1989-102-B and Class 1989-102-C REMIC Certificates (the “Class 1989-102-A Principal Distribution Amount,” the “Class 1989-102-B Principal Distribution Amount” and the “Class 1989-102-C Principal Distribution Amount,” and, together, the “Group 5 Principal Distribution Amount”). The portion of each class of Underlying REMIC Certificates held by the Lower Tier REMIC will be as set forth in Exhibit A.

*Group 1 Principal Distribution Amount*

On each Distribution Date, the Group 1 Distribution Amount will be distributed, concurrently, as principal of the FA and FB Classes, in proportion to their original principal balances (or 21.5297582165% and 78.4702417835%, respectively), until the principal balances thereof are reduced to zero.

*Group 2 Principal Distribution Amount*

On each Distribution Date, the Group 2 Principal Distribution Amount will be distributed as principal of the FC Class, until the principal balance thereof is reduced to zero.

*Group 3 Principal Distribution Amount*

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

*Group 5 Principal Distribution Amount*

On each Distribution Date, the Class 1989-102-A Principal Distribution Amount will be distributed as principal of the FG Class, until the principal balance thereof is reduced to zero.

On each Distribution Date, the sum of the Class 1989-102-B Principal Distribution Amount and Class 1989-102-C Principal Distribution Amount will be distributed, concurrently, as principal of the FG and FH Classes, in the proportions of 35.9652944771% and 64.0347055229%, respectively, until the principal balances thereof are reduced to zero.

Structured  
Collateral/  
Pass-Through  
Classes

**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 *constant* 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, certain of 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 1993-201-FA REMIC Certificate is part of 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 Certificates 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 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. Investors must make their own decisions as to the appropriate assumptions, including prepayment and Index assumptions, to be used in deciding whether to purchase the Certificates.

The effective yield on the Delay Class 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 Class will be lower than would have been the case if there were no such delay.

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>
A .....	32.0%

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

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>185%</u>	<u>350%</u>	<u>500%</u>
A .....	4.8%	5.5%	12.3%	135.5%	333.1%

*The Inverse Floating Rate Classes and FE Class.* The yields to investors in the Inverse Floating Rate Classes and the FE Class will be sensitive in varying degrees to the level of the Index and to the rate of principal payments (including prepayments) of the Mortgage Loans underlying the related Underlying 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 and the FE Class would not fully recoup their initial investments.

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 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 and the FE Class for each Interest Accrual Period subsequent to their initial Interest Accrual Period will be based on the indicated levels of the Index and (ii) the aggregate purchase prices of the Inverse Floating Rate Classes and the FE Class (expressed in each case as a percentage of original principal balance) are as follows:

<u>Class</u>	<u>Price*</u>
SA .....	7.0000%
SB .....	0.0625%
SC .....	7.5000%
SD .....	7.5000%
FE .....	24.2500%
SG .....	7.5000%
SH .....	9.5000%

\* 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 LIBOR  
(Pre-Tax Yields to Maturity)**

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>250%</u>	<u>350%</u>	<u>600%</u>
3.43750% .....	83.6%	79.4%	66.4%	57.3%	32.8%
5.43750% .....	49.0%	45.3%	33.6%	25.5%	3.7%
7.43750% .....	16.1%	12.8%	2.5%	(4.6)%	(23.9)%
8.89235% .....	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>250%</u>	<u>350%</u>	<u>600%</u>
8.50% and below .....	(1)	(1)	(1)	(1)	(1)
8.75% .....	90.4%	86.1%	72.8%	63.5%	38.4%
9.00% and above .....	(1)	(1)	(1)	(1)	(1)

(1) Assuming LIBOR levels of less than or equal to 8.5% or greater than or equal to 9.0%, investors in the SB Class would not recoup any of their investment.

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>300%</u>	<u>500%</u>	<u>650%</u>
3.4375% .....	78.1%	74.0%	56.7%	38.1%	23.0%
5.4375% .....	46.0%	42.3%	26.8%	10.1%	(3.4)%
7.4375% .....	14.9%	11.6%	(2.1)%	(16.9)%	(28.9)%
9.0000% .....	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>300%</u>	<u>500%</u>	<u>650%</u>
3.50% .....	77.8%	73.7%	56.4%	37.8%	22.8%
5.50% .....	45.7%	42.0%	26.6%	9.9%	(3.6)%
7.50% .....	14.7%	11.4%	(2.3)%	(17.1)%	(29.1)%
9.05% .....	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>185%</u>	<u>350%</u>	<u>500%</u>
3.46870% .....	(2.3)%	(3.6)%	(10.2)%	*	*
5.46870% .....	10.6%	10.1%	4.1%	*	*
5.77573% .....	12.1%	11.7%	5.8%	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>300%</u>	<u>500%</u>	<u>650%</u>
3.4375% .....	79.1%	74.9%	57.6%	38.9%	23.8%
5.4375% .....	46.9%	43.2%	27.7%	10.9%	(2.7)%
7.4375% .....	15.9%	12.6%	(1.2)%	(16.1)%	(28.1)%
9.0700% .....	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>300%</u>	<u>500%</u>	<u>650%</u>
3.4375% .....	65.0%	64.5%	57.5%	44.1%	31.2%
5.4375% .....	39.9%	39.0%	29.7%	15.7%	3.1%
7.4375% .....	14.2%	12.3%	0.9%	(13.3)%	(25.2)%
9.0000% .....	*	*	*	*	*

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

*The J Class.* As indicated in the table below, the yield to investors in the J Class will be very sensitive to the rate of principal payments (including prepayments) of the Mortgage Loans underlying the related Underlying REMIC Trust which generally can be prepaid at any time. On the basis of the assumptions described below, the yield to maturity on the

**J Class would be 0% if prepayments were to occur at a constant rate of approximately 279% PSA. If the actual prepayment rate of the Mortgage Loans underlying the related Underlying REMIC Trust were to exceed the foregoing level for as little as one month while equaling such level for the remaining months, the investors in the J Class would not fully recoup their initial investment.**

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

<u>Class</u>	<u>Price*</u>
J .....	9.0%

\* 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 J Class to Prepayments  
(Pre-Tax Yields to Maturity)**

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>300%</u>	<u>500%</u>	<u>650%</u>
J .....	91.3%	74.9%	(9.1)%	(90.0)%	*

\* 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>
1989-28 and 000002-CL	360 months	248 months	12.5%	FC and SC
1989-102 and 000001-CL	360 months	247 months	11.5%	FG, SG, FH, SH and J
1990-33 and 000009-CL	360 months	248 months	11.5%	FD and SD
000071-GN	360 months	283 months	10.5%	FA, SA, FB and SB
000194-GN	360 months	284 months	10.5%	FA, SA, FB and SB
1992-G68	360 months	(1)	10.5%	FA, SA, FB and SB
1993-201	360 months	327 months	9.0%	A and FE

(1) The assets of Trust 1992-G68 consist of a portion of the principal only interests in Fannie Mae Stripped Mortgage-Backed Securities Trusts 000071-GN and 000194-GN.

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	FA, FB, SA† and SB† Classes					FC and SC† Classes					FD and SD† Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	250%	350%	600%	0%	100%	300%	500%	650%	0%	100%	300%	500%	650%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
July 1997	99	93	84	78	63	99	92	81	69	60	99	92	81	69	60
July 1998	98	86	70	61	40	98	85	65	47	36	97	85	65	47	36
July 1999	97	79	59	47	25	96	78	52	32	21	96	78	52	32	21
July 2000	95	73	49	37	16	95	72	41	22	13	94	71	41	22	13
July 2001	94	68	41	28	10	93	65	33	15	8	92	65	33	15	7
July 2002	92	62	34	22	6	91	59	26	10	4	90	59	26	10	4
July 2003	90	57	28	17	4	88	54	21	7	3	87	54	21	7	3
July 2004	88	52	23	13	2	86	48	16	5	2	84	48	16	5	2
July 2005	86	47	19	10	1	83	43	13	3	1	81	43	13	3	1
July 2006	83	43	16	7	1	80	38	10	2	1	78	38	10	2	1
July 2007	80	38	13	6	1	76	33	7	1	*	74	33	7	1	*
July 2008	77	34	10	4	*	71	29	6	1	*	69	29	6	1	*
July 2009	73	30	8	3	*	67	24	4	1	*	64	24	4	1	*
July 2010	69	27	7	2	*	61	20	3	*	*	59	20	3	*	*
July 2011	65	23	5	2	*	55	16	2	*	*	53	16	2	*	*
July 2012	60	20	4	1	*	48	12	1	*	*	46	12	1	*	*
July 2013	55	16	3	1	*	40	8	1	*	*	38	9	1	*	*
July 2014	49	13	2	1	*	31	4	*	*	*	29	5	*	*	*
July 2015	42	10	2	*	*	20	2	*	*	*	19	1	*	*	*
July 2016	35	7	1	*	*	9	*	*	*	*	8	0	0	0	0
July 2017	27	5	1	*	*	0	0	0	0	0	0	0	0	0	0
July 2018	17	2	*	*	0	0	0	0	0	0	0	0	0	0	0
July 2019	7	*	*	*	0	0	0	0	0	0	0	0	0	0	0
July 2020	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2021	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2022	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2023	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2024	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	16.3	9.4	5.3	3.9	2.2	14.4	8.3	4.3	2.6	2.0	14.1	8.4	4.3	2.6	2.0

\* 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.

Date	A and FE† Classes					FG and SG† Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	185%	350%	500%	0%	100%	300%	500%	650%
Initial Percent	100	100	100	100	100	100	100	100	100	100
July 1997	100	100	100	59	10	99	92	80	69	60
July 1998	100	100	100	12	0	97	85	65	47	36
July 1999	100	100	92	0	0	96	78	52	32	21
July 2000	100	100	85	0	0	94	71	41	22	13
July 2001	100	100	80	0	0	92	65	33	15	7
July 2002	100	100	75	0	0	90	59	26	10	4
July 2003	100	100	71	0	0	87	53	20	7	3
July 2004	100	100	67	0	0	84	47	16	4	1
July 2005	100	100	62	0	0	81	42	12	3	1
July 2006	100	100	56	0	0	78	37	9	2	*
July 2007	100	100	51	0	0	74	32	7	1	*
July 2008	100	100	46	0	0	69	28	5	1	*
July 2009	100	100	41	0	0	64	23	4	1	*
July 2010	100	100	36	0	0	58	19	3	*	*
July 2011	100	100	31	0	0	52	15	2	*	*
July 2012	100	100	27	0	0	45	11	1	*	*
July 2013	100	92	23	0	0	37	8	1	*	*
July 2014	100	81	20	0	0	28	4	*	*	*
July 2015	100	71	16	0	0	18	2	*	*	*
July 2016	100	60	13	0	0	7	*	*	*	*
July 2017	100	50	10	0	0	0	0	0	0	0
July 2018	100	40	8	0	0	0	0	0	0	0
July 2019	100	31	6	0	0	0	0	0	0	0
July 2020	100	21	4	0	0	0	0	0	0	0
July 2021	100	13	2	0	0	0	0	0	0	0
July 2022	64	4	*	0	0	0	0	0	0	0
July 2023	13	*	0	0	0	0	0	0	0	0
July 2024	0	0	0	0	0	0	0	0	0	0
July 2025	0	0	0	0	0	0	0	0	0	0
July 2026	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	26.3	21.2	11.7	1.3	0.6	14.0	8.2	4.3	2.6	2.0

Date	FH and SH† Classes					J† Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	300%	500%	650%	0%	100%	300%	500%	650%
Initial Percent	100	100	100	100	100	100	100	100	100	100
July 1997	100	100	100	100	95	97	79	47	15	0
July 1998	100	100	100	74	56	93	59	3	0	0
July 1999	100	100	82	51	34	88	39	0	0	0
July 2000	100	100	65	35	20	83	21	0	0	0
July 2001	100	100	52	23	12	78	4	0	0	0
July 2002	100	93	41	16	7	72	0	0	0	0
July 2003	100	84	32	11	4	65	0	0	0	0
July 2004	100	75	25	7	2	57	0	0	0	0
July 2005	100	67	20	5	1	49	0	0	0	0
July 2006	100	59	15	3	1	39	0	0	0	0
July 2007	100	51	11	2	*	28	0	0	0	0
July 2008	100	44	9	1	*	16	0	0	0	0
July 2009	100	37	6	1	*	2	0	0	0	0
July 2010	92	30	4	*	*	0	0	0	0	0
July 2011	82	24	3	*	*	0	0	0	0	0
July 2012	71	18	2	*	*	0	0	0	0	0
July 2013	59	12	1	*	*	0	0	0	0	0
July 2014	45	7	1	*	*	0	0	0	0	0
July 2015	29	3	*	*	*	0	0	0	0	0
July 2016	11	*	*	*	*	0	0	0	0	0
July 2017	0	0	0	0	0	0	0	0	0	0
July 2018	0	0	0	0	0	0	0	0	0	0
July 2019	0	0	0	0	0	0	0	0	0	0
July 2020	0	0	0	0	0	0	0	0	0	0
July 2021	0	0	0	0	0	0	0	0	0	0
July 2022	0	0	0	0	0	0	0	0	0	0
July 2023	0	0	0	0	0	0	0	0	0	0
July 2024	0	0	0	0	0	0	0	0	0	0
July 2025	0	0	0	0	0	0	0	0	0	0
July 2026	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	17.4	11.6	6.2	3.8	2.8	8.2	2.5	1.0	0.6	0.4

\* 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 and RL Classes**

The R and RL Classes will not have principal balances 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, and the Holder of the RL Class will be entitled to receive the proceeds of the remaining assets of the Lower Tier REMIC, if any, after the principal balances of the Lower Tier Regular Interests have been reduced to zero. It is not anticipated that there will be any material assets remaining in either such circumstance.

The R and RL Classes will be subject to certain transfer restrictions. No transfer of record or beneficial ownership of an R or RL Certificate will be allowed to a “disqualified organization.” In addition, no transfer of record or beneficial ownership of an R or RL Certificate will be allowed to any person that is not a “U.S. Person” without the written consent of Fannie Mae. Under regulations issued by the Treasury Department on December 23, 1992 (the “Regulations”), a transfer of a “noneconomic residual interest” to a U.S. Person will be disregarded for all federal tax purposes unless no significant purpose of the transfer is to impede the assessment or collection of tax. The R and RL Classes will constitute noneconomic residual interests under the Regulations. Any transferee of an R or RL Certificate must execute and deliver an affidavit and an Internal Revenue Service Form W-9 on which the transferee provides its taxpayer identification number. See “Description of the Certificates—Additional Characteristics of Residual Certificates” and “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates” in the REMIC Prospectus. Transferees of an R or RL 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, and the Holder of the RL Class will be considered to be the holder of the “residual interest” in the REMIC constituted by the Lower Tier REMIC. See “Certain Federal Income Tax Consequences” in the REMIC Prospectus. Pursuant to the Trust Agreement, Fannie Mae will be obligated to provide to such Holders (i) such information as is necessary to enable them to prepare their federal income tax returns and (ii) any reports regarding the R or RL 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**

Elections will be made to treat the Lower Tier REMIC and the Trust as REMICs for federal income tax purposes. The Certificates, other than the R and RL Classes, will be designated as the “regular interests,” and the R Class will be designated as the “residual interest,” in the REMIC constituted by the Trust. The Lower Tier Regular Interests will be designated as the “regular interests,” and the RL Class will be designated as the “residual interest,” in the Lower Tier REMIC.

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

### **Taxation of Beneficial Owners of Regular Certificates**

The Notional Classes and the Principal Only Class 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 250% PSA in the case of the Group 1 Classes, 300% PSA in the case of the Group 2, Group 3 and Group 5 Classes and 185% PSA in the case of the Group 4 Classes. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Original Issue Discount*” in the REMIC Prospectus. No representation is made as to whether the Mortgage Loans underlying the MBS 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, neither the R Class nor the RL Class will 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 or RL Certificate may not use its allowable deductions to offset any “excess inclusions” with respect to such Certificate. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*” in the REMIC Prospectus.

For purposes of determining the portion of the taxable income of the Trust (or the Lower Tier REMIC) that generally will not be treated as excess inclusions, the rate to be used is 120% of the “federal long-term rate.” The rate will be published on or about June 20, 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 or RL 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” or “Statement of Terms—REMIC Election, Tax Status of the REMIC Certificates, Prepayment Assumption,” as applicable, 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 Cleary, Gottlieb, Steen & Hamilton.

Underlying REMIC Certificates and Trust SMBS

Underlying REMIC Trusts and Trust SMBS	Class	Date of Issue	CUSIP Number	Interest Rate	Interest Type (1)	Final Distribution Date	Principal Type (1)	Original Principal or Notional Principal Balance of Class	July 1996 Class Factor	Principal Balance or Notional Principal Balance in the Lower Tier REMIC 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
1992-G68 . . . .	A	December 1992	31358RV91	(2)	PO	December 2022	SCH	\$ 75,000,000	0.16606482	\$ 7,178,843.84	9.500	272	80	GNMA	1
1992-G68 . . . .	B	December 1992	31358RW25	(2)	PO	December 2022	SCH	72,000,000	0.94622885	39,268,497.28	9.500	272	80	GNMA	1
000194-GN . . .	IO	December 1992	31364HTN7	9%	FIX	March 2020	IO	284,555,000	0.26829615	45,923,031.25	9.500	272	80	GNMA	1
000071-GN . . .	IO	February 1990	31364HGX9	9%	FIX	February 2020	IO	398,872,152	0.22488745	2,549,915.14	9.500	272	80	GNMA	1
1989-28 . . . . .	B	May 1989	313602TBO	(2)	PO	March 2017	PAC	128,333,000	0.28301165	9,056,372.80	10.588	229	122	MBS	2
000002-CL . . .	IO	March 1987	31364HBD8	10%	FIX	February 2017	IO	750,212,796	0.07844664	8,603,554.36	10.588	229	122	MBS	2
1990-33 . . . . .	A	March 1990	313603T28	(2)	PO	February 2017	PAC	64,180,000	0.18223516	8,332,287.01	9.729	233	117	MBS	3
1990-33 . . . . .	B	March 1990	313603S86	(2)	PO	October 2016	PAC	37,519,000	0.19521422	5,217,897.67	9.729	233	117	MBS	3
1990-33 . . . . .	C	March 1990	313603T36	(2)	PO	February 2017	PAC	5,000,000	1.00000000	3,562,073.00	9.729	233	117	MBS	3
000009-CL . . .	IO	March 1987	31364HCB1	9%	FIX	February 2017	IO	300,041,764	0.10195129	18,062,949.63	9.729	233	117	MBS	3
1993-201 . . . .	FA	October 1993	31359ESL6	(3)	FLT	October 2023	SUP	79,400,000	0.98842175	3,000,000.37	7.111	318	35	MBS	4
1989-102 . . . .	A	December 1989	313603PA4	(2)	PO	September 2015	PAC	67,500,000	0.13959334	2,791,866.80	9.680	229	118	MBS	5
1989-102 . . . .	B	December 1989	313603PG1	(2)	PO	February 2017	PAC	12,500,000	1.00000000	10,297,994.00	9.680	229	118	MBS	5
1989-102 . . . .	C	December 1989	313603PH9	(2)	PO	February 2017	SCH	32,000,000	0.11672274	3,077,145.60	9.680	229	118	MBS	5
000001-CL . . .	IO	February 1987	31364HBB2	9%	FIX	February 2017	IO	750,223,233	0.10519876	22,312,131.11	9.680	229	118	MBS	5

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

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

(3) This Class bears interest during each interest accrual period, subject to the applicable maximum and minimum interest rates, at the rate determined as follows:

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Class	Maximum Interest Rate	Minimum Interest Rate	Formula for Calculation of Interest Rate*
1993-201-FA	13.0%	0.0%	(LIBOR × 4.25) – 11.54687%

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.

**\$91,782,974**



**Guaranteed REMIC  
Pass-Through Certificates**

**Fannie Mae REMIC Trust 1996-27**

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**Salomon Brothers Inc**

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**Prospectus Supplement  
Dated May 30, 1996**