PROSPECTUS SUPPLEMENT
(To Prospectus dated June 14, 1996)

$239,266,932

FannieMae

Guaranteed REMIC Pass-Through Certificates
Fannie Mae REMIC Trust 1996-42

The Guaranteed REMIC Pass-Through Certificates offered hereby (the "Certificates") will represent beneficial ownership interests in Fannie Mae REMIC Trust 1996-42 (the "Trust"). The LL Class, having an aggregate original principal balance of $13,404,000, is being offered by means of a separate Prospectus Supplement dated August 8, 1996 (the "Retail Class Supplement"). The other Classes of Certificates are offered hereby. The assets of the Trust will include (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 beneficial ownership interests in, certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the "MBS"). Each MBS represents a beneficial interest in a pool (each, a "Pool") of first lien, single-family, fixed-rate residential mortgage loans (the "Mortgage Loans") having the characteristics described herein. The Certificates will be issued and guaranteed as to timely distribution of principal 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-6 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
A	$109,741,000	TAC	7.125%	FIX	31359KTJ6	April 2025
B	9,973,000	TAC	7.125	FIX	31359KTK3	February 2026
LL	(2)	RTL/TAC	7.500	FIX	31359KTH0	September 2026
C	706,000	TAC	(3)	PO	31359KTL1	September 2026
F	12,806,000	SUP	(4)	FLT	31359KTM9	September 2026
S	3,370,000	SUP	(4)	INV	31359KTN7	September 2026
G	43,865,000	SC/SCH	6.500	FIX	31359KTP2	September 2023
H	20,000,113	SC/SUP	6.500	FIX	31359KTQ0	September 2023
J	3,847,500	SC/STP	(3)	PO	31359KTR8	September 2012
K	21,554,319	SC/PT	6.500	FIX	31359KTS6	July 2023
R	0	NPR	0	NPR	31359KTT4	September 2026

(1) See "Description of the Certificates—Class Definitions and Abbreviations" in the REMIC Prospectus and "Description of the Certificates—Distributions of Interest" and "—Distributions of Principal" herein.
(2) The LL Class, with an original principal balance of $13,404,000, is being offered by means of the Retail Class Supplement and is not offered hereby.
(3) These Classes will be Principal Only Classes and will bear no interest.
(4) The F and S 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.

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

The Certificates will be offered by the Dealer, subject to issuance by Fannie Mae, to prior sale or to withdrawal or modification of the offer without notice, when, as and if delivered to and accepted by the Dealer, and subject to approval of certain legal matters by counsel. It is expected that the Certificates, except for the R Class, will be available through the book-entry system of the Federal Reserve Banks on or about September 27, 1996 (the "Settlement Date"). It is expected that the R Class in registered, certificated form will be available for delivery at the offices of the Dealer, Three World Financial Center, New York, New York 10285, on or about the Settlement Date. It is expected that the LL Class will be available for delivery through the book-entry facilities of The Depository Trust Company on or about such date.

LEHMAN BROTHERS

August 8, 1996

(Cover continued from previous page)

The yield 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 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 and Group 3 Classes (as described herein) will be sensitive to, among other things, the rate of distributions on the related Underlying REMIC Certificates, which in turn will be sensitive 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 the 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.**
- **The yields on the Floating Rate and Inverse Floating Rate Classes 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 "Risk Factors—Yield Considerations" in the REMIC Prospectus and "Additional Risk Factors—Additional Yield and Prepayment Considerations" herein.

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

- **The Underlying REMIC Certificates are subordinate in priority of principal distribution to certain other classes of certificates evidencing beneficial ownership interests in the related Underlying REMIC Trusts and, accordingly, there is no assurance that principal distributions will be made on the Underlying REMIC Certificates on any particular Distribution Date. In addition, the Underlying REMIC Certificates have Principal Balance Schedules and, as a result, may receive principal distributions at rates faster or slower than would otherwise have been the case. Further, prepayments on the related Mortgage Loans may have occurred at rates faster or slower than those initially assumed. This Prospectus Supplement contains no information as to whether the 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 may be obtained by performing an analysis of current Fannie Mae principal factors in the context of applicable information contained in the 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. Any representation to the contrary is a criminal offense.

An election will be made to treat the Trust as a "real estate mortgage investment conduit" ("REMIC") pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). The R Class will be subject to transfer restrictions. See "Description of the Certificates—Characteristics of the R Class" and "Certain Additional Federal Income Tax Consequences" herein, and "Description of the Certificates—Additional Characteristics of Residual Certificates" and "Certain Federal Income Tax Consequences" in the REMIC Prospectus.

Investors should purchase the Certificates only if they have read and understood this Prospectus Supplement and the following documents (collectively, the "Disclosure Documents"):

- Fannie Mae's Prospectus for Guaranteed REMIC Pass-Through Certificates dated 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, 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 Lehman Brothers Inc. by writing or calling its Registration Department at 536 Broadhollow Road, Melville, New York 11747 (telephone 516-254-7106).

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REFERENCE SHEET

This reference sheet is not a summary of the REMIC transaction and it does not contain complete information about the Certificates. Investors should purchase the Certificates only after reading this Prospectus Supplement and each of the additional Disclosure Documents described herein in their entirety.

Assumed Characteristics of the Mortgage Loans Underlying the Trust SMBS (as of September 1, 1996)

Approximate Principal Balance	Approximate Weighted Average Remaining Term to Maturity (in months)	Approximate Weighted Average Calculated Loan Age (in months)	Approximate Weighted Average Coupon
$150,000,000	330	30	8.92%

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

Characteristics of the Underlying REMIC Certificates

The table contained in Exhibit A hereto sets forth information with respect to the Underlying REMIC Certificates, including certain information regarding the related 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 Underlying Prospectus Supplements, which may be obtained from Fannie Mae as described herein.

See "Description of the Certificates—The Underlying REMIC Certificates" herein.

Interest Rates

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

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

Class	Initial Interest Rate	Maximum Interest Rate	Minimum Interest Rate	Formula for Calculation of Interest Rate
F	6.5875%	9.00%	1.15%	LIBOR + 115 basis points
S	9.1675%	29.83%	0.00%	29.83% − (3.8 × LIBOR)

See "Description of the Certificates—Distributions of Interest—Floating Rate and Inverse Floating Rate Classes" herein.

Distributions of Principal

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

Group 1 Principal Distribution Amount

a. Commencing in October 1999, on each Distribution Date, to the LL and C Classes, in proportion to their original principal balances, in an amount equal to the lesser of (x) the Group 1 Principal Distribution Amount and (y) $14,110.

b. Commencing in October 1996, on each Distribution Date, to the Group 1 Classes in the following order:

(i) to the A and B Classes, in that order, to their respective Targeted Balances for such Distribution Date;

(ii) to the LL and C Classes, in proportion to their original principal balances, to their respective Targeted Balances for such Distribution Date;

(iii) to the F and S Classes, in proportion to their original principal balances, to zero;

(iv) to the A and B Classes, in that order, to zero; and

(v) to the LL and C Classes, in proportion to their original principal balances, to zero.

Group 2 Principal Distribution Amount

On each Distribution Date, 19.2307692308% of the Class 1994-36-C Principal Distribution Amount to the J Class, to zero.

On each Distribution Date, 80.7692307692% of the Class 1994-36-C Principal Distribution Amount and 100% of the Class 1994-36-LA Principal Distribution Amount in the following order:

(i) to the G Class, to its Scheduled Balance for such Distribution Date;

(ii) to the H Class, to zero; and

(iii) to the G Class, to zero.

Group 3 Principal Distribution Amount

To the K Class, to zero.

Weighted Average Lives (years)*

	PSA Prepayment Assumption				
Class	**0%**	**100%**	**225%**	**300%**	**500%**
A	20.1	6.9	3.4	3.4	2.0
B	28.0	17.5	10.1	10.1	5.7
LL and C	24.8	18.7	14.7	14.7	9.0
F and S	29.5	24.6	14.7	1.6	0.3

	PSA Prepayment Assumption				
Class	**0%**	**100%**	**125%**	**300%**	**500%**
G	17.0	6.8	3.0	1.8	1.2
H	23.7	9.4	1.3	0.2	0.1
J	5.9	1.0	1.0	1.0	1.0
K	24.0	12.5	9.1	1.4	0.8

* Determined as specified under "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 Trust SMBS, which in turn will reflect the rate of amortization (including prepayments) of the related Mortgage Loans. There can be no assurance that the Mortgage Loans underlying the Trust SMBS will have the characteristics assumed herein. Because the rate of principal distributions on the Group 1 Classes will be related to the rate of amortization of the Mortgage Loans underlying the Trust SMBS, which are likely to include Mortgage Loans with remaining terms to maturity shorter or longer than those assumed and interest rates higher or lower than those assumed, the rate of principal distributions on the Group 1 Classes is likely to differ from the rate anticipated by an investor, even if such Mortgage Loans prepay at the indicated constant percentages of PSA. In addition, it is highly unlikely that the Mortgage Loans underlying the Trust SMBS will prepay at a constant PSA rate until maturity or that all Mortgage Loans will prepay at the same rate.

The rate of distributions of principal of the Group 2 and Group 3 Classes will be directly related to the rate of principal distributions on the Underlying REMIC Certificates, which in turn will be sensitive to the amortization (including prepayments) of the related Mortgage Loans and the priority sequences affecting principal distributions on the Underlying REMIC Certificates. As described in the Underlying Prospectus Supplements, the Underlying REMIC Certificates are subordinate in priority of principal distributions to certain other classes of certificates evidencing beneficial ownership interests in the related Underlying REMIC Trusts and, accordingly, distributions of principal of the related Mortgage Loans may for extended periods be applied to the distribution of principal of those classes of certificates having priority over the Underlying REMIC Certificates. In addition, the Underlying REMIC Certificates have Principal Balance Schedules and, as a result, may receive distributions of principal during certain periods at rates faster or slower than would otherwise have been the case. Further, prepayments on the related Mortgage Loans may have occurred at rates faster or slower than those initially assumed. This Prospectus Supplement contains no information as to whether the 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 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 Underlying Prospectus Supplements, which may be obtained from Fannie Mae as described herein.

Investors must make their own decisions as to the appropriate assumptions, including prepayment assumptions, to be used in deciding whether to purchase the Certificates.

The 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 will be created pursuant to a trust agreement dated as of September 1, 1987, as supplemented by an issue supplement thereto, dated as of September 1, 1996 (together, the "Trust Agreement"), executed by the Federal National Mortgage Association ("Fannie Mae") in its corporate capacity and in its capacity as trustee (the "Trustee"), and the Certificates in the Classes and aggregate original principal balances set forth on the cover hereof will be issued by Fannie Mae pursuant thereto. A description of Fannie Mae and its business, together with certain financial statements and other financial information, is contained in the Information Statement.

The Certificates (other than the R Class) will be designated as the "regular interests," and the R Class will be designated as the "residual interest," in the REMIC constituted by the Trust. The assets of the Trust will consist of the 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 guaranty obligations of Fannie Mae with respect to the Mega Certificate 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 Underlying Prospectus Supplements, "The SMBS Certificates—Fannie Mae Obligations" in the SMBS Prospectus, "The Certificates—Fannie Mae's Guaranty" in the Mega Prospectus and "Description of Certificates—The Corporation's Guaranty" in the MBS Prospectus.

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

The R Certificate will not be issued in book-entry form but will be issued in fully registered, certificated form. As to the R Certificate, "Holder" or "Certificateholder" refers to the registered owner thereof. The R Certificate will be transferable at the corporate trust office of the Transfer Agent, or at the agency of the Transfer Agent in New York, New York. The Transfer Agent initially will be State Street Bank and Trust Company in Boston, Massachusetts ("State Street"). A service charge may be imposed for any registration of transfer of the R Certificate and Fannie Mae may require payment of a sum sufficient to cover any tax or other governmental charge. See also "Characteristics of the R Class" herein.

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

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

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

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

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

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

Voting the Trust SMBS and Underlying REMIC Certificates. In the event any issue arises under the trust indenture or trust agreement governing any of the Trust SMBS or Underlying REMIC Certificates 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. 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

The Trust SMBS underlying the Group 1 Classes will represent the aggregate of interest payments at a Pass-Through Rate of 8.50% on a notional principal amount of $125,735,294 and principal payments on a principal amount of $150,000,000 of MBS having the general characteristics described in the MBS Prospectus. The Trust SMBS will provide that principal and interest on the related MBS will be passed through monthly, commencing on the 25th day of the month following the month of the initial issuance of the Trust SMBS (or, if such 25th day is not a business day, on the first business day next succeeding such 25th day). The MBS are held in the form of Mega Certificate CL-190274, the general characteristics of which are described in the Mega Prospectus. The Mortgage Loans underlying the Trust SMBS will be conventional Level Payment Mortgage Loans secured by a first mortgage or deed of trust on a one- to four-family ("single-family") residential property and having an original maturity of up to 30 years, as described under "The Mortgage Pools" and "Yield Considerations" in the MBS Prospectus. The characteristics of the Trust SMBS and the related Mortgage Loans as of September 1, 1996 (the "Issue Date") are expected to be as follows:

Trust SMBS (Trust No. 000274-CL)	
Aggregate Unpaid Principal Balance	$150,000,000
SMBS Pass-Through Rate	8.50%
Mortgage Loans Underlying Trust SMBS	
Range of WACs (per annum percentages)	8.75% to 11.00%
Approximate Weighted Average WAC (per annum percentage)	8.92%
Range of WAMs	241 months to 360 months
Approximate Weighted Average WAM	330 months
Approximate Weighted Average CAGE	30 months

The Underlying REMIC Certificates

The Underlying REMIC Certificates underlying the Group 2 and Group 3 Classes represent beneficial ownership interests in the related Underlying REMIC Trusts, the assets of which evidence direct beneficial ownership interests in certain MBS having the general characteristics set forth in the MBS Prospectus.

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 general characteristics of the Underlying REMIC Certificates are described in the Underlying Prospectus Supplements. Each MBS underlying an Underlying REMIC Certificate 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.

Additional Information on the Trust SMBS and Underlying REMIC Certificates

The table contained in Exhibit A hereto sets forth certain information with respect to the Underlying REMIC Certificates, including the numerical designations of 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 of the entire class, the current principal factor for such class and the principal balance of such class contained in the Trust as of 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 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 documents.

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

Distributions of Interest

Categories of Classes

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

Interest Type*	Classes
Fixed Rate	A, B, LL, G, H and K
Floating Rate	F
Inverse Floating Rate	S
Principal Only	C and J
No Payment Residual	R

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

General. The interest-bearing Certificates will bear interest at the respective 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").

Classes	Interest Accrual Periods
F and S Classes (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
All Fixed Rate Classes (collectively, the "Delay Classes")	Calendar month preceding the month in which the Distribution Date occurs

See "Additional Risk Factors—Additional Yield and Prepayment Considerations" herein.

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

Class	Initial Interest Rate	Maximum Interest Rate	Minimum Interest Rate	Formula for Calculation of Interest Rate
F	6.5875%	9.00%	1.15%	LIBOR + 115 basis points
S	9.1675%	29.83%	0.00%	29.83% − (3.8 × 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 rates 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 of the F and S 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%.

Distributions of Principal

Categories of Classes

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

Principal Type*	Classes
Group 1 Classes	
TAC	A, B, LL and C
Support	F and S
Retail	LL
Group 2 Classes	
Structured Collateral/Strip	J
Structured Collateral/Scheduled	G
Structured Collateral/Support	H
Group 3 Class	
Structured Collateral/Pass-Through	K
No Payment Residual	R

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

Principal Distribution Amount

Principal will be distributed monthly on the Certificates in an amount (the "Principal Distribution Amount") equal to the sum of (i) the aggregate distributions of principal concurrently made on the Trust SMBS (the "Group 1 Principal Distribution Amount"), (ii) the sum of (x) the distribution of principal concurrently made on the Class 1994-36-C REMIC Certificate (the "Class 1994-36-C Principal Distribution Amount") and (y) the distribution of principal concurrently made on the Class 1994-36-LA REMIC Certificate (the "Class 1994-36-LA Principal Distribution Amount," and together with the Class 1994-36-C Principal Distribution Amount, the "Group 2 Principal Distribution Amount") and (iii) the aggregate distributions of principal concurrently made on the Class 1994-30-FB and Class 1994-30-SB REMIC Certificates (the "Group 3 Principal Distribution Amount"). The portion of each class of Underlying REMIC Certificates held by the Trust will be as set forth in Exhibit A.

Group 1 Principal Distribution Amount

On each Distribution Date, the Group 1 Principal Distribution Amount will be distributed as principal of the Group 1 Classes in the order of priority set forth below:

a. Commencing in October 1999, on each Distribution Date, concurrently, to the LL and C Classes, in proportion to their original principal balances (or 94.9964564139% and 5.0035435861%, respectively), an amount equal to the lesser of (x) the Group 1 Principal Distribution Amount and (y) $14,110. **TAC Classes**

b. Commencing in October 1996, on each Distribution Date as follows:

(i) sequentially, to the A and B Classes, in that order, until the principal balances thereof are reduced to their respective Targeted Balances for such Distribution Date;

(ii) concurrently, to the LL and C Classes in proportion to their original principal balances (or 94.9964564139% and 5.0035435861%, respectively), until the principal balances thereof are reduced to their respective Targeted Balances for such Distribution Date;

TAC Classes

(iii) concurrently, to the F and S Classes, in proportion to their original principal balances (or 79.1666666667% and 20.8333333333%, respectively), until the principal balances thereof are reduced to zero;

Support Classes

(iv) sequentially, to the A and B Classes, in that order, without regard to their Targeted Balances and until the respective principal balances thereof are reduced to zero; and

(v) concurrently, to the LL and C Classes, in proportion to their original principal balances, without regard to their Targeted Balances and until the principal balances thereof are reduced to zero.

TAC Classes

Group 2 Principal Distribution Amount

On each Distribution Date, 19.2307692308% of the Class 1994-36-C Principal Distribution Amount will be distributed as principal of the J Class, until the principal balance thereof is reduced to zero.

Structured Collateral / Strip Class

On each Distribution Date, the sum of (x) 80.7692307692% of the Class 1994-36-C Principal Distribution Amount and (y) 100% of the Class 1994-36-LA Principal Distribution Amount will be distributed as principal of the G and H Classes in the following order of priority:

(i) to the G Class, until the principal balance thereof is reduced to its Scheduled Balance for such Distribution Date;

Structured Collateral / Scheduled Class

(ii) to the H Class, until the principal balance thereof is reduced to zero; and

Structured Collateral / Support Class

(iii) to the G Class, without regard to its Scheduled Balance and until the principal balance thereof is reduced to zero.

Structured Collateral / Scheduled Class

Group 3 Principal Distribution Amount

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

Structured Collateral / Pass-Through Class

Structuring Assumptions

Pricing Assumptions. Unless otherwise specified, the information in the tables in this Prospectus Supplement has been prepared on the basis of the actual characteristics of each Pool underlying the Underlying REMIC Certificates, the priority sequences affecting the principal distributions on the Underlying REMIC Certificates and the following assumptions (such characteristics and assumptions, collectively, the "Pricing Assumptions"):

- the Mortgage Loans underlying the Trust SMBS have original terms to maturity of 360 months and the remaining terms to maturity, CAGEs and interest rates, respectively, as specified:

330 months	30 months	8.92%

- 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 herein 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 *constant* PSA rate or at any other *constant* rate.

Structuring Rate. The Principal Balance Schedules have been prepared on the basis of the Pricing Assumptions and the assumption that the related Mortgage Loans prepay at the *constant* PSA rate set forth below.

Principal Balance Schedule References	Related Classes	Structuring Rate
Targeted Balances	TAC	225%
Scheduled Balance	G	*

* The Scheduled Balance relating to the G Class has not been structured to hold at any *constant* percentage of PSA.

There is no assurance that the principal balances of the Classes listed above will conform on any Distribution Date to the balances specified for such Distribution Date in the Principal Balance Schedules herein, or that distributions of principal on such Classes will begin or end on the respective Distribution Dates specified therein. Because any excess of the principal distribution on any Distribution Date over the amount necessary to reduce such Classes to their scheduled balances will be distributed, the ability to so reduce such Classes will not be enhanced by the averaging of high and low principal payments from month to month. Moreover, because of the diverse remaining terms to maturity of the related Mortgage Loans (which may include recently originated Mortgage Loans), the TAC Classes specified above may not be reduced to their scheduled balances, even if prepayments occur at the *constant* rate specified above. The principal payment stability of the Classes listed above will be supported in part by the related Support Classes or Class. When each related Support Class is retired, the Classes listed above will be more sensitive to prepayments.

Principal Balance Schedules

Distribution Date	A Class Targeted Balance	B Class Targeted Balance	LL Class Targeted Balance	C Class Targeted Balance	G Class Scheduled Balance
Initial Balance	$109,741,000.00	$9,973,000.00	$13,404,000.00	$706,000.00	$43,865,000.00
October 1996	107,834,354.92	9,973,000.00	13,404,000.00	706,000.00	43,865,000.00
November 1996	105,951,102.84	9,973,000.00	13,404,000.00	706,000.00	43,865,000.00
December 1996	104,090,960.48	9,973,000.00	13,404,000.00	706,000.00	43,865,000.00
January 1997	102,253,647.95	9,973,000.00	13,404,000.00	706,000.00	43,806,302.08
February 1997	100,438,888.74	9,973,000.00	13,404,000.00	706,000.00	42,727,713.44
March 1997	98,646,409.67	9,973,000.00	13,404,000.00	706,000.00	41,654,192.67
April 1997	96,875,940.85	9,973,000.00	13,404,000.00	706,000.00	40,585,714.85
May 1997	95,127,215.66	9,973,000.00	13,404,000.00	706,000.00	39,522,255.17
June 1997	93,399,970.66	9,973,000.00	13,404,000.00	706,000.00	38,463,788.95
July 1997	91,693,945.63	9,973,000.00	13,404,000.00	706,000.00	37,410,291.65
August 1997	90,008,883.43	9,973,000.00	13,404,000.00	706,000.00	36,361,738.81
September 1997	88,344,530.08	9,973,000.00	13,404,000.00	706,000.00	35,318,106.11
October 1997	86,700,634.61	9,973,000.00	13,404,000.00	706,000.00	34,279,369.37
November 1997	85,076,949.11	9,973,000.00	13,404,000.00	706,000.00	33,245,504.48
December 1997	83,473,228.64	9,973,000.00	13,404,000.00	706,000.00	32,216,487.48
January 1998	81,889,231.21	9,973,000.00	13,404,000.00	706,000.00	31,192,294.53
February 1998	80,324,717.77	9,973,000.00	13,404,000.00	706,000.00	30,172,901.89
March 1998	78,779,452.11	9,973,000.00	13,404,000.00	706,000.00	29,158,285.94
April 1998	77,253,200.92	9,973,000.00	13,404,000.00	706,000.00	28,148,423.18
May 1998	75,745,733.67	9,973,000.00	13,404,000.00	706,000.00	27,705,500.00
June 1998	74,256,822.60	9,973,000.00	13,404,000.00	706,000.00	27,705,500.00
July 1998	72,786,242.72	9,973,000.00	13,404,000.00	706,000.00	27,705,500.00
August 1998	71,333,771.75	9,973,000.00	13,404,000.00	706,000.00	27,705,500.00
September 1998	69,899,190.07	9,973,000.00	13,404,000.00	706,000.00	27,705,500.00
October 1998	68,482,280.74	9,973,000.00	13,404,000.00	706,000.00	27,705,500.00
November 1998	67,082,829.39	9,973,000.00	13,404,000.00	706,000.00	27,705,500.00
December 1998	65,700,624.28	9,973,000.00	13,404,000.00	706,000.00	27,705,500.00
January 1999	64,335,456.21	9,973,000.00	13,404,000.00	706,000.00	27,705,500.00
February 1999	62,987,118.48	9,973,000.00	13,404,000.00	706,000.00	27,705,500.00
March 1999	61,655,406.90	9,973,000.00	13,404,000.00	706,000.00	27,705,500.00
April 1999	60,340,119.76	9,973,000.00	13,404,000.00	706,000.00	27,705,500.00
May 1999	59,041,057.74	9,973,000.00	13,404,000.00	706,000.00	27,705,500.00
June 1999	57,758,023.97	9,973,000.00	13,404,000.00	706,000.00	27,705,500.00
July 1999	56,490,823.92	9,973,000.00	13,404,000.00	706,000.00	27,705,500.00
August 1999	55,239,265.43	9,973,000.00	13,404,000.00	706,000.00	27,705,500.00
September 1999	54,003,158.63	9,973,000.00	13,404,000.00	706,000.00	27,705,500.00
October 1999	52,796,425.96	9,973,000.00	13,390,596.00	705,294.00	27,705,500.00
November 1999	51,604,772.12	9,973,000.00	13,377,192.00	704,588.00	27,705,500.00
December 1999	50,428,014.05	9,973,000.00	13,363,788.00	703,882.00	27,705,500.00
January 2000	49,265,970.88	9,973,000.00	13,350,384.00	703,176.00	27,705,500.00
February 2000	48,118,463.94	9,973,000.00	13,336,980.00	702,470.00	27,705,500.00
March 2000	46,985,316.70	9,973,000.00	13,323,576.00	701,764.00	27,705,500.00
April 2000	45,866,354.78	9,973,000.00	13,310,172.00	701,058.00	27,705,500.00
May 2000	44,761,405.88	9,973,000.00	13,296,768.00	700,352.00	27,705,500.00
June 2000	43,670,299.79	9,973,000.00	13,283,364.00	699,646.00	27,705,500.00
July 2000	42,592,868.36	9,973,000.00	13,269,960.00	698,940.00	27,705,500.00
August 2000	41,528,945.46	9,973,000.00	13,256,556.00	698,234.00	27,705,500.00
September 2000	40,478,366.96	9,973,000.00	13,243,152.00	697,528.00	27,705,500.00
October 2000	39,440,970.73	9,973,000.00	13,229,748.00	696,822.00	27,705,500.00

Distribution Date	A Class Targeted Balance	B Class Targeted Balance	LL Class Targeted Balance	C Class Targeted Balance	G Class Scheduled Balance
November 2000	$ 38,416,596.56	$9,973,000.00	$13,216,344.00	$696,116.00	$27,705,500.00
December 2000	37,405,086.22	9,973,000.00	13,202,940.00	695,410.00	27,705,500.00
January 2001	36,406,283.35	9,973,000.00	13,189,536.00	694,704.00	27,705,500.00
February 2001	35,420,033.49	9,973,000.00	13,176,132.00	693,998.00	27,705,500.00
March 2001	34,446,184.06	9,973,000.00	13,162,728.00	693,292.00	27,705,500.00
April 2001	33,484,584.29	9,973,000.00	13,149,324.00	692,586.00	27,705,500.00
May 2001	32,535,085.27	9,973,000.00	13,135,920.00	691,880.00	27,705,500.00
June 2001	31,597,539.84	9,973,000.00	13,122,516.00	691,174.00	27,705,500.00
July 2001	30,671,802.64	9,973,000.00	13,109,112.00	690,468.00	27,705,500.00
August 2001	29,757,730.08	9,973,000.00	13,095,708.00	689,762.00	27,705,500.00
September 2001	28,855,180.29	9,973,000.00	13,082,304.00	689,056.00	27,705,500.00
October 2001	27,964,013.09	9,973,000.00	13,068,900.00	688,350.00	27,705,500.00
November 2001	27,084,090.02	9,973,000.00	13,055,496.00	687,644.00	27,705,500.00
December 2001	26,215,274.29	9,973,000.00	13,042,092.00	686,938.00	27,705,500.00
January 2002	25,357,430.74	9,973,000.00	13,028,688.00	686,232.00	27,705,500.00
February 2002	24,510,425.88	9,973,000.00	13,015,284.00	685,526.00	27,705,500.00
March 2002	23,676,583.57	9,973,000.00	13,001,880.00	684,820.00	27,705,500.00
April 2002	22,857,172.57	9,973,000.00	12,988,476.00	684,114.00	27,705,500.00
May 2002	22,051,951.39	9,973,000.00	12,975,072.00	683,408.00	27,705,500.00
June 2002	21,260,682.60	9,973,000.00	12,961,668.00	682,702.00	27,705,500.00
July 2002	20,483,132.69	9,973,000.00	12,948,264.00	681,996.00	27,705,500.00
August 2002	19,719,072.00	9,973,000.00	12,934,860.00	681,290.00	27,705,500.00
September 2002	18,968,274.70	9,973,000.00	12,921,456.00	680,584.00	27,705,500.00
October 2002	18,230,518.72	9,973,000.00	12,908,052.00	679,878.00	27,705,500.00
November 2002	17,505,585.64	9,973,000.00	12,894,648.00	679,172.00	27,705,500.00
December 2002	16,793,260.69	9,973,000.00	12,881,244.00	678,466.00	27,705,500.00
January 2003	16,093,332.64	9,973,000.00	12,867,840.00	677,760.00	27,705,500.00
February 2003	15,405,593.79	9,973,000.00	12,854,436.00	677,054.00	27,705,500.00
March 2003	14,729,839.87	9,973,000.00	12,841,032.00	676,348.00	27,705,500.00
April 2003	14,065,870.00	9,973,000.00	12,827,628.00	675,642.00	27,705,500.00
May 2003	13,413,486.65	9,973,000.00	12,814,224.00	674,936.00	27,705,500.00
June 2003	12,772,495.54	9,973,000.00	12,800,820.00	674,230.00	27,705,500.00
July 2003	12,142,705.65	9,973,000.00	12,787,416.00	673,524.00	27,705,500.00
August 2003	11,523,929.09	9,973,000.00	12,774,012.00	672,818.00	27,705,500.00
September 2003	10,915,981.13	9,973,000.00	12,760,608.00	672,112.00	27,705,500.00
October 2003	10,318,680.09	9,973,000.00	12,747,204.00	671,406.00	27,705,500.00
November 2003	9,731,847.29	9,973,000.00	12,733,800.00	670,700.00	27,705,500.00
December 2003	9,155,307.04	9,973,000.00	12,720,396.00	669,994.00	27,705,500.00
January 2004	8,588,886.57	9,973,000.00	12,706,992.00	669,288.00	27,705,500.00
February 2004	8,032,415.96	9,973,000.00	12,693,588.00	668,582.00	27,705,500.00
March 2004	7,485,728.14	9,973,000.00	12,680,184.00	667,876.00	27,705,500.00
April 2004	6,948,658.78	9,973,000.00	12,666,780.00	667,170.00	27,705,500.00
May 2004	6,421,046.30	9,973,000.00	12,653,376.00	666,464.00	27,705,500.00
June 2004	5,902,731.82	9,973,000.00	12,639,972.00	665,758.00	27,705,500.00
July 2004	5,393,559.08	9,973,000.00	12,626,568.00	665,052.00	27,705,500.00
August 2004	4,893,374.41	9,973,000.00	12,613,164.00	664,346.00	27,705,500.00
September 2004	4,402,026.72	9,973,000.00	12,599,760.00	663,640.00	27,705,500.00
October 2004	3,919,367.42	9,973,000.00	12,586,356.00	662,934.00	27,705,500.00
November 2004	3,445,250.37	9,973,000.00	12,572,952.00	662,228.00	27,705,500.00
December 2004	2,979,531.89	9,973,000.00	12,559,548.00	661,522.00	27,705,500.00

Distribution Date	A Class Targeted Balance	B Class Targeted Balance	LL Class Targeted Balance	C Class Targeted Balance	G Class Scheduled Balance
January 2005	$ 2,522,070.68	$9,973,000.00	$12,546,144.00	$660,816.00	$27,705,500.00
February 2005	2,072,727.78	9,973,000.00	12,532,740.00	660,110.00	27,705,500.00
March 2005	1,631,366.55	9,973,000.00	12,519,336.00	659,404.00	27,705,500.00
April 2005	1,197,852.63	9,973,000.00	12,505,932.00	658,698.00	27,705,500.00
May 2005	772,053.87	9,973,000.00	12,492,528.00	657,992.00	27,705,500.00
June 2005	353,840.34	9,973,000.00	12,479,124.00	657,286.00	27,705,500.00
July 2005	0.00	9,916,084.27	12,465,720.00	656,580.00	27,705,500.00
August 2005	0.00	9,512,660.02	12,452,316.00	655,874.00	27,705,500.00
September 2005	0.00	9,116,444.02	12,438,912.00	655,168.00	27,705,500.00
October 2005	0.00	8,727,314.77	12,425,508.00	654,462.00	27,705,500.00
November 2005	0.00	8,345,152.81	12,412,104.00	653,756.00	27,705,500.00
December 2005	0.00	7,969,840.63	12,398,700.00	653,050.00	27,705,500.00
January 2006	0.00	7,601,262.72	12,385,296.00	652,344.00	27,221,931.31
February 2006	0.00	7,239,305.45	12,371,892.00	651,638.00	25,977,394.79
March 2006	0.00	6,883,857.13	12,358,488.00	650,932.00	24,711,846.91
April 2006	0.00	6,534,807.88	12,345,084.00	650,226.00	23,425,786.96
May 2006	0.00	6,192,049.68	12,331,680.00	649,520.00	22,119,705.75
June 2006	0.00	5,855,476.32	12,318,276.00	648,814.00	20,794,085.78
July 2006	0.00	5,524,983.33	12,304,872.00	648,108.00	19,449,401.27
August 2006	0.00	5,200,468.01	12,291,468.00	647,402.00	18,086,118.42
September 2006	0.00	4,881,829.33	12,278,064.00	646,696.00	16,704,695.43
October 2006	0.00	4,568,968.00	12,264,660.00	645,990.00	15,305,582.68
November 2006	0.00	4,261,786.33	12,251,256.00	645,284.00	13,889,222.82
December 2006	0.00	3,960,188.31	12,237,852.00	644,578.00	12,456,050.94
January 2007	0.00	3,664,079.49	12,224,448.00	643,872.00	11,006,494.60
February 2007	0.00	3,373,367.01	12,211,044.00	643,166.00	9,540,974.07
March 2007	0.00	3,087,959.56	12,197,640.00	642,460.00	8,059,902.33
April 2007	0.00	2,807,767.36	12,184,236.00	641,754.00	6,563,685.24
May 2007	0.00	2,532,702.11	12,170,832.00	641,048.00	5,052,721.68
June 2007	0.00	2,262,677.00	12,157,428.00	640,342.00	3,527,403.57
July 2007	0.00	1,997,606.67	12,144,024.00	639,636.00	1,988,116.09
August 2007	0.00	1,737,407.16	12,130,620.00	638,930.00	435,237.68
September 2007	0.00	1,481,995.94	12,117,216.00	638,224.00	0.00
October 2007	0.00	1,231,291.83	12,103,812.00	637,518.00	0.00
November 2007	0.00	985,215.04	12,090,408.00	636,812.00	0.00
December 2007	0.00	743,687.09	12,077,004.00	636,106.00	0.00
January 2008	0.00	506,630.81	12,063,600.00	635,400.00	0.00
February 2008	0.00	273,970.32	12,050,196.00	634,694.00	0.00
March 2008	0.00	45,631.01	12,036,792.00	633,988.00	0.00
April 2008	0.00	0.00	11,853,856.88	624,352.65	0.00
May 2008	0.00	0.00	11,631,540.66	612,643.07	0.00
June 2008	0.00	0.00	11,413,123.82	601,138.87	0.00
July 2008	0.00	0.00	11,198,540.08	589,836.56	0.00
August 2008	0.00	0.00	10,987,724.32	578,732.72	0.00
September 2008	0.00	0.00	10,780,612.46	567,823.96	0.00
October 2008	0.00	0.00	10,577,141.52	557,106.98	0.00
November 2008	0.00	0.00	10,377,249.56	546,578.50	0.00
December 2008	0.00	0.00	10,180,875.69	536,235.32	0.00
January 2009	0.00	0.00	9,987,960.03	526,074.29	0.00
February 2009	0.00	0.00	9,798,443.70	516,092.30	0.00

Distribution Date	A Class Targeted Balance	B Class Targeted Balance	LL Class Targeted Balance	C Class Targeted Balance	G Class Scheduled Balance
March 2009	$ 0.00	$ 0.00	$ 9,612,268.80	$506,286.32	$ 0.00
April 2009	0.00	0.00	9,429,378.41	496,653.32	0.00
May 2009	0.00	0.00	9,249,716.57	487,190.38	0.00
June 2009	0.00	0.00	9,073,228.23	477,894.59	0.00
July 2009	0.00	0.00	8,899,859.30	468,763.11	0.00
August 2009	0.00	0.00	8,729,556.55	459,793.12	0.00
September 2009	0.00	0.00	8,562,267.68	450,981.87	0.00
October 2009	0.00	0.00	8,397,941.25	442,326.66	0.00
November 2009	0.00	0.00	8,236,526.68	433,824.82	0.00
December 2009	0.00	0.00	8,077,974.24	425,473.73	0.00
January 2010	0.00	0.00	7,922,235.04	417,270.81	0.00
February 2010	0.00	0.00	7,769,261.01	409,213.54	0.00
March 2010	0.00	0.00	7,619,004.87	401,299.42	0.00
April 2010	0.00	0.00	7,471,420.15	393,526.01	0.00
May 2010	0.00	0.00	7,326,461.15	385,890.90	0.00
June 2010	0.00	0.00	7,184,082.94	378,391.72	0.00
July 2010	0.00	0.00	7,044,241.35	371,026.14	0.00
August 2010	0.00	0.00	6,906,892.93	363,791.88	0.00
September 2010	0.00	0.00	6,771,994.99	356,686.70	0.00
October 2010	0.00	0.00	6,639,505.53	349,708.36	0.00
November 2010	0.00	0.00	6,509,383.27	342,854.71	0.00
December 2010	0.00	0.00	6,381,587.62	336,123.61	0.00
January 2011	0.00	0.00	6,256,078.66	329,512.95	0.00
February 2011	0.00	0.00	6,132,817.17	323,020.66	0.00
March 2011	0.00	0.00	6,011,764.57	316,644.72	0.00
April 2011	0.00	0.00	5,892,882.91	310,383.12	0.00
May 2011	0.00	0.00	5,776,134.91	304,233.90	0.00
June 2011	0.00	0.00	5,661,483.90	298,195.14	0.00
July 2011	0.00	0.00	5,548,893.84	292,264.92	0.00
August 2011	0.00	0.00	5,438,329.27	286,441.40	0.00
September 2011	0.00	0.00	5,329,755.36	280,722.72	0.00
October 2011	0.00	0.00	5,223,137.84	275,107.08	0.00
November 2011	0.00	0.00	5,118,443.02	269,592.72	0.00
December 2011	0.00	0.00	5,015,637.79	264,177.88	0.00
January 2012	0.00	0.00	4,914,689.59	258,860.85	0.00
February 2012	0.00	0.00	4,815,566.42	253,639.95	0.00
March 2012	0.00	0.00	4,718,236.78	248,513.52	0.00
April 2012	0.00	0.00	4,622,669.76	243,479.92	0.00
May 2012	0.00	0.00	4,528,834.91	238,537.56	0.00
June 2012	0.00	0.00	4,436,702.34	233,684.86	0.00
July 2012	0.00	0.00	4,346,242.64	228,920.27	0.00
August 2012	0.00	0.00	4,257,426.91	224,242.27	0.00
September 2012	0.00	0.00	4,170,226.72	219,649.36	0.00
October 2012	0.00	0.00	4,084,614.13	215,140.08	0.00
November 2012	0.00	0.00	4,000,561.67	210,712.96	0.00
December 2012	0.00	0.00	3,918,042.34	206,366.60	0.00
January 2013	0.00	0.00	3,837,029.58	202,099.59	0.00
February 2013	0.00	0.00	3,757,497.30	197,910.56	0.00
March 2013	0.00	0.00	3,679,419.83	193,798.15	0.00
April 2013	0.00	0.00	3,602,771.94	189,761.04	0.00

Distribution Date	A Class Targeted Balance	B Class Targeted Balance	LL Class Targeted Balance	C Class Targeted Balance	G Class Scheduled Balance
May 2013	$ 0.00	$ 0.00	$ 3,527,528.83	$185,797.92	$ 0.00
June 2013	0.00	0.00	3,453,666.12	181,907.51	0.00
July 2013	0.00	0.00	3,381,159.85	178,088.54	0.00
August 2013	0.00	0.00	3,309,986.43	174,339.78	0.00
September 2013	0.00	0.00	3,240,122.71	170,660.00	0.00
October 2013	0.00	0.00	3,171,545.92	167,048.00	0.00
November 2013	0.00	0.00	3,104,233.65	163,502.61	0.00
December 2013	0.00	0.00	3,038,163.91	160,022.66	0.00
January 2014	0.00	0.00	2,973,315.05	156,607.01	0.00
February 2014	0.00	0.00	2,909,665.80	153,254.55	0.00
March 2014	0.00	0.00	2,847,195.25	149,964.18	0.00
April 2014	0.00	0.00	2,785,882.84	146,734.80	0.00
May 2014	0.00	0.00	2,725,708.36	143,565.36	0.00
June 2014	0.00	0.00	2,666,651.95	140,454.81	0.00
July 2014	0.00	0.00	2,608,694.08	137,402.12	0.00
August 2014	0.00	0.00	2,551,815.54	134,406.28	0.00
September 2014	0.00	0.00	2,495,997.47	131,466.29	0.00
October 2014	0.00	0.00	2,441,221.31	128,581.19	0.00
November 2014	0.00	0.00	2,387,468.82	125,750.00	0.00
December 2014	0.00	0.00	2,334,722.08	122,971.78	0.00
January 2015	0.00	0.00	2,282,963.46	120,245.61	0.00
February 2015	0.00	0.00	2,232,175.63	117,570.58	0.00
March 2015	0.00	0.00	2,182,341.58	114,945.77	0.00
April 2015	0.00	0.00	2,133,444.54	112,370.33	0.00
May 2015	0.00	0.00	2,085,468.07	109,843.36	0.00
June 2015	0.00	0.00	2,038,396.00	107,364.04	0.00
July 2015	0.00	0.00	1,992,212.41	104,931.51	0.00
August 2015	0.00	0.00	1,946,901.69	102,544.96	0.00
September 2015	0.00	0.00	1,902,448.46	100,203.57	0.00
October 2015	0.00	0.00	1,858,837.62	97,906.55	0.00
November 2015	0.00	0.00	1,816,054.32	95,653.11	0.00
December 2015	0.00	0.00	1,774,083.97	93,442.50	0.00
January 2016	0.00	0.00	1,732,912.23	91,273.95	0.00
February 2016	0.00	0.00	1,692,524.99	89,146.72	0.00
March 2016	0.00	0.00	1,652,908.40	87,060.08	0.00
April 2016	0.00	0.00	1,614,048.83	85,013.32	0.00
May 2016	0.00	0.00	1,575,932.90	83,005.72	0.00
June 2016	0.00	0.00	1,538,547.42	81,036.59	0.00
July 2016	0.00	0.00	1,501,879.48	79,105.26	0.00
August 2016	0.00	0.00	1,465,916.36	77,211.05	0.00
September 2016	0.00	0.00	1,430,645.54	75,353.31	0.00
October 2016	0.00	0.00	1,396,054.75	73,531.38	0.00
November 2016	0.00	0.00	1,362,131.91	71,744.64	0.00
December 2016	0.00	0.00	1,328,865.15	69,992.45	0.00
January 2017	0.00	0.00	1,296,242.80	68,274.20	0.00
February 2017	0.00	0.00	1,264,253.40	66,589.29	0.00
March 2017	0.00	0.00	1,232,885.67	64,937.13	0.00
April 2017	0.00	0.00	1,202,128.54	63,317.13	0.00
May 2017	0.00	0.00	1,171,971.12	61,728.71	0.00
June 2017	0.00	0.00	1,142,402.70	60,171.31	0.00

Distribution Date	A Class Targeted Balance	B Class Targeted Balance	LL Class Targeted Balance	C Class Targeted Balance	G Class Scheduled Balance
July 2017	$ 0.00	$ 0.00	$ 1,113,412.77	$ 58,644.39	$ 0.00
August 2017	0.00	0.00	1,084,990.98	57,147.39	0.00
September 2017	0.00	0.00	1,057,127.19	55,679.78	0.00
October 2017	0.00	0.00	1,029,811.40	54,241.04	0.00
November 2017	0.00	0.00	1,003,033.79	52,830.64	0.00
December 2017	0.00	0.00	976,784.72	51,448.08	0.00
January 2018	0.00	0.00	951,054.72	50,092.86	0.00
February 2018	0.00	0.00	925,834.45	48,764.48	0.00
March 2018	0.00	0.00	901,114.76	47,462.48	0.00
April 2018	0.00	0.00	876,886.66	46,186.36	0.00
May 2018	0.00	0.00	853,141.29	44,935.67	0.00
June 2018	0.00	0.00	829,869.97	43,709.95	0.00
July 2018	0.00	0.00	807,064.14	42,508.75	0.00
August 2018	0.00	0.00	784,715.42	41,331.62	0.00
September 2018	0.00	0.00	762,815.54	40,178.14	0.00
October 2018	0.00	0.00	741,356.41	39,047.87	0.00
November 2018	0.00	0.00	720,330.04	37,940.39	0.00
December 2018	0.00	0.00	699,728.61	36,855.30	0.00
January 2019	0.00	0.00	679,544.43	35,792.18	0.00
February 2019	0.00	0.00	659,769.91	34,750.64	0.00
March 2019	0.00	0.00	640,397.64	33,730.28	0.00
April 2019	0.00	0.00	621,420.30	32,730.73	0.00
May 2019	0.00	0.00	602,830.72	31,751.60	0.00
June 2019	0.00	0.00	584,621.84	30,792.53	0.00
July 2019	0.00	0.00	566,786.73	29,853.14	0.00
August 2019	0.00	0.00	549,318.57	28,933.07	0.00
September 2019	0.00	0.00	532,210.67	28,031.99	0.00
October 2019	0.00	0.00	515,456.45	27,149.53	0.00
November 2019	0.00	0.00	499,049.45	26,285.36	0.00
December 2019	0.00	0.00	482,983.30	25,439.14	0.00
January 2020	0.00	0.00	467,251.78	24,610.55	0.00
February 2020	0.00	0.00	451,848.74	23,799.25	0.00
March 2020	0.00	0.00	436,768.15	23,004.95	0.00
April 2020	0.00	0.00	422,004.10	22,227.31	0.00
May 2020	0.00	0.00	407,550.76	21,466.04	0.00
June 2020	0.00	0.00	393,402.41	20,720.84	0.00
July 2020	0.00	0.00	379,553.44	19,991.40	0.00
August 2020	0.00	0.00	365,998.31	19,277.44	0.00
September 2020	0.00	0.00	352,594.31	18,571.44	0.00
October 2020	0.00	0.00	339,190.31	17,865.44	0.00
November 2020	0.00	0.00	325,786.31	17,159.44	0.00
December 2020	0.00	0.00	312,382.31	16,453.44	0.00
January 2021	0.00	0.00	298,978.31	15,747.44	0.00
February 2021	0.00	0.00	285,574.31	15,041.44	0.00
March 2021	0.00	0.00	272,170.31	14,335.44	0.00
April 2021	0.00	0.00	258,766.31	13,629.44	0.00
May 2021	0.00	0.00	245,362.31	12,923.44	0.00
June 2021	0.00	0.00	231,958.31	12,217.44	0.00
July 2021	0.00	0.00	218,554.31	11,511.44	0.00
August 2021	0.00	0.00	205,150.31	10,805.44	0.00

Distribution Date	A Class Targeted Balance	B Class Targeted Balance	LL Class Targeted Balance	C Class Targeted Balance	G Class Scheduled Balance
September 2021	$ 0.00	$ 0.00	$ 191,746.31	$ 10,099.44	$ 0.00
October 2021	0.00	0.00	178,342.31	9,393.44	0.00
November 2021	0.00	0.00	164,938.31	8,687.44	0.00
December 2021	0.00	0.00	151,534.31	7,981.44	0.00
January 2022	0.00	0.00	138,130.31	7,275.44	0.00
February 2022	0.00	0.00	124,726.31	6,569.44	0.00
March 2022	0.00	0.00	111,322.31	5,863.44	0.00
April 2022	0.00	0.00	97,918.31	5,157.44	0.00
May 2022	0.00	0.00	84,514.31	4,451.44	0.00
June 2022	0.00	0.00	71,110.31	3,745.44	0.00
July 2022	0.00	0.00	57,706.31	3,039.44	0.00
August 2022	0.00	0.00	44,302.31	2,333.44	0.00
September 2022	0.00	0.00	30,898.31	1,627.44	0.00
October 2022	0.00	0.00	17,494.31	921.44	0.00
November 2022	0.00	0.00	4,090.31	215.44	0.00
December 2022 and thereafter	0.00	0.00	0.00	0.00	0.00

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 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 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 such 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 Index will remain constant.*

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

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

Class	Price
C	30.0%
J	94.0%

Sensitivity of the C Class to Prepayments
(Pre-Tax Yields to Maturity)

	PSA Prepayment Assumption				
Class	**50%**	**100%**	**225%**	**300%**	**500%**
C	6.0%	6.8%	8.8%	8.8%	14.5%

Sensitivity of the J Class to Prepayments
(Pre-Tax Yields to Maturity)

	PSA Prepayment Assumption				
Class	**50%**	**100%**	**125%**	**300%**	**500%**
J	3.9%	6.3%	6.3%	6.3%	6.3%

The Inverse Floating Rate Class. **The yield to investors in the Inverse Floating Rate Class will be very sensitive to the level of the Index and to the rate of principal payments**

(including prepayments) of the Mortgage Loans underlying the Trust SMBS. The Mortgage Loans generally can be prepaid at any time.

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

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

Class	Price*
S	80.0%

* 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 Inverse Floating Rate Class to Prepayments and LIBOR
(Pre-Tax Yields to Maturity)

	PSA Prepayment Assumption				
LIBOR	50%	100%	225%	300%	500%
3.4375%	21.8%	21.8%	22.2%	37.6%	111.9%
5.4375%	11.9%	11.9%	12.5%	27.8%	102.5%
7.8500%	0.9%	0.9%	1.6%	16.4%	91.5%

Weighted Average Lives of the Certificates

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

In general, the weighted average lives of the Certificates will be shortened if the level of prepayments of principal of the related Mortgage Loans increases. However, the weighted average lives will depend upon a variety of other factors, including the timing of changes in such rate of principal payments, the priority sequence of distributions of principal of the Group 1 and Group 2 Classes and, in the case of the Group 2 and Group 3 Classes, the priority sequences of distributions of principal of the Underlying REMIC Certificates. The weighted average lives of the Group 1 Classes and certain of the Group 2 Classes will also depend on the distribution of principal of the applicable Classes or Class in the related Group in accordance with the Principal Balance Schedules herein. In particular, if the amount distributable as principal of the Group 1 Classes on any Distribution Date exceeds the amount required to reduce the principal balances of the Group 1 TAC Classes to their scheduled amounts as set forth in the Principal Balance Schedules, such excess principal will be distributed on certain remaining Group 1 Classes on such Distribution Date. Conversely, if the principal distributable on any Distribution Date is less than the amount so required to reduce the Group 1 TAC Classes to their scheduled amounts, no principal will be distributed on certain remaining Group 1 Classes on such Distribution Date. Accordingly, the rate of principal payments on the Group 1 Mortgage Loans is expected to have a greater effect on the weighted average lives of the Group 1 Support Classes than on the weighted average lives of the Group 1 TAC Classes.

Similarly, if the amount distributable as principal of the Group 2 Classes on any Distribution Date exceeds the amount required to reduce the principal balance of the G Class to its scheduled amount as set forth in the Principal Balance Schedules, such excess principal will be distributed on the H Class on such Distribution Date. Conversely, if the principal distributable on any Distribution Date is less than the amount so required to reduce the G Class to its scheduled amount, no principal will be distributed on the H Class on such Distribution Date. Accordingly, the rate of principal payments on the Group 2 Mortgage Loans is expected to have a greater effect on the weighted average life of the H Class than on the weighted average life of the G Class. See "Distributions of Principal" herein and "Description of the Certificates—Distributions of Principal" in the Underlying Prospectus Supplements.

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

Decrement Tables

The following tables indicate the percentages of original principal balances of the specified Classes that would be outstanding after each of the dates shown at various *constant* PSA levels and the corresponding weighted average lives of such Classes. The tables have been prepared on the basis of the Pricing Assumptions, except that with respect to the information set forth for each such Class under 0% PSA it has been assumed that each underlying Mortgage Loan has an original and remaining term to maturity and bears interest at the per annum rate 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 Classes
Trust SMBS	360 months	360 months	11.0%	Group 1
1994-36	360 months	330 months	9.0%	Group 2
1994-30	360 months	329 months	9.0%	Group 3

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 (which will include recently originated Mortgage Loans) could produce slower or faster principal distributions than indicated in the tables at the specified *constant* PSA levels, even if the weighted average remaining terms to maturity and the weighted average CAGEs of the Mortgage Loans are identical to the remaining terms to maturity and CAGEs specified in the Pricing Assumptions.

Percent of Original Principal Balances Outstanding

Date	A Class — PSA Prepayment Assumption 0%	100%	225%	300%	500%	B Class — PSA Prepayment Assumption 0%	100%	225%	300%	500%	LL and C Classes — PSA Prepayment Assumption 0%	100%	225%	300%	500%	F and S Classes — PSA Prepayment Assumption 0%	100%	225%	300%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
September 1997	99	91	81	81	73	100	100	100	100	100	100	100	100	100	100	100	100	100	59	0
September 1998	99	82	64	64	44	100	100	100	100	100	100	100	100	100	100	100	100	100	31	0
September 1999	98	74	49	49	24	100	100	100	100	100	100	100	100	100	100	100	100	100	14	0
September 2000	97	66	37	37	10	100	100	100	100	100	99	99	99	99	99	100	100	100	4	0
September 2001	96	59	26	26	*	100	100	100	100	100	98	98	98	98	98	100	100	100	*	0
September 2002	96	52	17	17	0	100	100	100	100	29	96	96	96	96	96	100	100	99	*	0
September 2003	94	45	10	10	0	100	100	100	100	0	95	95	95	95	80	100	100	96	*	0
September 2004	93	39	4	4	0	100	100	100	100	0	94	94	94	94	55	100	100	91	*	0
September 2005	92	33	0	0	0	100	100	91	91	0	93	93	93	93	38	100	100	85	*	0
September 2006	91	28	0	0	0	100	100	49	49	0	92	92	92	92	26	100	100	78	*	0
September 2007	89	23	0	0	0	100	100	15	15	0	90	90	90	90	18	100	100	70	*	0
September 2008	87	18	0	0	0	100	100	0	0	0	89	89	80	80	12	100	100	63	*	0
September 2009	85	13	0	0	0	100	100	0	0	0	88	88	64	64	8	100	100	56	*	0
September 2010	82	9	0	0	0	100	100	0	0	0	87	87	51	51	6	100	100	49	*	0
September 2011	80	5	0	0	0	100	100	0	0	0	86	86	40	40	4	100	100	43	*	0
September 2012	77	1	0	0	0	100	100	0	0	0	84	84	31	31	2	100	100	37	*	0
September 2013	73	0	0	0	0	100	69	0	0	0	83	83	24	24	2	100	100	31	*	0
September 2014	69	0	0	0	0	100	30	0	0	0	82	82	19	19	1	100	100	26	*	0
September 2015	65	0	0	0	0	100	0	0	0	0	81	76	14	14	1	100	100	22	*	0
September 2016	60	0	0	0	0	100	0	0	0	0	80	50	11	11	*	100	100	18	*	0
September 2017	55	0	0	0	0	100	0	0	0	0	78	25	8	8	*	100	100	14	*	0
September 2018	49	0	0	0	0	100	0	0	0	0	77	6	6	6	*	100	96	11	*	0
September 2019	42	0	0	0	0	100	0	0	0	0	76	4	4	4	*	100	77	8	*	0
September 2020	35	0	0	0	0	100	0	0	0	0	75	3	3	3	*	100	59	6	*	0
September 2021	27	0	0	0	0	100	0	0	0	0	74	1	1	2	*	100	42	4	*	0
September 2022	17	0	0	0	0	100	0	0	0	0	72	*	*	1	*	100	25	3	*	0
September 2023	7	0	0	0	0	100	0	0	0	0	71	0	0	*	*	100	8	1	*	0
September 2024	0	0	0	0	0	46	0	0	0	0	70	0	0	0	0	100	0	0	0	0
September 2025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100	0	0	0	0
September 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	20.1	6.9	3.4	3.4	2.0	28.0	17.5	10.1	10.1	5.7	24.8	18.7	14.7	14.7	9.0	29.5	24.6	14.7	1.6	0.3

Date	G Class — PSA Prepayment Assumption 0%	100%	125%	300%	500%	H Class — PSA Prepayment Assumption 0%	100%	125%	300%	500%	J Class — PSA Prepayment Assumption 0%	100%	125%	300%	500%	K Class — PSA Prepayment Assumption 0%	100%	125%	300%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
September 1997	100	81	81	70	70	100	100	62	0	0	100	47	47	47	47	100	100	100	45	45
September 1998	100	63	63	34	0	100	100	12	0	0	100	0	0	0	0	100	100	100	29	0
September 1999	98	63	49	19	0	100	100	0	0	0	94	0	0	0	0	100	100	100	16	0
September 2000	93	63	33	7	0	100	100	0	0	0	81	0	0	0	0	100	100	96	7	0
September 2001	88	63	19	0	0	100	100	0	0	0	66	0	0	0	0	100	100	93	0	0
September 2002	82	63	5	0	0	100	100	0	0	0	51	0	0	0	0	100	100	89	0	0
September 2003	76	63	0	0	0	100	100	0	0	0	34	0	0	0	0	100	100	81	0	0
September 2004	69	63	0	0	0	100	100	0	0	0	15	0	0	0	0	100	100	70	0	0
September 2005	63	63	0	0	0	100	47	0	0	0	0	0	0	0	0	100	100	57	0	0
September 2006	63	38	0	0	0	100	25	0	0	0	0	0	0	0	0	100	95	41	0	0
September 2007	63	0	0	0	0	100	19	0	0	0	0	0	0	0	0	100	78	25	0	0
September 2008	63	0	0	0	0	100	0	0	0	0	0	0	0	0	0	100	60	8	0	0
September 2009	63	0	0	0	0	100	0	0	0	0	0	0	0	0	0	100	41	0	0	0
September 2010	63	0	0	0	0	100	0	0	0	0	0	0	0	0	0	100	22	0	0	0
September 2011	63	0	0	0	0	100	0	0	0	0	0	0	0	0	0	100	3	0	0	0
September 2012	63	0	0	0	0	100	0	0	0	0	0	0	0	0	0	100	0	0	0	0
September 2013	63	0	0	0	0	100	0	0	0	0	0	0	0	0	0	100	0	0	0	0
September 2014	63	0	0	0	0	100	0	0	0	0	0	0	0	0	0	100	0	0	0	0
September 2015	63	0	0	0	0	100	0	0	0	0	0	0	0	0	0	100	0	0	0	0
September 2016	63	0	0	0	0	100	0	0	0	0	0	0	0	0	0	100	0	0	0	0
September 2017	63	0	0	0	0	100	0	0	0	0	0	0	0	0	0	100	0	0	0	0
September 2018	63	0	0	0	0	100	0	0	0	0	0	0	0	0	0	100	0	0	0	0
September 2019	63	0	0	0	0	100	0	0	0	0	0	0	0	0	0	100	0	0	0	0
September 2020	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	47	0	0	0	0
September 2021	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September 2022	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September 2023	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September 2024	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September 2025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	17.0	6.8	3.0	1.8	1.2	23.7	9.4	1.3	0.2	0.1	5.9	1.0	1.0	1.0	1.0	24.0	12.5	9.1	1.4	0.8

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

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

Characteristics of the R Class

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

The R Class will be subject to certain transfer restrictions. No transfer of record or beneficial ownership of an R Certificate will be allowed to a "disqualified organization." In addition, no transfer of record or beneficial ownership of an R Certificate will be allowed to any person that is not a "U.S. Person" without the written consent of Fannie Mae. Under regulations issued by the Treasury Department on December 23, 1992 (the "Regulations"), a transfer of a "noneconomic residual interest" to a U.S. Person will be disregarded for all federal tax purposes unless no significant purpose of the transfer is to impede the assessment or collection of tax. The R Class may constitute a noneconomic residual interest under the Regulations. Any transferee of an R Certificate must execute and deliver an affidavit and an Internal Revenue Service Form W-9 on which the transferee provides its taxpayer identification number. See "Description of the Certificates—Additional Characteristics of Residual Certificates" and "Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates" in the REMIC Prospectus. Transferors of an R Certificate should consult with their own tax advisors for further information regarding such transfers.

The Holder of the R Class will be considered to be the holder of the "residual interest" in the REMIC constituted by the Trust. See "Certain Federal Income Tax Consequences" in the REMIC Prospectus. Pursuant to the Trust Agreement, Fannie Mae will be obligated to provide to such Holder (i) such information as is necessary to enable it to prepare its federal income tax returns and (ii) any reports regarding the R Class that may be required under the Code.

CERTAIN ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES

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

REMIC Election and Special Tax Attributes

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

As a consequence of the qualification of the Trust as a REMIC, the Certificates generally will be treated as "regular or residual interests in a REMIC" for domestic building and loan associations, "real estate assets" for real estate investment trusts, and, except for the R Class, as "qualified mortgages" for other REMICs. The Small Business Job Protection Act of 1996 repeals the bad debt reserve method of accounting for mutual savings banks and domestic building and loan associations for tax years beginning after December 31, 1995. As a result, section 593(d) of the Code is no longer applicable to treat the Certificates as "qualifying real property loans." See "Certain Federal Income Tax Consequences—Special Tax Attributes" in the REMIC Prospectus.

Taxation of Beneficial Owners of Regular Certificates

The Principal Only Classes and the S 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 225% PSA in the case of the Group 1 Classes and 125% PSA in the case of the Group 2 and Group 3 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 these rates or any other rate. See "Description of the Certificates—Weighted Average Lives of the Certificates" herein and "Description of the Certificates—Weighted Average Life and Final Distribution Dates" in the REMIC Prospectus. In addition, certain classes of Certificates may be treated as having been issued at a premium for federal income tax purposes. See "Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Certificates Purchased at a Premium*" in the REMIC Prospectus.

Taxation of Beneficial Owners of Residual Certificates

Under the Regulations, the R Class will not have significant value. As a result, an organization to which section 593 of the Code applies and which is the beneficial owner of an R Certificate may not use its allowable deductions to offset any "excess inclusions" with respect to such Certificate. See "Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*" in the REMIC Prospectus.

For purposes of determining the portion of the taxable income of the Trust that generally will not be treated as excess inclusions, the rate to be used is 120% of the "federal long-term rate." The rate will be published on or about August 20, 1996. See "Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*" and "—Foreign Investors—*Residual Certificates*" in the REMIC Prospectus. The federal income tax consequences of any consideration paid to a transferee on the transfer of an R Certificate are unclear; any transferee receiving such consideration should consult its own tax advisors.

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 Trust SMBS will be increased in principal balance, but it is expected that all additional Trust SMBS will have the same characteristics as described herein under "Description of the Certificates—The Trust SMBS." The proportion that the original principal balance of each Group 1 Class bears to the aggregate original principal balance of all the Group 1 Classes will remain the same. In addition, the dollar amounts reflected in the Principal Balance Schedules with respect to any Group 1 Class will be increased in a pro rata amount that corresponds to the increase of the principal balances of the Group 1 Classes.

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

Underlying REMIC Trust	Class	Date of Issue	CUSIP Number	Interest Rate	Interest Type(1)	Final Distribution Date	Original Principal Type(1)	Original Principal Balance of Class	September 1996 Class Factor	Principal Balance in the Trust 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
1994-30	FB	February 1994	31359GC61	(2)	FLT	July 2023	PAC	$ 17,133,315	0.97451879	$14,747,699	7.119%	320	33	MBS	3
1994-30	SB	February 1994	31359GC79	(2)	INV	July 2023	PAC	7,907,685	0.97451879	6,806,620	7.119	320	33	MBS	3
1994-36	LA	March 1994	31359HGP3	6.50%	FIX	September 2023	PAC	51,455,500	0.95411227	47,705,613	7.092	321	32	MBS	2
1994-36	C	March 1994	31359HFY5	5.25	FIX	September 2012	PAC	100,360,000	1.00000000	20,007,000	7.092	321	32	MBS	2

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

(2) This Class bears interest during each interest accrual period, subject to applicable maximum and minimum interest rates, as further described in the related Underlying Prospectus Supplement.

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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.

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$239,266,932

Federal National Mortgage Association

FannieMae

Guaranteed REMIC
Pass-Through Certificates
Fannie Mae REMIC Trust 1996-42

PROSPECTUS SUPPLEMENT

LEHMAN BROTHERS

August 8, 1996