Prospectus Supplement
(To Prospectus dated June 14, 1996)

$200,000,000

FannieMae

Guaranteed REMIC Pass-Through Certificates
(Representing Interests in a Callable Security)
Fannie Mae REMIC Trust 1996-47

The Guaranteed REMIC Pass-Through Certificates offered hereby (the "Certificates") will represent beneficial ownership interests in one of two trust funds. The Certificates, other than the RL Class, will represent beneficial ownership interests in Fannie Mae REMIC Trust 1996-47 (the "Trust"). The assets of the Trust will consist of the "regular interests" in a separate trust fund (the "Lower Tier REMIC"). The assets of the Lower Tier REMIC will consist of the A Class Guaranteed Grantor Trust Callable Certificates (collectively, the "Underlying Callable Certificate") evidencing beneficial ownership interests in Fannie Mae Grantor Trust 1996-C3 (the "Underlying Grantor Trust") as further described in the Trust 1996-C3 Prospectus (defined herein) attached hereto. Under certain conditions, the Underlying Callable Certificate is subject to redemption in full on any Distribution Date commencing with the Distribution Date in October 1997, as further described in the Trust 1996-C3 Prospectus. Upon such redemption, Certificateholders will receive the unpaid principal balance of their Certificates plus interest through the 24th day of the month in which such redemption occurs, as described herein under "Description of the Certificates—Effect of Redemption." The assets of the Underlying Grantor Trust evidence indirect beneficial ownership interests in certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the "MBS") held in the form of a Fannie Mae Guaranteed MBS Pass-Through Security (the "Mega Certificate"). Each MBS represents a beneficial ownership interest in a pool (each, a "Pool") of first lien, single-family, fixed-rate residential mortgage loans (the "Mortgage Loans") having the characteristics described herein. The Certificates will be issued and guaranteed as to timely distribution of principal and interest by Fannie Mae.

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

See "Additional Risk Factors" beginning on page S-6 hereof, "Risk Factors" beginning on page 8 of the REMIC Prospectus attached hereto and "Risk Factors" beginning on page 6 of the Trust 1996-C3 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 REDEMPTION, 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

(1) See "Description of the Certificates—Class Definitions and Abbreviations" in the REMIC Prospectus and "Description of the Certificates—Distributions of Interest" and "— Distributions of Principal" herein.
(2) The SA and SB Classes will be Notional Classes, will not have principal balances and will bear interest on their notional principal balances (initially, $73,027,300 and $51,187,925, respectively). The notional principal balance of the SA Class will be calculated based on the principal balance of the FA Class and the notional principal balance of the SB Class will be calculated based on the principal balances of the FB and FC Classes. See "Description of the Certificates—Distributions of Interest—Notional Classes" herein.
(3) These Classes will bear interest based on "LIBOR" as described under "Description of the Certificates—Distributions of Interest" herein and "Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes" in the REMIC Prospectus.

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

The Certificates will be offered by the Dealer, subject to issuance by Fannie Mae, to prior sale or to withdrawal or modification of the offer without notice, when, as and if delivered to and accepted by the Dealer, and subject to approval of certain legal matters by counsel. It is expected that the Certificates, except for the R and RL Classes, will be available through the book-entry system of the Federal Reserve Banks on or about October 30, 1996 (the "Settlement Date"). It is expected that the R and RL Classes in registered, certificated form will be available for delivery at the offices of the Dealer, 245 Park Avenue, New York, New York 10167, on or about the Settlement Date.

Bear, Stearns & Co. Inc.

September 17, 1996

(Cover continued from previous page)

The yield to investors in each Class will be sensitive to, among other things, whether and, if so, when a redemption of the Underlying Callable Certificate occurs, as well as to the rate of distributions on the Underlying Callable Certificate, which in turn will be sensitive to the rate of principal payments of the Mortgage Loans and the actual characteristics of such Mortgage Loans. The yield to investors in each Class will also be sensitive to the purchase price paid for such Class and, in the case of any Floating Rate and Inverse Floating Rate Classes, fluctuations in the level of the Index (as defined herein). Accordingly, Investors should consider the following risks:

- **Under certain conditions, the Underlying Callable Certificate is subject to redemption in full on any Distribution Date commencing with the Distribution Date in October 1997. Such a redemption is more likely to occur to the extent that prevailing mortgage interest rates have declined or the MBS otherwise have a market value in excess of their aggregate principal balance. In addition, the Holder of any Certificate may obtain the right to exercise (or otherwise seek to influence the exercise of) such redemption of the Underlying Callable Certificate, and such Holder's decision may turn, in part, on whether such Certificate was purchased at a discount or at a premium. Upon any such redemption, Certificateholders will receive the unpaid principal balance of their Certificates plus interest thereon to the date of redemption, as described herein under "Description of the Certificates—Effect of Redemption."**
- **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, 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 redemption of the Underlying Callable Certificate or a faster than anticipated rate of principal payments is likely to result in a lower than anticipated yield.**
- **In the case of any Interest Only Class, a redemption of the Underlying Callable Certificate or a faster than anticipated rate of principal payments is likely to result in a lower than anticipated yield and, in certain cases, an actual loss on the investment.**
- **The yield on any Floating Rate or Inverse Floating Rate Class will be sensitive to the level of the Index. See "Description of the Certificates—Distributions of Interest—Floating Rate and Inverse Floating Rate Classes" herein.**

See "Risk Factors—Yield Considerations" in the REMIC Prospectus and "Additional Risk Factors" and "Description of the Certificates—Yield Tables" herein.

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

- **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.**
- **The existence of the redemption feature described herein may inhibit significantly the ability of the Certificates to sell at a premium in the market.**
- **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 Trust 1996-C3 Prospectus or the MBS Prospectus. Any representation to the contrary is a criminal offense.

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

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

- Fannie Mae's Prospectus for Guaranteed REMIC Pass-Through Certificates dated June 14, 1996 (the "REMIC Prospectus"), which is attached to this Prospectus Supplement;
- Fannie Mae's Prospectus for Guaranteed Grantor Trust Callable/Call Certificates dated September 17, 1996 (the "Trust 1996-C3 Prospectus"), which is attached to this Prospectus Supplement;
- Fannie Mae's Prospectus for Guaranteed Mortgage Pass-Through Certificates dated January 15, 1996 (the "MBS Prospectus");
- Fannie Mae's Prospectus for Guaranteed MBS Pass-Through Certificates dated January 15, 1996 (the "Mega Prospectus"); and
- Fannie Mae's Information Statement dated February 22, 1996 and any supplements thereto (collectively, the "Information Statement").

The MBS Prospectus, the Mega Prospectus and the Information Statement are incorporated herein by reference and 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 may also be obtained from Bear, Stearns & Co. Inc. by writing or calling its Prospectus Department at One MetroTech Center North, Brooklyn, New York 11201 (telephone 212-272-1581).

TABLE OF CONTENTS

REFERENCE SHEET

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

Characteristics of the Underlying Callable Certificate

The characteristics of the Underlying Callable Certificate are set forth in the Trust 1996-C3 Prospectus attached hereto.

Assumed Mortgage Loan Characteristics (as of October 1, 1996)

Approximate Principal Balance	Approximate Weighted Average Remaining Term to Maturity (in months)	Approximate Calculated Loan Age (in months)	Approximate Weighted Average Coupon
$200,000,000	359	1	9.00%

The actual remaining terms to maturity, calculated or weighted average loan ages and interest rates of most of the Mortgage Loans may differ from the weighted averages shown above. See "Description of the Certificates—Structuring Assumptions—*Pricing Assumptions*" 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 determined as described 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
FA	5.95000%	9.00000%	0.45%	LIBOR + 45 basis points
SA	3.05000%	8.55000%	0.00%	8.55% − LIBOR
FD	6.20000%	9.75000%	0.70%	LIBOR + 70 basis points
SE	59.61758%	278.21552%	0.00%	278.21552% − (39.74508 × LIBOR)
SG	13.00000%	13.00000%	0.00%	104% − (13 × LIBOR)
SH	9.00000%	9.00000%	0.00%	77.57144% − (8.57143999 × LIBOR)
FB	6.70000%	9.00000%	1.20%	LIBOR + 120 basis points
SD	13.20000%	13.20000%	0.00%	343.19998% − (44 × LIBOR)
SB	2.00000%	7.50000%	0.00%	7.5% − LIBOR
FC	6.60000%	9.50000%	1.10%	LIBOR + 110 basis points
SC	11.31428%	11.31428%	0.00%	105.59998% − (12.571427 × LIBOR)

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

Notional Classes

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

Class	Percentage of Principal Balance or Balances of Specified Class or Classes
SA	100% of FA Class
SB	100% of FB and FC Classes

See "Additional Risk Factors," "Description of the Certificates—Distributions of Interest—*Notional Classes*" and "— Yield Tables" herein.

Distributions of Principal

Principal Distribution Amount

(i) To the A Class, to zero;

(ii) to the B and FA Classes, in proportion to their original principal balances, until the principal balances thereof are reduced to zero;

(iii) 37.5000029368% of the remaining amount, *first*, to the FD, SE, SG and SH Classes, in proportion to their original principal balances, to zero, and, *then*, to the D, E and G Classes, in that order, to zero; and

62.4999970632% of such remaining amount, *first*, to the FB and SD Classes, in proportion to their original principal balances, to zero, and, *then*, to the FC and SC Classes, in proportion to their original principal balances, to zero; and

(iv) to the Z Class, to zero.

Effect of Redemption

Under certain conditions, the Underlying Callable Certificate is subject to redemption in full on any Distribution Date commencing with the Distribution Date in October 1997, as further described in the Trust 1996-C3 Prospectus. Upon such redemption, Certificateholders will receive the unpaid principal balance of their Certificates plus interest through the 24th day of the month in which such redemption occurs, as described herein under "Description of the Certificates—Effect of Redemption."

Weighted Average Lives (years)*

	PSA Prepayment Assumption				
Class	0%	95%	225%	350%	500%
A	1.8	0.6	0.4	0.3	0.3

* Determined as specified under "Weighted Average Lives of the Certificates" herein and subject to the assumptions and qualifications in that section, including the assumption that no redemption occurs.

ADDITIONAL RISK FACTORS

Additional Yield Considerations

The effective yield to Certificateholders will depend upon the purchase price of the related Certificates, the rate of principal payments, including prepayments, on the Mortgage Loans, whether and, if so, when a redemption of the Underlying Callable Certificate occurs (as described under "Description of the Certificates—Effect of Redemption" herein) and the actual characteristics of the Mortgage Loans. Generally, if the actual rate of principal payments on the Mortgage Loans is slower than the rate anticipated by an investor who purchased a Certificate at a discount, the actual yield to such investor will be lower than such investor's anticipated yield. If a redemption of the Underlying Callable Certificate occurs or if the actual rate of principal payments on the Mortgage Loans is faster than the rate anticipated by an investor who purchased a Certificate at a premium, the actual yield to such investor will also be lower than such investor's anticipated yield. An investor should purchase Certificates only after performing an analysis of such Certificates based upon the investor's own assumptions as to future rates of prepayment and the likelihood and timing of an early redemption of the Underlying Callable Certificate.

There can be no assurance that the Mortgage Loans will have the characteristics assumed herein or will prepay at any of the rates assumed herein or at any other particular rate. Furthermore, because some of the Mortgage Loans will likely have remaining terms to maturity shorter or longer than those assumed and interest rates higher or lower than those assumed, the principal distributions on the Certificates are likely to differ from those assumed, even if all Mortgage Loans prepay at the indicated constant percentages of PSA. Moreover, it is not likely that the Mortgage Loans will prepay at a constant PSA rate until maturity, that all of such Mortgage Loans will prepay at the same rate or that the level of the Index will remain constant. Finally, it is uncertain whether and, if so, when a redemption of the Underlying Callable Certificate will occur.

The effective yields on the Delay Classes will be reduced below the yields otherwise produced because principal and interest payable on a Distribution Date will not be distributed earlier than 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 values of the Delay Classes will be lower than would have been the case if there were no such delay.

Redemption Risk

The Certificates will be affected by an early redemption of the Underlying Callable Certificate as described in the Trust 1996-C3 Prospectus under "Description of the Certificates—Redemption and Exchange." There will be no reimbursement to investors for any premium paid by investors or for any losses in investors' yields if such investors receive early distributions of principal (including early distributions received as a result of an early redemption of the Underlying Callable Certificate). Moreover, at any time beginning in October 1997, the Underlying Callable Certificate is more likely to be redeemed to the extent that prevailing mortgage interest rates have declined or the MBS otherwise have a market value in excess of their aggregate principal balance. In addition, the Holder of any Certificate may obtain the right to exercise (or otherwise seek to influence the exercise of) such redemption of the Underlying Callable Certificate, and such Holder's decision may turn, in part, on whether such Certificate was purchased at a discount or at a premium. Finally, the existence of the redemption feature may inhibit significantly the ability of the Certificates to sell at a premium in the market.

DESCRIPTION OF THE CERTIFICATES

The following summaries describing certain provisions of the Certificates do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the remaining provisions of this Prospectus Supplement, the additional Disclosure Documents and the provisions of the Trust Agreement (defined below). Capitalized terms used and not otherwise defined in this Prospectus Supplement have the meanings assigned to such terms in the applicable Disclosure Document or the Trust Agreement (as the context may require).

General

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

The Certificates (other than the R and RL Classes) will be designated as the "regular interests," and the R Class will be designated as the "residual interest," in the REMIC constituted by the Trust. The interests in the Lower Tier REMIC other than the RL Class (the "Lower Tier Regular Interests") will be designated as the "regular interests," and the RL Class will be designated as the "residual interest," in the Lower Tier REMIC. The assets of the Lower Tier REMIC will consist of the Underlying Callable Certificate (which evidences beneficial ownership interests in the Underlying Grantor Trust).

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. 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 Trust 1996-C3 Prospectus, "The Certificates—Fannie Mae's Guaranty" in the Mega Prospectus and "Description of Certificates—The Corporation's Guaranty" in the MBS Prospectus.

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

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

The distribution to the Holder of the R and RL Classes of the proceeds of any remaining assets of the Trust and the Lower Tier REMIC, as applicable, will be made only upon presentation and surrender of the related Certificate at the office of the Paying Agent. The Paying Agent initially will be State Street.

Authorized Denominations. The Certificates, other than the R and RL Certificates, will be issued in minimum denominations of $1,000 and integral multiples of $1 in excess thereof. The R and RL Classes will be issued as single Certificates and will not have principal balances.

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

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

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

Redemption. A redemption of the Underlying Callable Certificate may be effected as described in the Trust 1996-C3 Prospectus under ''Description of the Certificates—Redemption and Exchange.''

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

Voting the Underlying Callable Certificate. In the event any issue arises under the trust agreement governing the Underlying Grantor Trust that requires the vote of holders of certificates outstanding thereunder, the Trustee will vote the Underlying Callable Certificate in accordance with instructions received from Holders of Certificates having principal balances aggregating not less than 51% of the aggregate principal balance of all Classes of Certificates outstanding. In the absence of such instructions, the Trustee will vote in a manner consistent, in its sole judgment, with the best interests of Certificateholders.

Liquid Asset. The A Class is intended to qualify as a ''liquid asset'' for purposes of the liquidity requirements applicable to federal savings associations, federal savings banks and state chartered associations whose deposits are insured by the Federal Deposit Insurance Corporation.

The Underlying Callable Certificate, the MBS and the Mortgage Loans

The Underlying Callable Certificate, which has the characteristics set forth in the Trust 1996-C3 Prospectus attached hereto, represents beneficial ownership interests in the Underlying Grantor Trust, the assets of which evidence indirect beneficial ownership interests in the MBS. The Underlying Callable Certificate provides that principal and interest payments thereon will be passed through monthly, commencing on the 25th day of the month following the initial issuance thereof (or, in each case, if such 25th day is not a business day, on the first business day next succeeding such 25th day).

The MBS have the aggregate unpaid principal balance and Pass-Through Rate set forth below and the general characteristics set forth in the MBS Prospectus. Such MBS are held in the form of a Mega Certificate, the general characteristics of which are described in the Mega Prospectus. Each MBS evidences beneficial ownership interests in a Pool of conventional Level Payment Mortgage Loans secured by a first-mortgage or deed of trust on a one- to four-family residential property 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 MBS and the Mortgage Loans as of October 1, 1996 (the "Issue Date") are expected to be as follows:

MBS (Mega Certificate CL-313181)	
Aggregate Unpaid Principal Balance	$200,000,000
MBS Pass-Through Rate	8.50%
Mortgage Loans	
Range of WACs (per annum percentages)	8.75% to 11.00%
Range of WAMs	241 months to 360 months
Approximate Weighted Average WAM	359 months
Approximate Weighted Average CAGE	1 month

Following the issuance of the Certificates, Fannie Mae will prepare a Final Data Statement setting forth the Pool number, the current WAC (or original WAC, if the current WAC is not available) and the current WAM (or Adjusted WAM, if the current WAM is not available) of the Mortgage Loans underlying each MBS, along with the weighted average of all the current or original WACs and the weighted average of all the current or Adjusted WAMs, based on the current unpaid principal balances of the Mortgage Loans underlying the MBS as of the Issue Date. The Final Data Statement will not accompany this Prospectus 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, D, E, G, and Z
Accrual	Z
Floating Rate	FA, FD, FB and FC
Inverse Floating Rate	SA, SE, SG, SH, SD, SB and SC
Interest Only	SA and SB
No Payment Residual	R and RL

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

General. The interest-bearing Certificates will bear interest at the applicable per annum interest rates set forth on the cover or described herein. Interest on the interest-bearing Certificates is calculated on the basis of a 360-day year consisting of twelve 30-day months and is distributable monthly on each Distribution Date, commencing (except with respect to the Accrual Class) in the month after the Settlement Date. Interest to be distributed or, in the case of the Accrual Class, added to principal on each interest-bearing Certificate on a Distribution Date will consist of one month's interest on the outstanding principal balance of such Certificate immediately prior to such Distribution Date. In addition, in the event the Underlying Callable Certificate is redeemed, the final distribution on the Classes of Certificates will include an amount representing interest accrued to the date of redemption. See "—Effect of Redemption" below.

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 Period
All Fixed Rate Classes (collectively, the "Delay Classes")	Calendar month preceding the month in which the Distribution Date occurs
Floating Rate and Inverse Floating Rate Classes (collectively, the "No Delay Classes")	One month period beginning on the 25th day of the month preceding the month of the Distribution Date and ending on the 24th day of the month of the Distribution Date

Accrual Class. The Z Class is an Accrual Class. Interest will accrue on the Accrual Class at the per annum rate set forth on the cover hereof; however, such interest will not be distributed thereon for so long as such Class remains outstanding. Interest so accrued and unpaid on the Accrual Class will be added as principal to the principal balance thereof on each Distribution Date. Distributions of principal of the Accrual Class will be made as described herein.

Notional Classes. The SA and SB Classes will be Notional Classes. The Notional Classes will not have principal balances and will bear interest at the applicable per annum interest rates described herein during each Interest Accrual Period on their respective notional principal balances. The notional principal balance of each Notional Class will be equal to the indicated percentage of the outstanding principal balance or balances of the following Class or Classes immediately prior to the related Distribution Date:

Class	Percentage of Principal Balance or Balances of Specified Class or Classes
SA	100% of FA Class
SB	100% of FB and FC Classes

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

Floating Rate and Inverse Floating Rate Classes. The following Classes will bear interest during the initial Interest Accrual Period at the initial interest rates specified 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
FA	5.95000%	9.00000%	0.45%	LIBOR + 45 basis points
SA	3.05000%	8.55000%	0.00%	8.55% − LIBOR
FD	6.20000%	9.75000%	0.70%	LIBOR + 70 basis points
SE	59.61758%	278.21552%	0.00%	278.21552% − (39.74508 × LIBOR)
SG	13.00000%	13.00000%	0.00%	104% − (13 × LIBOR)
SH	9.00000%	9.00000%	0.00%	77.57144% − (8.57143999 × LIBOR)
FB	6.70000%	9.00000%	1.20%	LIBOR + 120 basis points
SD	13.20000%	13.20000%	0.00%	343.19998% − (44 × LIBOR)
SB	2.00000%	7.50000%	0.00%	7.5% − LIBOR
FC	6.60000%	9.50000%	1.10%	LIBOR + 110 basis points
SC	11.31428%	11.31428%	0.00%	105.59998% − (12.571427 × 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 such Index.

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

Calculation of LIBOR

On each Index Determination Date, until the principal balances and notional principal balances of the Floating Rate and Inverse Floating Rate 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 5.50%.

Distributions of Principal

Categories of Classes

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

Principal Type*	Classes
Callable/Sequential Pay	All Classes other than the SA, SB, R and RL Classes
Callable/Notional	SA and SB
Liquid Asset	A
No Payment Residual	R and RL

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

Principal Distribution Amount

Principal will be distributed monthly on the Certificates in an amount (the "Principal Distribution Amount") equal to the sum of (i) the distribution of principal concurrently made on the Underlying Callable Certificate and (ii) any interest accrued and added on such Distribution Date to the principal balance of the Accrual Class.

On each Distribution Date, the Principal Distribution Amount will be distributed as principal of the Classes specified below in the following order of priority:

(i) to the A Class, until the principal balance thereof is reduced to zero;

(ii) concurrently, to the B and FA Classes, in proportion to their original principal balances (or 33.3333637633% and 66.6666362367%, respectively), until the principal balances thereof are reduced to zero;

(iii) 37.5000029368% of the remaining amount, *first* concurrently, to the FD, SE, SG and SH Classes, in proportion to their original principal balances (or 82.0512799824%, 2.0644392283%, 6.3116335363% and 9.5726472530%, respectively), until the principal balances thereof are reduced to zero, and, then, sequentially, to the D, E and G Classes, in that order, until the respective principal balances thereof are reduced to zero; and

62.4999970632% of such remaining amount, *first*, concurrently, to the FB and SD Classes, in proportion to their original principal balances (or 97.7777773575% and 2.2222226425%, respectively), until the principal balances thereof are reduced to zero, and, then, concurrently, to the FC and SC Classes, in proportion to their original principal balances (or 92.6315779073% and 7.3684220927%, respectively), until the principal balances thereof are reduced to zero; and

(iv) to the Z Class, until the principal balance thereof is reduced to zero.

Callable / Sequential Pay Classes

Effect of Redemption

Under certain conditions, the Underlying Callable Certificate is subject to redemption in full on any Distribution Date commencing with the Distribution Date in October 1997, as further described in the Trust 1996-C3 Prospectus under "Description of the Certificates—Redemption and Exchange." The REMIC Trust Factors for the month in which the Underlying Callable Certificate is to be redeemed will be zero. Upon such redemption, Certificateholders will receive an amount (the "Redemption Distribution Amount") equal to the sum of:

(i) 100% of the outstanding principal balance of such Certificate;

(ii) accrued interest at the applicable rate per annum for such Certificate for the related Interest Accrual Period; and

(iii) in the case of the Delay Classes, accrued interest at the applicable rate per annum for such Certificate for the period from the first day of the month of redemption to the 24th day of the month in which the redemption occurs, calculated on the principal balance that would have remained outstanding immediately after such Distribution Date if such redemption were not to occur (that is, 24 days' interest on such principal balance).

As indicated above, the amount specified in clause (iii) above will be paid solely to Holders of the Delay Classes.

Distribution of the Redemption Distribution Amount will be in lieu of any distribution of principal and interest that would otherwise be made on that Distribution Date. In the event a redemption of the Underlying Callable Certificate occurs, a distribution will be made to the Holder of the RL Class on the Distribution Date in the month of such redemption. Such distribution will consist of the interest distributable on the Underlying Callable Certificate on such Distribution Date in excess of the interest amount distributable to Certificateholders as part of the Redemption Amount.

Structuring Assumptions

Pricing Assumptions. Unless otherwise specified, the information in the tables in this Prospectus Supplement has been prepared on the basis of the following assumptions (collectively, the "Pricing Assumptions"):

- the Mortgage Loans bear interest at a rate of 9.00% per annum and have an original term to maturity of 360 months, a CAGE of 1 month and a remaining term to maturity of 359 months;
- the Mortgage Loans prepay at the constant percentages of PSA specified in the related table;
- the closing date for the sale of the Certificates is the Settlement Date; and
- the first Distribution Date for the Certificates occurs in the month following the Settlement Date.

Prepayment Assumptions. Prepayments of mortgage loans commonly are measured relative to a prepayment standard or model. The model used in this Prospectus Supplement is the Public Securities Association's standard prepayment model ("PSA"). To assume a specified rate of PSA is to assume a specified rate of prepayment each month of the then outstanding principal balance of a pool of new mortgage loans computed as described under "Description of the Certificates—Prepayment Considerations and Risks" in the REMIC Prospectus. It is highly unlikely that prepayments will occur at any PSA rate or at any other constant rate.

Yield Tables

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

The yields to investors will be sensitive to the rate of principal payments (including prepayments) of the Mortgage Loans underlying the Underlying Callable Certificate and to any redemption thereof. The Mortgage Loans generally can be prepaid at any time. In addition, the yields to investors in the Floating Rate and Inverse Floating Rate Classes will be very sensitive to the level of the Index. As indicated below, it is possible that, under certain index, prepayment and redemption scenarios, investors in the SA and SB Classes would not fully recoup their initial investments.

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

The information set forth in the following tables was prepared on the basis of the Pricing Assumptions and the assumptions that (i) a redemption of the Underlying Callable Certificate either does not occur or occurs on the October 1997 Distribution Date, as specified in the applicable tables, (ii) interest is paid through the 24th day of the month in which the redemption, if any, is assumed to occur, (iii) the interest rates applicable to the Floating Rate and Inverse Floating Rate Classes for each Interest Accrual Period subsequent to their initial Interest Accrual Period will be based on the indicated level of the Index and (iv) the aggregate purchase prices of the Classes (expressed as percentages of original principal balances) are as follows:

Class	Price*
A	100.00000%
B	100.00000
FA	99.93750
SA	3.52836
FD	99.93750
SE	126.04401
SG	94.85491
SH	93.08262
D	98.62500
E	98.62500
G	98.62500
FB	99.50000
SD	93.23063
SB	2.66977
FC	99.62500
SC	79.98398
Z	99.00000

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

Pre-Tax Yields of the A, B, D, E, G and Z Classes
(Assuming Redemption of Underlying Callable Certificate on the October 1997 Distribution Date)

Class	50% PSA	95% PSA	225% PSA	350% PSA	500% PSA
A	8.0%	7.6%	7.2%	6.8%	6.5%
B	7.6%	7.6%	7.6%	7.5%	7.5%
D	9.6%	9.6%	9.6%	9.6%	9.6%
E	9.6%	9.6%	9.6%	9.6%	9.6%
G	9.6%	9.6%	9.6%	9.6%	9.6%
Z	9.7%	9.7%	9.7%	9.7%	9.7%

Pre-Tax Yield and
Sensitivity of the FA Class to LIBOR
(Assuming Redemption of Underlying Callable Certificate on the October 1997 Distribution Date)

	PSA Prepayment Assumption				
LIBOR	50%	95%	225%	350%	500%
3.50%	4.2%	4.2%	4.2%	4.2%	4.2%
5.50%	6.1%	6.1%	6.1%	6.1%	6.1%
7.50%	8.0%	8.0%	8.0%	8.0%	8.0%
8.55%	9.0%	9.0%	9.0%	9.0%	9.0%

(Assuming No Redemption of Underlying Callable Certificate)

	PSA Prepayment Assumption				
LIBOR	50%	95%	225%	350%	500%
3.50%	4.0%	4.0%	4.0%	4.1%	4.1%
5.50%	6.0%	6.0%	6.0%	6.1%	6.1%
7.50%	8.1%	8.1%	8.1%	8.0%	8.0%
8.55%	9.1%	9.1%	9.1%	9.1%	9.1%

Pre-Tax Yield and
Sensitivity of the SA Class to LIBOR
(Assuming Redemption of Underlying Callable Certificate on the October 1997 Distribution Date)

	PSA Prepayment Assumption				
LIBOR	50%	95%	225%	350%	500%
3.50%	70.3%	70.3%	69.1%	67.2%	64.4%
5.50%	(27.2)%	(27.2)%	(28.1)%	(29.5)%	(31.5)%
7.50%	*	*	*	*	*
8.55%	*	*	*	*	*

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

(Assuming No Redemption of Underlying Callable Certificate)

	PSA Prepayment Assumption				
LIBOR	50%	95%	225%	350%	500%
3.50%	182.5%	180.1%	172.2%	163.6%	152.9%
5.50%	100.3%	97.2%	87.0%	76.4%	63.7%
7.50%	26.8%	21.5%	3.8%	(12.5)%	(29.4)%
8.55%	*	*	*	*	*

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

Pre-Tax Yield and
Sensitivity of the FD Class to LIBOR
(Assuming Redemption of Underlying Callable Certificate
on the October 1997 Distribution Date)

LIBOR	PSA Prepayment Assumption 50%	95%	225%	350%	500%
3.50%	4.4%	4.4%	4.4%	4.4%	4.4%
5.50%	6.3%	6.3%	6.3%	6.3%	6.3%
7.50%	8.3%	8.3%	8.3%	8.3%	8.3%
9.05%	9.7%	9.7%	9.7%	9.7%	9.7%

(Assuming No Redemption of Underlying Callable Certificate)

LIBOR	PSA Prepayment Assumption 50%	95%	225%	350%	500%
3.50%	4.3%	4.3%	4.3%	4.3%	4.3%
5.50%	6.3%	6.3%	6.3%	6.3%	6.3%
7.50%	8.3%	8.3%	8.3%	8.3%	8.3%
9.05%	9.9%	9.9%	9.9%	9.9%	9.9%

Pre-Tax Yield and
Sensitivity of the SE Class to LIBOR
(Assuming Redemption of Underlying Callable Certificate
on the October 1997 Distribution Date)

LIBOR	PSA Prepayment Assumption 50%	95%	225%	350%	500%

(Assuming No Redemption of Underlying Callable Certificate)

LIBOR	PSA Prepayment Assumption 50%	95%	225%	350%	500%

Pre-Tax Yield and
Sensitivity of the SG Class to LIBOR
(Assuming Redemption of Underlying Callable Certificate
on the October 1997 Distribution Date)

LIBOR	PSA Prepayment Assumption				
	50%	95%	225%	350%	500%

(Assuming No Redemption of Underlying Callable Certificate)

LIBOR	PSA Prepayment Assumption				
	50%	95%	225%	350%	500%

Pre-Tax Yield and
Sensitivity of the SH Class to LIBOR
(Assuming Redemption of Underlying Callable Certificate
on the October 1997 Distribution Date)

LIBOR	PSA Prepayment Assumption				
	50%	95%	225%	350%	500%

(Assuming No Redemption of Underlying Callable Certificate)

LIBOR	PSA Prepayment Assumption				
	50%	95%	225%	350%	500%

Pre-Tax Yield and
Sensitivity of the FB Class to LIBOR
(Assuming Redemption of Underlying Callable Certificate
on the October 1997 Distribution Date)

LIBOR	PSA Prepayment Assumption				
	50%	95%	225%	350%	500%

(Assuming No Redemption of Underlying Callable Certificate)

LIBOR	PSA Prepayment Assumption 50%	95%	225%	350%	500%

Pre-Tax Yield and
Sensitivity of the SD Class to LIBOR
(Assuming Redemption of Underlying Callable Certificate
on the October 1997 Distribution Date)

LIBOR	PSA Prepayment Assumption 50%	95%	225%	350%	500%

(Assuming No Redemption of Underlying Callable Certificate)

LIBOR	PSA Prepayment Assumption 50%	95%	225%	350%	500%

Pre-Tax Yield and
Sensitivity of the SB Class to LIBOR
(Assuming Redemption of Underlying Callable Certificate
on the October 1997 Distribution Date)

LIBOR	PSA Prepayment Assumption 50%	95%	225%	350%	500%
3.50%	80.0%	80.0%	80.0%	80.0%	80.0%
5.50%	(47.6)%	(47.6)%	(47.6)%	(47.6)%	(47.6)%
7.50%	*	*	*	*	*

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

(Assuming No Redemption of Underlying Callable Certificate)

LIBOR	PSA Prepayment Assumption 50%	95%	225%	350%	500%
3.50%	193.1%	193.1%	193.1%	193.0%	192.6%
5.50%	87.6%	87.6%	87.4%	86.6%	84.5%
7.50%	*	*	*	*	*

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

Pre-Tax Yield and
Sensitivity of the FC Class to LIBOR
(Assuming Redemption of Underlying Callable Certificate
on the October 1997 Distribution Date)

LIBOR	PSA Prepayment Assumption 50%	95%	225%	350%	500%
3.50%	5.2%	5.2%	5.2%	5.2%	5.2%
5.50%	7.1%	7.1%	7.1%	7.1%	7.1%
7.50%	9.0%	9.0%	9.0%	9.0%	9.0%
8.40%	9.9%	9.9%	9.9%	9.9%	9.9%

(Assuming No Redemption of Underlying Callable Certificate)

LIBOR	PSA Prepayment Assumption 50%	95%	225%	350%	500%
3.50%	4.7%	4.7%	4.7%	4.7%	4.7%
5.50%	6.7%	6.7%	6.7%	6.7%	6.8%
7.50%	8.8%	8.8%	8.8%	8.8%	8.8%
8.40%	9.7%	9.7%	9.7%	9.7%	9.7%

Pre-Tax Yield and
Sensitivity of the SC Class to LIBOR
(Assuming Redemption of Underlying Callable Certificate
on the October 1997 Distribution Date)

LIBOR	PSA Prepayment Assumption 50%	95%	225%	350%	500%
7.50% and below	38.4%	38.4%	38.4%	38.4%	38.4%
8.40%	25.1%	25.1%	25.1%	25.1%	25.1%

(Assuming No Redemption of Underlying Callable Certificate)

LIBOR	PSA Prepayment Assumption 50%	95%	225%	350%	500%
7.50% and below	14.7%	14.7%	15.0%	15.5%	16.1%
8.40%	0.9%	1.0%	1.4%	2.0%	2.8%

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 and whether and, if so, when a redemption of the Underlying Callable Certificate occurs. See "Distributions of Principal" herein and "Description of the Certificates—Distributions of Principal" in the Trust 1996-C3 Prospectus.

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

Decrement Tables

The following tables indicate the percentages of original principal balances of the specified Classes that would be outstanding after each of the dates shown at various constant PSA levels and the corresponding weighted average lives of such Classes. The tables have been prepared on the basis of the Pricing Assumptions, except that with respect to the information set forth for each such Class under 0% PSA it has been assumed that (a) the underlying Mortgage Loans bear interest at the per annum rate of 11.00% and have an original and remaining term to maturity of 360 months and (b) no redemption is made on the Underlying Callable Certificate.

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

Percent of Original Principal Balances Outstanding
(Assuming No Redemption of Underlying Callable Certificate)

[Insert DECs here]

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* Indicates an outstanding balance greater than 0% and less than 0.5% of the original principal balance.
** Determined as specified under "Weighted Average Lives of the Certificates" herein.
† In the case of a Notional Class, the Decrement Table indicates the percentage of the original notional principal balance outstanding.

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Characteristics of the R and RL Classes

The R and RL Classes will not have principal balances and will not bear interest. The Holder of the R Class will be entitled to receive the proceeds of the remaining assets of the Trust, if any, after the principal balances of all Classes have been reduced to zero. It is not anticipated that there will be any material assets remaining in such circumstance. The Holder of the RL Class will be entitled to receive the proceeds of the remaining assets of the Lower Tier REMIC after the principal balances of the Lower Tier Regular Interests have been reduced to zero. In the event a redemption of the Underlying Callable Certificate occurs, a distribution will be made to the Holder of the RL Class on the Distribution Date in the month of such redemption.

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

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

CERTAIN ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES

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

REMIC Elections and Special Tax Attributes

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

As a consequence of the qualification of the Lower Tier REMIC and the Trust as REMICs, the Certificates generally will be treated as "regular or residual interests in a REMIC" for domestic building and loan associations, "real estate assets" for real estate investment trusts, and, except for the R and RL Classes, as "qualified mortgages" for other REMICs. 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 Notional Classes, the Accrual Class and the SE, SH and SC Classes will be, and certain other Classes of Certificates may be, issued with original issue discount for federal income tax purposes, which generally will result in recognition of some taxable income in advance of the receipt of the cash attributable to such income. The Prepayment Assumption that will be used in determining the rate of accrual of original issue discount will be 225% PSA. 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 that rate 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.

The SE Class will qualify as a regular interest under the Regulations because Holders of such Class will receive interest based on a constant, specified portion of the interest on certain Lower Tier Regular Interests. Further, the SE Class does not qualify as a "variable rate debt instrument" under the OID Regulations. Fannie Mae intends to treat all interest payments on the SE Class as included in the stated redemption price at maturity. See "Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Original Issue Discount*" in the REMIC Prospectus. Investors may wish to consult their own tax advisors before acquiring an interest in the SE Class.

Taxation of Beneficial Owners of Residual Certificates

Under the Regulations, neither the R Class nor the RL Class will have significant value. Special rules regarding the treatment of "excess inclusions" by certain thrift institutions no longer apply because of the amendment of section 593 of the Code by the Small Business Job Protection Act of 1996. See "Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*" in the REMIC Prospectus.

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

As the owner of the Underlying Callable Certificate, the Lower Tier REMIC will be treated as (i) owning an undivided interest in the MBS and (ii) writing a call option on such undivided interest at the time of its acquisition on the Settlement Date. For a discussion of the tax consequences associated with such treatment, see "Certain Federal Income Tax Consequences" in the Trust 1996-C3 Prospectus.

PLAN OF DISTRIBUTION

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

LEGAL MATTERS

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

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.

TABLE OF CONTENTS

$200,000,000

FannieMae

Guaranteed REMIC
Pass-Through Certificates
(Representing Interests in a
Callable Security)
Fannie Mae REMIC Trust 1996-47

PROSPECTUS SUPPLEMENT

Bear, Stearns & Co. Inc.

September 17, 1996