

\$211,821,413



FannieMae

**Guaranteed REMIC Pass-Through Certificates
Fannie Mae REMIC Trust 1996-39**

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 1996-39 (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) certain Fannie Mae Stripped Mortgage-Backed Securities specified herein (the "Trust SMBS") and (ii) the REMIC Certificates specified herein (the "Underlying REMIC Certificates") evidencing beneficial ownership interests in the related Fannie Mae REMIC Trusts (the "Underlying REMIC Trusts") as further described in Exhibit A hereto. The Trust SMBS evidence indirect beneficial ownership interests in certain principal and interest distributions made in respect of, and the assets of the Underlying REMIC Trusts evidence direct or indirect beneficial ownership interests in, certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the "MBS"). Each MBS represents a beneficial ownership interest in a pool (each, a "Pool") of first lien, single-family, fixed-rate residential mortgage loans (the "Mortgage Loans") having the characteristics described herein. The Certificates will be issued and guaranteed as to timely distribution of principal and interest by Fannie Mae.

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

See "Additional Risk Factors" on page S-7 hereof and "Risk Factors" beginning on page 8 of the REMIC Prospectus attached hereto for a discussion of certain risks that should be considered in connection with an investment in the Certificates. *(Cover continued on next page)*

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

THE CERTIFICATES, TOGETHER WITH ANY INTEREST THEREON, ARE NOT GUARANTEED BY THE UNITED STATES. THE OBLIGATIONS OF FANNIE MAE UNDER ITS GUARANTY OF THE CERTIFICATES ARE OBLIGATIONS SOLELY OF FANNIE MAE AND DO NOT CONSTITUTE AN OBLIGATION OF THE UNITED STATES OR ANY AGENCY OR INSTRUMENTALITY THEREOF OTHER THAN FANNIE MAE. THE CERTIFICATES ARE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933 AND ARE "EXEMPTED SECURITIES" WITHIN THE MEANING OF THE SECURITIES EXCHANGE ACT OF 1934.

Class	Original Principal Balance	Principal Type (1)	Interest Rate	Interest Type (1)	CUSIP Number	Final Distribution Date	Class	Original Principal Balance	Principal Type (1)	Interest Rate	Interest Type (1)	CUSIP Number	Final Distribution Date
A	\$45,000,000	SC/SEQ	6.0000%	FIX	31359KRS8	November 2018	J	\$11,349,000	SC/PT	(3)	PO	31359KSA6	September 2008
B	10,000,000	SC/SEQ	6.0000%	FIX	31359KRT6	October 2020	SJ	(2)	NTL	(4)	INV/IO	31359KSB4	September 2008
C	30,000,000	SC/SEQ	6.0000%	FIX	31359KRU3	December 2024	TA	16,278,947	SC/PT	2.91787%	FIX	31359KSC2	December 2021
D	14,754,459	SC/SEQ	6.0000%	FIX	31359KRV1	July 2026	TB	(2)	NTL	(4)	INV/IO	31359KSD0	December 2021
E	21,337,260	SC/PT	6.5000%	FIX	31359KRW9	July 2023	PF	11,196,433	SC/PT	(3)	PO	31359KSE8	May 2023
G	9,301,246	SC/PT	6.5000%	FIX	31359KRX7	March 2024	SF	(2)	NTL	(4)	INV/IO	31359KSF5	May 2023
H	42,604,068	SC/PT	8.0000%	FIX	31359KRY5	November 2023	R	0	NPR	0	NPR	31359KSG3	July 2026
IO	(2)	NTL	8.0000%	FIX/IO	31359KRZ2	November 2023	RL	0	NPR	0	NPR	31359KSH1	July 2026

- 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.
- The IO, SJ, TB and SF Classes will be Notional Classes, will not have principal balances and will bear interest on their notional principal balances (initially, \$335,001, \$11,349,000, \$8,971,247 and \$11,196,433, respectively). The notional principal balance of the IO Class will be calculated based upon the principal balance of the H Class and the notional principal balance of the interest only Trust SMBS included in the Lower Tier REMIC from Fannie Mae Stripped Security Trust 000251-CL, the notional principal balance of the SJ Class will be calculated based upon the principal balance of the J Class, the notional principal balance of the TB Class will be calculated based upon the principal balance of the TA Class and the notional principal balance of the SF Class will be calculated based upon the principal balance of the PF Class. See "Description of the Certificates—Distributions of Interest—Notional Classes" herein.
- These Classes will be Principal Only Classes and will bear no interest.
- The SJ and TB Classes will bear interest based on the "10-Year Treasury Index" and the SF Class will bear interest based on "LIBOR" as described under "Description of the Certificates—Distributions of Interest" herein and "Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes" in the REMIC Prospectus.

The Certificates will be offered by Deutsche Morgan Grenfell /C.J. Lawrence 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, 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 August 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, New York, New York, on or about the Settlement Date.

Deutsche Morgan Grenfell

(Cover continued from previous page)

The yields to investors in the Group 1 Classes (as described herein) will be sensitive in varying degrees to, among other things, the rate of principal distributions on the related Trust SMBS, which in turn will be determined by the rate of principal payments of the related Mortgage Loans and the characteristics of such Mortgage Loans. The yields to investors in the Group 2, Group 3, Group 4, Group 5, Group 6 and Group 7 Classes (as described herein) 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 the Underlying REMIC Certificates. The yield 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 Classes” herein.

See “Risk Factors—Yield Considerations” in the REMIC Prospectus and “Additional Risk Factors—Additional Yield and Prepayment Considerations” and “Yield Tables” 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, certain of the Underlying REMIC Certificates are Support classes that are 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 Trusts. Accordingly, such Underlying REMIC Certificates 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 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 “Risk Factors—Suitability and Reinvestment Considerations” 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 or the MBS 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 June 14, 1996 (the “REMIC Prospectus”), which is attached to this Prospectus Supplement;
- Fannie Mae’s Prospectus for Stripped Mortgage-Backed Securities dated July 1, 1996 (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 Information Statement dated February 22, 1996 and any supplements thereto (collectively, the “Information Statement”); and
- The Underlying Prospectus Supplements.

The SMBS Prospectus, the Mega Prospectus, the MBS Prospectus and the Information Statement are incorporated herein by reference and, together with the Underlying Prospectus Supplements, may be obtained from Fannie Mae by writing or calling its MBS Helpline at 3900 Wisconsin Avenue, N.W., Area 2H-3S, Washington, D.C. 20016 (telephone 1-800-BEST-MBS or 202-752-6547). Such documents, other than the Underlying Prospectus Supplements, may also be obtained from the Dealer by writing or calling its Prospectus Department at 31 West 52nd Street, New York, New York 10019 (telephone 212-469-6949).

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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 Trust SMBS and Underlying REMIC Certificates

The table contained in Exhibit A hereto sets forth information with respect to the Trust SMBS and Underlying REMIC Certificates, including certain information regarding the underlying Mortgage Loans. Certain additional information as to the Underlying REMIC Certificates may be obtained by performing an analysis of current Fannie Mae principal factors of the 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 Trust SMBS and Underlying REMIC Certificates” herein.

Interest Rates

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

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

<u>Class</u>	<u>Initial Interest Rate</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate</u>
SJ	6.44230%	18.26923%	0.00%	$19.61538\% - (1.92307693 \times 10\text{-Year Treasury Index})$
TB	7.36666%	20.58333%	0.00%	$22.20833\% - (10\text{-Year Treasury Index} \times 2.16666667)$
SF	1.54117%(1)	9.71365%	0.00%	$9.71365\% - (1.49440905 \times \text{LIBOR})$

(1) The initial interest rate listed above for the SF Class is an assumed rate. The actual initial interest rate for the SF Class will be calculated on the basis of the applicable formula for the calculation of such interest rate on the Index Determination Date occurring on August 22, 1996.

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

Notional Classes

The notional principal balance of each Notional Class will be equal to the indicated percentage of the outstanding principal balance of the Class specified below (or, in the case of the IO Class, the indicated percentage of the amount described below) immediately prior to the related Distribution Date:

<u>Class</u>	<u>Percentage of Principal Balance of Specified Amount or Class</u>
IO	100% of the excess of the outstanding notional principal balance of the interest only Trust SMBS included in the Lower Tier REMIC from Fannie Mae Stripped Mortgage-Backed Security Trust 000251-CL over the outstanding principal balance of the H Class
SJ	100% of J Class
TB	55.1095043187% of TA Class
SF	100% of PF Class

See “Description of the Certificates—Distributions of Interest—Notional Classes” and “—Yield Tables—*The Interest Only Classes*” herein.

Distributions of Principal

The portion of the Principal Distribution Amount allocated to each Class of Certificates will be determined by distributions of principal of the related Trust SMBS or Underlying REMIC Certificate or Certificates, as applicable. For such purposes, the Principal Distribution Amount will be allocated among the Group 1, Group 2, Group 3, Group 4, Group 5, Group 6 and Group 7 Principal Distribution Amounts as described herein under “Description of the Certificates—Distributions of Principal—*Principal Distribution Amount*”.

Group 1 Principal Distribution Amount

To the A, B, C and D Classes, in that order, to zero.

Group 2 Principal Distribution Amount

To the E Class, to zero.

Group 3 Principal Distribution Amount

To the G Class, to zero.

Group 4 Principal Distribution Amount

To the H Class, to zero.

Group 5 Principal Distribution Amount

To the J Class, to zero.

Group 6 Principal Distribution Amount

To the TA Class, to zero.

Group 7 Principal Distribution Amount

To the PF Class, to zero.

Weighted Average Lives (years) *

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>95%</u>	<u>140%</u>	<u>350%</u>	<u>500%</u>
A	14.8	4.5	3.5	1.8	1.5
B	23.2	10.2	7.7	3.7	2.8
C	26.4	16.1	12.6	5.9	4.3
D	29.2	25.4	22.6	12.3	8.7
E	22.8	9.4	1.9	1.9	1.3
G	24.5	14.2	5.6	0.3	0.3
J and SJ	9.0	7.9	7.9	7.9	6.3
TA and TB	19.7	8.1	7.9	6.2	4.2

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>95%</u>	<u>180%</u>	<u>350%</u>	<u>500%</u>
H	19.4	10.2	7.0	3.9	2.7
IO.....	22.3	10.7	7.2	7.0	7.0

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>95%</u>	<u>160%</u>	<u>350%</u>	<u>500%</u>
PF and SF	25.5	20.3	16.6	6.8	1.5

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

ADDITIONAL RISK FACTORS

Additional Yield and Prepayment Considerations

The rate of distributions of principal of the Group 1 Classes will be sensitive in varying degrees to the rate of principal distributions on the related Trust SMBS, which in turn will reflect the rate of amortization (including prepayments) of the related Mortgage Loans. The rate of distributions of principal of the Group 2, Group 3, Group 4, Group 5, Group 6 and Group 7 Classes will be directly related to the rate of principal distributions on the related Underlying REMIC Certificates, which in turn will be sensitive in varying degrees to the rate of payments of principal (including prepayments) of the related Mortgage Loans and the priority sequences affecting principal distributions on such Underlying REMIC Certificates. It is highly unlikely that the Mortgage Loans underlying any of the Trust SMBS or the Underlying REMIC Certificates will prepay at any of the rates assumed herein, will prepay at a *constant* PSA rate until maturity or that such Mortgage Loans will prepay at the same rate. Investors must make their own decisions as to the appropriate assumptions, including prepayment assumptions, to be used in deciding whether to purchase the 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, certain of the Underlying REMIC Certificates are Support classes that are 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 Trusts. Accordingly, such Underlying REMIC Certificates 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 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 such Underlying REMIC Certificates otherwise have performed as originally anticipated. Such information as to the Underlying REMIC Certificates may be obtained by performing an analysis of current Fannie Mae principal factors of the 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.

The effective yield on the Delay Classes (as defined herein) 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.

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 August 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 Trust SMBS and 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 guarantee obligations of Fannie Mae with respect to the Mega Certificates and the Trust SMBS are described in the Mega Prospectus and the SMBS 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 Trust 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 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 or 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 Holder 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) (each, a “Distribution Date”), 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 Lower Tier REMIC or 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 Trust SMBS and the Underlying REMIC Certificates. In the event any issue arises under the trust indenture or trust agreement governing any of the Trust SMBS or the Underlying Trusts that requires the vote of holders of certificates outstanding thereunder, the Trustee will vote the related Trust SMBS or Underlying REMIC Certificates, 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 Trust SMBS and Underlying REMIC Certificates

The Trust SMBS evidence indirect beneficial ownership interests in distributions of principal and/or interest on certain MBS included in the Fannie Mae Stripped Mortgage-Backed Security Trusts specified in Exhibit A hereto. The Underlying REMIC Certificates represent beneficial ownership interests in the related Underlying REMIC Trusts specified in Exhibit A hereto, the assets of which evidence direct or indirect beneficial ownership interests in certain MBS. Certain of the MBS are held in the form of Mega Certificates.

The general characteristics of the Trust SMBS, the Underlying REMIC Certificates, the Mega Certificates and the MBS are described in the SMBS Prospectus, Underlying Prospectus Supplements, 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. The Trust SMBS and the Underlying REMIC Certificates 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 the Trust SMBS and the Underlying REMIC Certificates, including the numerical designations of the Trust SMBS and the Underlying REMIC Trusts, 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 or notional principal balance of the entire class, the current principal factor for such class and the principal balance or notional principal balance of such class contained in the Lower Tier REMIC as of August 1, 1996 (the “Issue Date”). The table also sets forth the approximate weighted average WAC, approximate weighted average WAM and approximate weighted average CAGE of the Mortgage Loans underlying the related MBS as of the Issue Date, the underlying security type and the related Class Group.

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

Final Data Statement

Following the issuance of the Certificates, Fannie Mae will prepare a Final Data Statement setting forth, among other information, the current principal balance of the Trust SMBS and Underlying REMIC Certificates as of the Issue Date. The Final Data Statement will not accompany this Prospectus Supplement but will be made available by Fannie Mae. To request the Final Data Statement, telephone Fannie Mae at 1-800-BEST-MBS or 202-752-6547. The contents of the Final Data Statement and other data specific to the Certificates are available in electronic form by calling Fannie Mae at 1-800-752-6440 or 202-752-6000.

Distributions of Interest

Categories of Classes

For the purpose of payments of interest, the Classes will be categorized as follows:

<u>Interest Type*</u>	<u>Classes</u>
Fixed Rate	A, B, C, D, E, G, H, IO and TA
Inverse Floating Rate	SJ, TB and SF
Interest Only	IO, SJ, TB and SF
Principal Only	J and PF
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 set forth on the cover or described herein. Interest on the interest-bearing Certificates is calculated on the basis of a 360-day year consisting of twelve 30-day months and is distributable monthly on each Distribution Date, commencing in the month after the Settlement Date. Interest to be distributed on each interest-bearing Certificate on a Distribution Date will consist of one month’s interest on the outstanding principal balance of such Certificate immediately prior to such Distribution Date.

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

<u>Classes</u>	<u>Interest Accrual Periods</u>
SF 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 interest-bearing Classes other than the SF Class (collectively, the “Delay Classes”)	Calendar month preceding the month in which the Distribution Date occurs

See “Yield Considerations” herein.

Notional Classes. The IO, SJ, TB and SF Classes will be Notional Classes. The Notional Classes will have no principal balances and will bear interest at the applicable per annum interest rates set forth or 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 (or, in the case of the IO Class, the indicated percentage of the amount) specified below immediately prior to the related Distribution Date:

<u>Class</u>	<u>Percentage of Principal Balance of Specified Amount or Class</u>
IO	100% of the excess of the outstanding notional principal balance of the interest only Trust SMBS included in the Lower Tier REMIC from Fannie Mae Stripped Mortgage-Backed Security Trust 000251-CL over the outstanding principal balance of the H Class
SJ	100% of J Class
TB	55.1095043187% of TA Class
SF	100% of PF 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 related Trust SMBS or Underlying REMIC Certificate, 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 such Class that will be applicable to the notional principal balance thereof, and references herein to the principal balances of the Certificates generally shall be deemed to refer also to the notional principal balances of the Notional Classes.

Inverse Floating Rate Classes. 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>
SJ	6.44230%	18.26923%	0.00%	$19.61538\% - (1.92307693 \times 10\text{-Year Treasury Index})$
TB	7.36666%	20.58333%	0.00%	$22.20833\% - (10\text{-Year Treasury Index} \times 2.16666667)$
SF	1.54117%(1)	9.71365%	0.00%	$9.71365\% - (1.49440905 \times \text{LIBOR})$

- (1) The initial interest rate listed above for the SF Class is an assumed rate. The actual initial interest rate for the SF Class will be calculated on the basis of the applicable formula for the calculation of such interest rate on the Index Determination Date occurring on August 22, 1996.

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

The establishment of each Index value by Fannie Mae and Fannie Mae’s determination of the rate or rates of interest for the applicable Class or 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 10-Year Treasury Index

On each Index Determination Date, until the notional principal balances of the SJ and TB Classes have been reduced to zero, Fannie Mae will ascertain the average yield on U.S. Treasury securities, adjusted to a constant maturity of ten years, in effect for the week ending on the last Friday immediately preceding the related Index Determination Date in the manner described in the REMIC Prospectus under “Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes—*Treasury Index*” with respect to yields on U.S. Treasury securities at “constant maturity.”

Calculation of LIBOR

On each Index Determination Date, until the notional principal balance of the SF Class has been reduced to zero, Fannie Mae will establish LIBOR for the related Interest Accrual Period in the manner described in the REMIC Prospectus under “Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes—*LIBOR*.”

If on the initial Index Determination Date, Fannie Mae is unable to determine LIBOR in the manner specified in the REMIC Prospectus, LIBOR for the next succeeding Interest Accrual Period will be equal to LIBOR as determined for such Interest Accrual Period for the related Underlying REMIC Certificate.

Distributions of Principal

Categories of Classes

For the purpose of payments of principal, the Classes will be categorized as follows:

<u>Principal Type*</u>	<u>Classes</u>
Group 1 Classes	
Structured Collateral/Sequential Pay	A, B, C and D
Group 2 Class	
Structured Collateral/Pass-Through	E
Group 3 Class	
Structured Collateral/Pass-Through	G
Group 4 Classes	
Structured Collateral/Pass-Through	H
Notional	IO
Group 5 Classes	
Structured Collateral/Pass-Through	J
Notional	SJ
Group 6 Classes	
Structured Collateral/Pass-Through	TA
Notional	TB
Group 7 Classes	
Structured Collateral/Pass-Through	PF
Notional	SF
No Payment Residual	R and RL

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

Principal Distribution Amount

Principal will be distributed monthly on the Certificates in an amount (the “Principal Distribution Amount”) equal to the sum of (i) the distribution of principal concurrently made on the Trust SMBS included in Fannie Mae Stripped Mortgage-Backed Security Trust 000273-CL (the “Group 1 Principal Distribution Amount”), (ii) the aggregate distributions of principal concurrently made on the Class 1994-41-F and Class 1994-41-S REMIC Certificates (the “Group 2 Principal Distribution Amount”), (iii) the aggregate distributions of principal concurrently made on the Class 1994-41-FA and Class 1994-41-SD REMIC Certificates (the “Group 3 Principal Distribution Amount”), (iv) the aggregate distributions of principal concurrently made on the Class 1993-242-A, Class 1993-242-B, Class 1993-242-C, Class 1993-242-E and Class 1993-242-G REMIC Certificates (the “Group 4 Principal Distribution Amount”), (v) the distribution of principal concurrently made on the Class 1993-170-S REMIC Certificate (the “Group 5 Principal Distribution Amount”), (vi) the aggregate distributions of principal concurrently made on the Class 1993-138-FM and Class 1993-138-SM REMIC Certificates (the “Group 6 Principal Distribution Amount”) and (vii) the distribution of principal concurrently made on the Class 1993-97-SB REMIC Certificate (the “Group 7 Principal Distribution Amount”). The portion of the class of Trust SMBS and 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 Principal Distribution Amount will be distributed, sequentially, as principal of the A, B, C and D Classes, in that order, until the respective principal balances thereof are reduced to zero.

} Sequential Pay
Classes

Group 2 Principal Distribution Amount

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

Group 5 Principal Distribution Amount

On each Distribution Date, the Group 5 Principal Distribution Amount will be distributed as principal of the J Class, until the principal balance thereof is reduced to zero.

Group 6 Principal Distribution Amount

On each Distribution Date, the Group 6 Principal Distribution Amount will be distributed as principal of the TA Class, until the principal balance thereof is reduced to zero.

Group 7 Principal Distribution Amount

On each Distribution Date, the Group 7 Principal Distribution Amount will be distributed as principal of the PF Class, until the principal balance thereof is 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 Trust SMBS and Underlying REMIC Certificates, the priority sequences affecting the principal distributions on the Underlying REMIC Certificates and the following assumptions (such characteristics and assumptions, collectively, the “Pricing Assumptions”):

- the Mortgage Loans prepay at the constant percentages of PSA specified in the related table;
- the closing date for the sale of the Certificates is the Settlement Date; and
- the first Distribution Date for the Certificates occurs in the month following the Settlement Date.

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 Models” in the REMIC Prospectus. It is highly unlikely that prepayments will occur at any PSA rate or at any other constant rate.

Yield Tables

General. The tables below indicate the sensitivity of the pre-tax corporate bond equivalent yields to maturity of applicable Classes to various constant percentages of PSA and, where specified, to changes in the applicable Index. The yields set forth in the tables were calculated by determining the monthly discount rates that, when applied to the assumed streams of cash flows to be paid on the applicable Classes, would cause the discounted present value of such assumed streams of cash flows to equal the assumed aggregate purchase prices of such Classes and converting such monthly rates to corporate bond equivalent rates. Such calculations do not take into account variations that may occur in the interest rates at which investors may be able to reinvest funds received by them as distributions on the Certificates and consequently do not purport to reflect the return on any investment in the Certificates when such reinvestment rates are considered. *There can be no assurance that the pre-tax yields on the Certificates will correspond to any of the pre-tax yields shown herein or that the aggregate purchase prices of the Certificates will be as assumed. In addition, there can be no assurance that the applicable Index will correspond to the levels shown herein. Furthermore, because some of the Mortgage Loans will likely have remaining terms to maturity shorter or longer than those assumed and interest rates higher or lower than those assumed, the principal distributions on the Certificates are likely to differ from those assumed, even if all Mortgage Loans prepay at the indicated constant percentages of PSA. Moreover, it is not likely that the Mortgage Loans will prepay at a constant PSA rate until maturity, that all of such Mortgage Loans will prepay at the same rate or that the level of the applicable Index will remain constant.*

The Principal Only Classes. The Principal Only Classes will not bear interest. As indicated in the tables below, a low rate of principal payments (including prepayments) on the Mortgage Loans underlying the related Underlying REMIC Trusts will have a negative effect on the yields to investors in the Principal Only Classes.

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

<u>Class</u>	<u>Price</u>
J	58.5000%
PF	42.8125%

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

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>95%</u>	<u>140%</u>	<u>350%</u>	<u>500%</u>
J	6.9%	7.0%	7.0%	7.0%	8.8%

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>95%</u>	<u>160%</u>	<u>350%</u>	<u>500%</u>
PF	3.8%	4.3%	5.3%	17.8%	71.4%

The Interest Only Classes. The yields to investors in the Interest Only Classes will be very sensitive to the rate of principal payments (including prepayments) of the Mortgage Loans underlying the related Underlying REMIC Trusts and, in the case of the Inverse Floating Rate Classes, to the level of the applicable Index. 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 prepayment and, where applicable, Index scenarios, investors in the Interest Only Classes would not fully recoup their initial investments.

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

The information set forth in the following tables was prepared on the basis of the Pricing Assumptions and the assumptions that (i) the interest rates applicable to the Inverse Floating Rate Classes for the initial Interest Accrual Period are the actual and assumed rates appearing in the table under “Distributions of Interest—*Inverse Floating Rate Classes*” herein and for each Interest Accrual Period subsequent to the initial Interest Accrual Period will be based on the indicated level of the applicable Index and (ii) the aggregate purchase prices of the Interest Only Classes (expressed in each case as a percentage of original principal balance) are as follows:

<u>Class</u>	<u>Price*</u>
IO	39.0000%
SJ	33.1250%
TB	34.2500%
SF	4.3125%

* 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 IO Class to Prepayments

	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>95%</u>	<u>180%</u>	<u>350%</u>	<u>500%</u>
Pre-Tax Yields to Maturity	19.7%	17.5%	11.3%	10.4%	10.4%

Sensitivity of the SJ Class to Prepayments and 10-Year Treasury Index (Pre-Tax Yields to Maturity)

<u>10-Year Treasury Index</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>95%</u>	<u>140%</u>	<u>350%</u>	<u>500%</u>
4.85000%	27.9%	27.6%	27.6%	27.6%	23.6%
6.85000%	11.6%	11.3%	11.3%	11.2%	5.9%
8.85000%	(10.0)%	(10.3)%	(10.3)%	(10.6)%	(17.5)%
10.19999%	*	*	*	*	*

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

Sensitivity of the TB Class to Prepayments and 10-Year Treasury Index (Pre-Tax Yields to Maturity)

<u>10-Year Treasury Index</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>95%</u>	<u>140%</u>	<u>350%</u>	<u>500%</u>
4.85%	34.8%	32.2%	31.9%	28.4%	17.6%
6.85%	19.4%	15.0%	14.6%	9.4%	(4.6)%
8.85%	0.4%	(7.5)%	(8.1)%	(16.2)%	(35.1)%
10.25%	*	*	*	*	*

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

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

LIBOR	PSA Prepayment Assumption				
	50%	95%	160%	350%	500%
3.4687%.....	124.1%	124.1%	124.1%	111.8%	56.2%
5.4687%.....	38.5%	38.5%	38.3%	24.3%	(47.8)%
6.5000%.....	*	*	*	*	*

* 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 Group 1 Classes and, in the case of the Group 2 Group 3, Group 4, Group 5, Group 6 and Group 7 Classes, the priority sequences of distributions of principal of the related Underlying REMIC Certificates. See “Distributions of Principal” herein and “Description of the Certificates—Distributions of Principal” in the Underlying Prospectus Supplements.

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

Decrement Tables

The following tables indicate the percentages of original principal 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:

Mortgage Loans relating to the Trust SMBS and Underlying REMIC Trusts specified below	Original Terms to Maturity	Remaining Terms to Maturity	Interest Rates	Related Groups
000273-CL	360 months	359 months	9.5%	Group 1
1994-41	360 months	331 months	9.5%	Groups 2 and 3
1993-242 and 000251-CL	360 months	327 months	10.5%	Group 4
1993-170	180 months	145 months	9.0%	Group 5
1993-138	360 months	324 months	9.5%	Group 6
1993-97	360 months	321 months	10.0%	Group 7

It is not likely that (i) all of the underlying Mortgage Loans will have the interest rates, CAGEs or remaining terms to maturity assumed or (ii) the underlying Mortgage Loans will prepay at a constant PSA level. In addition, the diverse remaining terms to maturity of the Mortgage Loans could produce slower or faster principal distributions than indicated in the tables at the specified constant PSA levels, even if the distributions of the weighted average remaining terms to maturity and the weighted average CAGEs of the Mortgage Loans are identical to the distributions of the remaining terms to maturity and CAGEs specified in the Pricing Assumptions.

Percent of Original Principal Balances Outstanding

Date	A Class					B Class					C Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	95%	140%	350%	500%	0%	95%	140%	350%	500%	0%	95%	140%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 1997	99	93	91	80	72	100	100	100	100	100	100	100	100	100	100
August 1998	97	81	74	44	24	100	100	100	100	100	100	100	100	100	100
August 1999	95	68	56	8	0	100	100	100	100	7	100	100	100	100	100
August 2000	94	55	39	0	0	100	100	100	8	0	100	100	100	100	56
August 2001	92	42	24	0	0	100	100	100	0	0	100	100	100	69	23
August 2002	89	31	10	0	0	100	100	100	0	0	100	100	100	43	1
August 2003	87	20	0	0	0	100	100	85	0	0	100	100	100	23	0
August 2004	84	9	0	0	0	100	100	32	0	0	100	100	100	6	0
August 2005	81	0	0	0	0	100	98	0	0	0	100	100	94	0	0
August 2006	78	0	0	0	0	100	56	0	0	0	100	100	79	0	0
August 2007	75	0	0	0	0	100	16	0	0	0	100	100	66	0	0
August 2008	71	0	0	0	0	100	0	0	0	0	100	93	54	0	0
August 2009	66	0	0	0	0	100	0	0	0	0	100	81	42	0	0
August 2010	62	0	0	0	0	100	0	0	0	0	100	70	32	0	0
August 2011	56	0	0	0	0	100	0	0	0	0	100	59	23	0	0
August 2012	51	0	0	0	0	100	0	0	0	0	100	49	14	0	0
August 2013	44	0	0	0	0	100	0	0	0	0	100	39	6	0	0
August 2014	38	0	0	0	0	100	0	0	0	0	100	30	0	0	0
August 2015	30	0	0	0	0	100	0	0	0	0	100	21	0	0	0
August 2016	22	0	0	0	0	100	0	0	0	0	100	13	0	0	0
August 2017	13	0	0	0	0	100	0	0	0	0	100	5	0	0	0
August 2018	3	0	0	0	0	100	0	0	0	0	100	0	0	0	0
August 2019	0	0	0	0	0	62	0	0	0	0	100	0	0	0	0
August 2020	0	0	0	0	0	7	0	0	0	0	100	0	0	0	0
August 2021	0	0	0	0	0	0	0	0	0	0	82	0	0	0	0
August 2022	0	0	0	0	0	0	0	0	0	0	60	0	0	0	0
August 2023	0	0	0	0	0	0	0	0	0	0	36	0	0	0	0
August 2024	0	0	0	0	0	0	0	0	0	0	9	0	0	0	0
August 2025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	14.8	4.5	3.5	1.8	1.5	23.2	10.2	7.7	3.7	2.8	26.4	16.1	12.6	5.9	4.3

Date	D Class					E Class					G Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	95%	140%	350%	500%	0%	95%	140%	350%	500%	0%	95%	140%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 1997	100	100	100	100	100	100	100	69	69	69	100	100	87	3	3
August 1998	100	100	100	100	100	100	100	44	44	0	100	100	77	0	0
August 1999	100	100	100	100	100	100	100	22	22	0	100	100	69	0	0
August 2000	100	100	100	100	100	100	100	5	0	0	100	100	63	0	0
August 2001	100	100	100	100	100	100	100	0	0	0	100	100	59	0	0
August 2002	100	100	100	100	100	100	100	0	0	0	100	100	55	0	0
August 2003	100	100	100	100	70	100	100	0	0	0	100	100	48	0	0
August 2004	100	100	100	100	48	100	94	0	0	0	100	100	34	0	0
August 2005	100	100	100	88	33	100	64	0	0	0	100	100	15	0	0
August 2006	100	100	100	68	23	100	28	0	0	0	100	100	0	0	0
August 2007	100	100	100	52	15	100	0	0	0	0	100	100	0	0	0
August 2008	100	100	100	40	11	100	0	0	0	0	100	100	0	0	0
August 2009	100	100	100	31	7	100	0	0	0	0	100	89	0	0	0
August 2010	100	100	100	24	5	100	0	0	0	0	100	56	0	0	0
August 2011	100	100	100	18	3	100	0	0	0	0	100	23	0	0	0
August 2012	100	100	100	14	2	100	0	0	0	0	100	0	0	0	0
August 2013	100	100	100	10	1	100	0	0	0	0	100	0	0	0	0
August 2014	100	100	98	8	1	100	0	0	0	0	100	0	0	0	0
August 2015	100	100	85	6	1	100	0	0	0	0	100	0	0	0	0
August 2016	100	100	72	4	*	100	0	0	0	7	100	0	0	0	0
August 2017	100	100	61	3	*	100	0	0	0	0	100	0	0	0	0
August 2018	100	95	51	2	*	100	0	0	0	0	100	0	0	0	0
August 2019	100	80	42	2	*	26	0	0	0	0	100	0	0	0	0
August 2020	100	66	34	1	*	0	0	0	0	0	100	0	0	0	0
August 2021	100	53	26	1	*	0	0	0	0	0	0	0	0	0	0
August 2022	100	40	19	*	*	0	0	0	0	0	0	0	0	0	0
August 2023	100	28	13	*	*	0	0	0	0	0	0	0	0	0	0
August 2024	100	16	7	*	*	0	0	0	0	0	0	0	0	0	0
August 2025	60	5	2	*	*	0	0	0	0	0	0	0	0	0	0
August 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	29.2	25.4	22.6	12.3	8.7	22.8	9.4	1.9	1.9	1.3	24.5	14.2	5.6	0.3	0.3

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

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

Date	H Class					IO† Class					J and SJ† Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	95%	180%	350%	500%	0%	95%	180%	350%	500%	0%	95%	140%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 1997	99	93	88	78	69	100	100	100	100	100	100	100	100	100	100
August 1998	99	87	77	61	47	100	100	100	100	100	100	100	100	100	100
August 1999	98	80	68	47	32	100	100	100	100	100	100	100	100	100	100
August 2000	97	75	60	36	22	100	100	100	100	100	100	100	100	100	100
August 2001	96	69	52	28	15	100	100	100	100	100	100	100	100	100	75
August 2002	95	64	46	22	10	100	100	100	72	72	100	89	89	89	46
August 2003	93	59	40	17	7	100	100	37	37	37	100	62	62	62	27
August 2004	92	54	35	13	5	100	100	19	19	19	98	41	41	41	15
August 2005	90	50	31	10	3	100	100	9	9	9	33	26	26	24	8
August 2006	89	45	26	8	2	100	100	5	5	5	14	14	14	12	4
August 2007	87	42	23	6	2	100	2	2	2	2	6	6	6	4	1
August 2008	84	38	20	5	1	100	1	1	1	1	0	0	0	0	0
August 2009	82	35	17	3	1	100	*	*	*	*	0	0	0	0	0
August 2010	79	31	14	3	*	100	*	*	*	*	0	0	0	0	0
August 2011	76	28	12	2	*	100	*	*	*	*	0	0	0	0	0
August 2012	73	24	10	1	*	100	*	*	*	*	0	0	0	0	0
August 2013	70	21	8	1	*	100	*	*	*	*	0	0	0	0	0
August 2014	66	18	7	1	*	100	*	*	*	*	0	0	0	0	0
August 2015	61	16	5	1	*	100	*	*	*	*	0	0	0	0	0
August 2016	56	13	4	*	*	100	*	*	*	*	0	0	0	0	0
August 2017	51	10	3	*	*	100	*	*	*	*	0	0	0	0	0
August 2018	44	8	2	*	*	100	*	*	*	*	0	0	0	0	0
August 2019	38	5	2	*	*	*	*	*	*	*	0	0	0	0	0
August 2020	31	3	1	*	*	*	*	*	*	*	0	0	0	0	0
August 2021	22	1	*	*	*	*	*	*	*	*	0	0	0	0	0
August 2022	13	*	*	*	*	*	*	*	*	*	0	0	0	0	0
August 2023	3	*	*	0	0	*	*	*	0	0	0	0	0	0	0
August 2024	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	19.4	10.2	7.0	3.9	2.7	22.3	10.7	7.2	7.0	7.0	9.0	7.9	7.9	7.9	6.3

Date	TA and TB† Classes					PF and SF† Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	95%	140%	350%	500%	0%	95%	160%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100
August 1997	100	100	100	100	100	100	100	100	100	69
August 1998	100	100	100	100	100	100	100	100	77	26
August 1999	100	100	100	100	100	100	100	100	59	2
August 2000	100	100	100	100	58	100	100	100	50	0
August 2001	100	100	100	93	15	100	100	100	46	0
August 2002	100	100	100	54	0	100	100	100	46	0
August 2003	100	78	70	24	0	100	100	100	46	0
August 2004	100	49	45	*	0	100	100	100	46	0
August 2005	100	24	24	0	0	100	100	100	40	0
August 2006	100	6	6	0	0	100	100	100	31	0
August 2007	100	0	0	0	0	100	100	100	23	0
August 2008	100	0	0	0	0	100	100	89	18	0
August 2009	100	0	0	0	0	100	100	77	13	0
August 2010	100	0	0	0	0	100	100	67	10	0
August 2011	100	0	0	0	0	100	100	57	8	0
August 2012	100	0	0	0	0	100	95	48	6	0
August 2013	100	0	0	0	0	100	83	40	4	0
August 2014	98	0	0	0	0	100	72	34	3	0
August 2015	71	0	0	0	0	100	61	27	2	0
August 2016	40	0	0	0	0	100	50	22	1	0
August 2017	6	0	0	0	0	100	41	17	1	0
August 2018	0	0	0	0	0	100	31	12	1	0
August 2019	0	0	0	0	0	100	22	8	*	0
August 2020	0	0	0	0	0	100	13	5	*	0
August 2021	0	0	0	0	0	68	5	2	*	0
August 2022	0	0	0	0	0	31	*	*	*	0
August 2023	0	0	0	0	0	0	0	0	0	0
August 2024	0	0	0	0	0	0	0	0	0	0
August 2025	0	0	0	0	0	0	0	0	0	0
August 2026	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	19.7	8.1	7.9	6.2	4.2	25.5	20.3	16.6	6.8	1.5

* 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 have no 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 a noneconomic residual interest 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. Transferors 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 Holder (i) such information as is necessary to enable it to prepare its federal income tax return 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, the Principal Only Classes and the C, D and TA 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 140% PSA in the case of the Group 1, Group 2, Group 3, Group 5 and Group 6 Classes, 180% PSA in the case of the Group 4 Classes, and 160% PSA in the case of the Group 7 Classes. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Original Issue Discount*” in the REMIC Prospectus. No representation is made as to whether the Mortgage Loans underlying the MBS will prepay at either 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 8.41% (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 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 the Underlying REMIC Certificates are different from the Prepayment Assumptions, as provided above, that will be used to determine the accruals of OID on the related Regular Certificates. Because of the different Prepayment Assumptions and the tax characteristics of the Underlying REMIC Certificates, the beneficial owner of an R Certificate may be required to accrue OID on the Underlying REMIC Certificates without being entitled to a corresponding deduction for OID accrued on the Regular Certificates. Investors should refer to “Certain Additional Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates” in the Underlying Prospectus Supplements for the Prepayment Assumptions that will be used to determine the accruals of OID on the Underlying REMIC Certificates. See also “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Taxable Income or Net Loss of a REMIC Trust*” in the REMIC Prospectus.

PLAN OF DISTRIBUTION

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

Increase in Certificates. Before the Settlement Date, Fannie Mae and the Dealer may agree to offer hereby Group 1 Certificates in addition to those contemplated as of the date hereof. In such event, the related Trust SMBS will be increased in principal balance, but it is expected that all such additional Trust SMBS will have the same characteristics as described herein under “Description of the Certificates—The Trust SMBS and Underlying REMIC Certificates.” The proportion that the original principal balance of each Group 1 Class bears to the aggregate original principal balance of all Group 1 Classes will remain the same.

LEGAL MATTERS

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

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Exhibit A

Underlying REMIC Certificates and Trust SMBS

Underlying REMIC or SMBS Trust	Class	Date of Issue	CUSIP Number	Interest Rate	Interest Type (1)	Final Distribution Date	Original Principal Type (1)	Original Principal or Notional Principal Balance of Class	August 1996 Class Factor	Principal or Notional Principal Balance in the Lower Tier REMIC as of Issue Date	Approximate Weighted Average WAC	Approximate Weighted Average WAM (in months)	Approximate Weighted Average CAGE (in months)	Underlying Security Type	Class Group
000273-CL	PO	July 1996	31364HL70	(2)	PO	July 2026	PO	\$1,150,000,000	0.99754459	\$99,754,459.00	7.644%	354	5	MBS	1
000273-CL	IO	July 1996	31364HL88	7.0%	IO	July 2026	IO	1,150,000,000	0.99754459	85,503,822.29	7.644	354	5	MBS	1
1994-41	F	March 1994	31359HEF7	(3)	FLT	July 2023	PAC	24,555,556	0.68036397	15,410,243.92	7.490	323	31	MBS	2
1994-41	S	March 1994	31359HEG5	(3)	INV	July 2023	PAC	9,444,444	0.68036397	5,927,017.26	7.490	323	31	MBS	2
1994-41	FA	March 1994	31359HEL4	(3)	FLT	March 2024	SCH	22,236,842	0.86581298	6,364,013.72	7.490	323	31	MBS	3
1994-41	SD	March 1994	31359HEN0	(3)	INV	March 2024	SCH	5,263,158	0.86581298	2,937,233.30	7.490	323	31	MBS	3
1993-242	A	November 1993	31359E7F2	(2)	PO	October 2023	PAC	22,854,000	0.30881933	7,057,756.97	8.470	305	46	MBS	4
1993-242	B	November 1993	31359E7G0	(2)	PO	November 2023	PAC	15,116,000	1.00000000	15,116,000.00	8.470	305	46	MBS	4
1993-242	C	November 1993	31359E7H8	(2)	PO	November 2023	PAC	2,078,000	1.00000000	2,078,000.00	8.470	305	46	MBS	4
1993-242	E	November 1993	31359E7K1	(2)	PO	November 2023	TAC	16,367,000	0.78904652	12,914,324.39	8.470	305	46	MBS	4
1993-242	G	November 1993	31359E7L9	(2)	PO	November 2023	SUP	10,250,000	0.53053540	5,437,987.85	8.470	305	46	MBS	4
000251-CL	IO	November 1993	31364HF44	8.0	IO	November 2023	IO	2,023,400,329	0.64088163	42,939,069.21	8.470	305	46	MBS	4
1993-170	S	September 1993	31359DRG0	(3)	INV	September 2008	PAC	11,349,000	1.00000000	11,349,000.00	7.010	140	36	MBS	5
1993-138	FM	August 1993	31359DDU4	(3)	FLT	December 2021	PAC	46,104,386	1.00000000	5,000,000.00	7.520	313	38	MBS	6
1993-138	SM	August 1993	31359DDV2	(3)	INV	December 2021	PAC	21,278,947	1.00000000	11,278,947.00	7.520	313	38	MBS	6
1993-097	SB	June 1993	31359AH77	(3)	INV	May 2023	SUP	25,140,640	0.56066265	11,196,433.12	7.984	307	43	MBS	7

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- (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) These Classes bear interest during their respective interest accrual periods, subject to the applicable maximum and minimum interest rates, as further described in the related Underlying Prospectus Supplements.

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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.

\$211,821,413



FannieMae

**Guaranteed REMIC
Pass-Through Certificates
Fannie Mae REMIC Trust 1996-39**

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PROSPECTUS SUPPLEMENT

Deutsche Morgan Grenfell

July 29, 1996