

\$499,367,083



FannieMae

Guaranteed REMIC Pass-Through Certificates Fannie Mae REMIC Trust 1996-54

The Guaranteed REMIC Pass-Through Certificates offered hereby (the "REMIC Certificates") will represent beneficial ownership interests in one of two trust funds. The REMIC Certificates, other than the RL Class, will represent beneficial ownership interests in Fannie Mae REMIC Trust 1996-54 (the "Trust"). The assets of the Trust will consist of the "regular interests" in a separate trust fund (the "Lower Tier REMIC"). The assets of the Lower Tier REMIC will consist of (i) certain previously issued 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 and (ii) certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the "Trust MBS") described herein. The assets of the Underlying REMIC Trusts evidence direct or indirect beneficial ownership interests in (i) certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (together with the Trust MBS, the "MBS"), and (ii) certain "fully modified pass-through" mortgage-backed securities (the "GNMA Certificates") guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("GNMA"). Each MBS represents a beneficial ownership interest in a pool of first lien, single-family, fixed-rate residential mortgage loans having the characteristics described herein. Each GNMA Certificate is based on and backed by a pool of mortgage loans (together with the pools and mortgage loans underlying the MBS, the "Pools" and "Mortgage Loans", respectively) which are either insured or guaranteed by the Federal Housing Administration ("FHA"), the Department of Veterans Affairs ("VA") or the Rural Housing Service ("FmHA"). The Certificates will be issued and guaranteed as to timely distribution of principal and interest by Fannie Mae.

Certain of the Classes of REMIC Certificates may, upon notice and payment of an exchange fee, be exchanged for one or more Classes (each, an "RCR Class") of Combinable and Recombinable REMIC Certificates ("RCR Certificates") as provided herein. Each RCR Certificate issued in such an exchange will represent a beneficial ownership interest in, and will entitle the Holder thereof to receive a proportionate share of the distributions on, the related Class or Classes of REMIC Certificates. The characteristics of the RCR Classes are set forth in Schedule 1 hereto. As used herein, unless the context requires otherwise, the term "Certificates" includes REMIC Certificates and RCR Certificates and the term "Classes" includes the Classes of REMIC Certificates and the Classes of RCR Certificates. See "Combination and Recombination" herein and Schedule 1 hereto.

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-9 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(1)	Original Principal Balance	Principal Type(2)	Interest Rate	Interest Type(2)	CUSIP Number	Final Distribution Date	Class(1)	Original Principal Balance	Principal Type(2)	Interest Rate	Interest Type(2)	CUSIP Number	Final Distribution Date
PA	\$103,340,000	PAC	7.00%	FIX	31359K2N6	December 2026	SE	(4)	NIL	(3)	INV/IO	31359K3H8	June 2011
D	11,394,000	SCH/AD	7.00	FIX	31359K2P1	February 2026	G	\$ 4,890,861	SC/PT	(5)	PO	31359K3J4	April 2023
FD	19,651,333	SUP/AD	(3)	FLT	31359K2Q9	January 2019	SG	(4)	NIL	(3)	INV/IO	31359K3K1	April 2023
SD	5,614,667	SUP/AD	(3)	INV	31359K2R7	January 2019	H	8,000,000	SC/PT	(5)	PO	31359K3L9	November 2023
Z	10,000,000	SUP	7.00	FLX/Z	31359K2S5	December 2026	FH	(4)	NIL	(3)	FLT/IO	31359K3M7	November 2023
F	9,964,081	SC/PT	(3)	FLT	31359K2T3	August 2023	J	11,117,674	SC/PT	7.00	FIX	31359K3N5	March 2024
SC	(4)	NIL	(3)	INV/IO	31359K2U0	August 2023	L	9,222,901	SC/PT	(5)	PO	31359K3P0	March 2023
FA	87,266,118	SC/PT	(3)	FLT	31359K2V8	August 2023	SL	(4)	NIL	(3)	INV/IO	31359K3Q8	March 2023
FB	83,971,863	SC/PT	(3)	FLT	31359K2W6	August 2023	M	22,704,172	SC/PT	(5)	PO	31359K3R6	September 2023
S	(4)	NIL	(3)	INV/IO	31359K2X4	August 2023	SM	(4)	NIL	(3)	INV/IO	31359K3S4	September 2023
SH	(4)	NIL	(3)	INV/IO	31359K2Y2	August 2023	N	10,365,661	SC/PT	(5)	PO	31359K3T2	July 2023
SI	(4)	NIL	(3)	INV/IO	31359K2Z9	August 2023	SN	(4)	NIL	(3)	INV/IO	31359K3U9	July 2023
SJ	(4)	NIL	(3)	INV/IO	31359K3A3	August 2023	O	11,523,762	SC/PT	(5)	PO	31359K3V7	November 2023
A	11,891,805	SC/PT	(5)	PO	31359K3B1	April 2021	SO	(4)	NIL	(3)	INV/IO	31359K3W5	November 2023
SA	(4)	NIL	(3)	INV/IO	31359K3C9	April 2021	P	13,897,502	SC/PT	(5)	PO	31359K3X3	October 2017
B	15,871,398	SC/PT	(5)	PO	31359K3D7	September 2023	SP	(4)	NIL	(3)	INV/IO	31359K3Y1	October 2017
SB	(4)	NIL	(3)	INV/IO	31359K3E5	September 2023	R	0	NPR	0	NPR	31359K3Z8	December 2026
C	40,714,285	SC/PT	6.00	FIX	31359K3F2	September 2008	RL	0	NPR	0	NPR	31359K4A2	December 2026
E	7,965,000	SC/PT	(5)	PO	31359K3G0	June 2011							

- (1) The RCR Classes are set forth on Schedule 1 hereto.
- (2) 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.
- (3) The FD, SD, F, SC, FA, FB, S, SH, SI, SJ, SA, SE, FH, SN and SO Classes will bear interest based on the "LIBOR" and the SB, SG, SL, SM and SP Classes will bear interest based on "COFI" as described under "Description of the Certificates—Distributions of Interest" herein and "Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes" in the REMIC Prospectus.
- (4) The SC, S, SH, SI, SJ, SA, SB, SE, SG, FH, SL, SM, SN, SO and SP Classes will be Notional Classes, will not have principal balances and will bear interest on their notional principal balances (initially, \$9,964,081, \$171,237,982, \$87,266,118, \$55,981,302, \$27,990,561, \$11,891,805, \$15,871,398, \$7,965,000, \$4,890,861, \$8,000,000, \$9,222,901, \$22,704,172, \$10,365,661, \$11,523,762 and \$13,897,502, respectively). The notional principal balances of the Notional Classes will be calculated based upon the principal balances of the Classes specified herein. See "Description of the Certificates—Distributions of Interest—Notional Classes" herein.
- (5) These Classes will be Principal Only Classes and will bear no interest.

The Certificates will be offered by PaineWebber Incorporated (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 Classes of REMIC Certificates, except for the Group 1 and Group 13 Classes and the R and RL Classes, will be available through the book-entry system of the Federal Reserve Banks and that the Group 1 and Group 13 Classes, and the RCR Certificates will be available through the book-entry facilities of The Depository Trust Company on or about November 29, 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 PaineWebber Incorporated, New York, New York, on or about the Settlement Date.

PaineWebber Incorporated

October 8, 1996

(Cover continued from previous page)

The yields to investors in the Classes (other than the Group 1 Classes, as described herein) will be sensitive in varying degrees to, among other things, the rate of principal distributions on the related Underlying REMIC Certificates, which in turn will be sensitive in varying degrees to the rate of principal payments of the related Mortgage Loans, the characteristics of the Mortgage Loans included in the related Pools and the priority sequences affecting principal distributions on the Underlying REMIC Certificates. The yields to investors in the Group 1 Classes, will be sensitive in varying degrees to, among other things, the rate of principal distributions on the Trust MBS, 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 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 or Inverse Floating Rate Class, fluctuations in the level of the applicable Index (as defined herein). Accordingly, investors should consider the following risks:

- The Mortgage Loans generally may be prepaid at any time without penalty, and, accordingly, the rate of principal payments thereon is likely to vary considerably from time to time.
- Slight variations in Mortgage Loan characteristics could substantially affect the weighted average lives and yields of some or all of the Classes.
- In the case of any Certificates purchased at a discount to their principal amounts (including any Principal Only Class), a slower than anticipated rate of principal payments is likely to result in a lower than anticipated yield.
- In the case of any Certificates purchased at a premium to their principal amounts, a faster than anticipated rate of principal payments is likely to result in a lower than anticipated yield.
- In the case of any Interest Only Class, a faster than anticipated rate of principal payments is likely to result in a lower than anticipated yield and, in certain cases, an actual loss on the investment.
- The yield on any Floating Rate or Inverse Floating Rate class will be sensitive to the level of the applicable 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" and "Yield Tables" herein.

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

- Certain of the Underlying REMIC Certificates are subordinate in priority of principal distributions to certain other classes of certificates evidencing beneficial ownership interests in the related Underlying REMIC Trusts and, accordingly, there is no assurance that principal distributions will be made on such Underlying REMIC Certificates on any particular Distribution Date. In particular, certain of the Underlying REMIC Certificates are Support classes that are entitled to receive principal distributions on any Distribution Date only if scheduled distributions have been made on other specified classes of certificates evidencing beneficial ownership interests in the related Underlying REMIC Trusts. Accordingly, such Underlying REMIC Certificates may receive no principal distributions for extended periods of time or may receive principal distributions that vary widely from period to period. In addition, certain of the Underlying REMIC Certificates have Principal Balance Schedules and, as a result, may receive principal distributions at a rate faster or slower than would otherwise have been the case (and, in some cases, may receive no principal distributions for extended periods). Further, prepayments on the related Mortgage Loans may have occurred at a rate faster or slower than that initially assumed. This Prospectus Supplement contains no information as to whether such Underlying REMIC Certificates have adhered to their Principal Balance Schedules, whether any related Support classes remain outstanding or whether such Underlying REMIC Certificates otherwise have performed as originally anticipated. Such information may be obtained by performing an analysis of current Fannie Mae principal factors in the context of applicable information contained in the related Underlying REMIC Disclosure Documents (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 or Prospectus Supplements for the Underlying REMIC Trusts (collectively, the "Underlying REMIC Disclosure Documents"), the MBS Prospectus or the GNMA Prospectus (as defined below). Any representation to the contrary is a criminal offense.

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

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

- Fannie Mae's Prospectus for Guaranteed REMIC Pass-Through Certificates dated June 14, 1996 (the "REMIC Prospectus"), which is attached to this Prospectus Supplement;
- Fannie Mae's Prospectus for Guaranteed Mortgage Pass-Through Certificates dated October 1, 1996 (the "MBS Prospectus");
- Fannie Mae's Prospectus for Guaranteed REMIC Pass-Through Certificates (backed by GNMA Certificates) dated June 14, 1996 (the "GNMA Prospectus");
- Fannie Mae's Information Statement dated February 22, 1996 and any supplements thereto (collectively, the "Information Statement"); and
- The Underlying REMIC Disclosure Documents.

The MBS Prospectus, the GNMA Prospectus and the Information Statement are incorporated herein by reference and, together with the Underlying REMIC Disclosure Documents, 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 REMIC Disclosure Documents, may also be obtained from PaineWebber Incorporated, by writing or calling its Prospectus Department at 1000 Harbor Boulevard, Weehawken, New Jersey 07087 (telephone 201-902-7341).

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REFERENCE SHEET

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

Characteristics of the Underlying REMIC Certificates

The table contained in Exhibit A hereto sets forth information with respect to the Underlying REMIC Certificates, including certain information regarding the underlying Mortgage Loans. Certain additional information as to the Underlying REMIC Certificates may be obtained by performing an analysis of current Fannie Mae principal factors of the Underlying REMIC Certificates in the context of applicable information contained in the related Underlying REMIC Disclosure Documents, which may be obtained from Fannie Mae as described herein.

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

Assumed Characteristics of the Mortgage Loans Underlying the Trust MBS (as of November 1, 1996)

Approximate Principal Balance	Approximate Weighted Average Remaining Term to Maturity (in months)	Approximate Calculated Loan Age (in months)	Approximate Weighted Average Coupon
\$50,000,000	351	6	7.6%
\$50,000,000	347	10	7.6%
\$50,000,000	343	14	7.6%

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.

Combination and Recombination

Holders of certain Classes of REMIC Certificates will be entitled, upon notice and payment of an exchange fee, to exchange all or a portion of such Classes for a proportionate interest in the related RCR Class or Classes in the proportions and combinations set forth on Schedule 1 hereto. The Holders of RCR Classes will be entitled to receive distributions of principal and interest from the related Class or Classes of REMIC Certificates. See "Description of the Certificates—Combination and Recombination" herein. Schedule 1 sets forth all of the available combinations of the Classes of REMIC Certificates and the related RCR Classes.

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 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
FD	6.27500%	9.00000%	0.90%	LIBOR + 90 basis points
SD and SK* ..	9.53750%	28.35000%	0.00%	28.35% - (3.5 × LIBOR)
F	5.97500%(1)	(2)	(2)	(2)
SC	0.90000%(1)	(3)	(3)	(3)
FA	5.92500%(1)	9.50000%	0.55%	LIBOR + 55 basis points
FB	6.12500%(1)	9.00000%	0.75%	LIBOR + 75 basis points
S	1.62500%(1)	7.00000%	0.00%	7.0% - LIBOR
SH	0.95000%(1)	0.95000%	0.00%	8.95% - LIBOR
SI	0.25000%(1)	0.25000%	0.00%	8.25% - LIBOR
SJ	1.25000%(1)	1.25000%	0.00%	8.25% - LIBOR
SA	11.20000%(1)	11.20000%	0.00%	110.75552% - (12.44444 × LIBOR)
SB	9.45437%(1)	30.62500%	0.00%	30.625% - (4.37500016 × COFI)
SE	9.26654%(1)	22.16585%	0.00%	22.16585% - (2.33320778 × LIBOR)
SG	9.45438%(1)	30.62500%	0.00%	30.625% - (4.375 × COFI)
FH	9.92000%(1)	16.00000%	0.00%	(LIBOR × 5.12) - 16%
SL	9.47625%(1)	30.62500%	0.00%	30.625% - (4.375 × COFI)
SM	8.30561%(1)	23.36538%	0.00%	23.36538% - (3.11538463 × COFI)
SN	5.33333%(1)	5.33333%	0.00%	42.66666% - (5.333333 × LIBOR)
SO and SR* ..	7.69800%(1)	7.69800%	0.00%	61.584% - (7.698 × LIBOR)
SP	8.87500%(1)	8.87500%	0.00%	39.17987% - (4.329268 × COFI)

* These Classes are RCR Classes. See "Description of the Certificates—Combination and Recombination" herein and Schedule 1 for a further description thereof.

- (1) These initial interest rates are assumed rates. The actual interest rates will be calculated on the basis of the applicable formulas for the calculation of such interest rates on the Index Determination Date occurring on October 29, 1996, in the case of the SB, SG, SL, SM and SP Classes, and the Index Determination Date occurring on November 21, 1996, in the case of the F, SC, FA, FB, S, SH, SI, SJ, SA, SE, FH, SN, SO and SR Classes.
- (2) The formula for the calculation of the interest rate for the F Class will be as follows: If the level of LIBOR is 4.21875% or less, the interest rate for the related Interest Accrual Period will be 4.21875% per annum. If the level of LIBOR is greater than 4.21875%, the interest rate for the related Interest Accrual Period will be equal to LIBOR plus 60 basis points, subject to a maximum interest rate of 9.5% per annum.
- (3) The formula for the calculation of the interest rate for the SC Class will be as follows: If the level of LIBOR is 4.1875% or less, the interest rate will be 0.38125% per annum. If the level of LIBOR is greater than 4.1875% and less than or equal to 4.21875%, the interest rate for the related Interest Accrual Period will be equal to (35.8 × LIBOR) - 149.53125%, subject to a minimum interest rate of 0% per annum and a maximum interest rate of 1.5% per annum. If the level of LIBOR is greater than 4.21875%, the interest rate for the related Interest Accrual Period will be equal to 8.9% - LIBOR, subject to a minimum interest rate of 0% per annum and a maximum interest rate of 0.9% per annum.

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

On any Distribution Date when distributions of interest are to be allocated from REMIC Certificates to RCR Certificates, such distributions will be allocated on a pro rata basis from the applicable Class or Classes of REMIC Certificates to the related RCR Class or, if there are two related RCR Classes, to such RCR Classes.

Notional Classes

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

Class	Percentage of Principal Balance of Class or Classes
SC	100% of F Class
S	100% of FA and FB Classes
SH	100% of FA Class
SI	66.6667381192% of FB Class
SJ	32.0749468883% of FA Class
SA	100% of A Class
SB	100% of B Class
SE	100% of E Class
SG	100% of G Class
FH	100% of H Class
SL	100% of L Class
SM	100% of M Class
SN	100% of N Class
SO	100% of O Class
SP	100% of P Class
SK*	100% of K* Class

* These Classes are RCR Classes. See "Description of the Certificates—Combination and Recombination" herein and Schedule 1 for a further description thereof.

See "Description of the Certificates—Distributions of Interest—*Notional Classes*" and "—Yield Tables—*The Inverse Floating Rate Class and the FH Class*" herein.

Distributions of Principal

The portion of the Principal Distribution Amount allocated to each Class of REMIC Certificates will be determined by distributions of principal of the related Underlying REMIC Certificate or Certificates or, in the case of the Group 1 Classes, the Trust MBS and the Group 1 Accrual Amount. For such purposes, the Principal Distribution Amount will be allocated among the Group 1, Group 2, Group 3, Group 4, Group 5, Group 6, Group 7, Group 8, Group 9, Group 10, Group 11, Group 12, Group 13 and Group 14 Principal Distribution Amounts as described herein under "Description of the Certificates—Distributions of Principal—*Principal Distribution Amount*".

Group 1 Principal Distribution Amount

Group 1 Accrual Amount

- (i) To the D Class, to its Scheduled Balance;
- (ii) To the FD and SD Classes, in proportion to their original principal balances, to zero;
- (iii) To the D Class, to zero; and
- (iv) To the Z Class, to zero.

Group 1 Cash Flow Distribution Amount

- (i) To the PA Class, to its Planned Balance;
- (ii) To the D Class, to its Scheduled Balance;
- (iii) To the FD and SD Classes, in proportion to their original principal balances, to zero;

- (iv) To the D Class, to zero;
- (v) To the Z Class, to zero; and
- (vi) To the PA Class, to zero.

Group 2 Principal Distribution Amount

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

Group 3 Principal Distribution Amount

To the A Class, to zero.

Group 4 Principal Distribution Amount

To the B Class, to zero.

Group 5 Principal Distribution Amount

To the C Class, to zero.

Group 6 Principal Distribution Amount

To the E Class, to zero.

Group 7 Principal Distribution Amount

To the G Class, to zero.

Group 8 Principal Distribution Amount

To the H Class, to zero.

Group 9 Principal Distribution Amount

To the J Class, to zero.

Group 10 Principal Distribution Amount

To the L Class, to zero.

Group 11 Principal Distribution Amount

To the M Class, to zero.

Group 12 Principal Distribution Amount

To the N Class, to zero.

Group 13 Principal Distribution Amount

To the O Class, to zero.

Group 14 Principal Distribution Amount

To the P Class, to zero.

On any Distribution Date when distributions of principal are to be allocated from REMIC Certificates to RCR Certificates, such distributions will be allocated on a pro rata basis from the applicable Class or Classes of REMIC Certificates to the related RCR Class or, if there are two related RCR Classes, to such RCR Classes.

Weighted Average Lives (years)*

Class	PSA Prepayment Assumption				
	0%	100%	145%	260%	500%
PA	18.2	7.2	7.2	7.2	4.2
FD, SD, K** and SK**	17.2	13.6	7.6	1.7	0.7
Z	28.3	22.4	19.8	5.2	1.8

Class	PSA Prepayment Assumption						
	0%	100%	125%	145%	225%	260%	500%
D	6.1	6.0	2.5	2.5	2.5	2.3	1.3

Class	PSA Prepayment Assumption				
	0%	100%	150%	300%	500%
F, FA, FB, S, SC, SH, SI and SJ	15.3	11.4	6.2	1.4	0.7
B and SB	25.7	19.3	14.4	1.8	0.7
G and SG	25.5	17.9	10.3	1.0	0.4
H and FH	25.2	18.3	12.2	0.9	0.5
L and SL	25.3	18.0	10.3	1.0	0.4
M and SM	24.9	16.6	9.3	1.3	0.6
N and SN	14.0	10.7	6.0	1.4	0.7
P and SP	12.7	12.2	10.3	1.6	0.6

Class	PSA Prepayment Assumption				
	0%	100%	180%	300%	500%
A and SA	14.4	4.9	3.4	3.1	1.9

Class	PSA Prepayment Assumption				
	0%	100%	135%	300%	500%
C	7.7	7.1	7.1	7.1	6.6

Class	PSA Prepayment Assumption				
	0%	100%	160%	300%	500%
E and SE	14.2	9.8	8.4	1.5	0.6

Class	PSA Prepayment Assumption				
	0%	100%	130%	300%	500%
J	26.8	23.4	21.7	2.1	0.7
O, SO and SR**	24.4	14.3	10.5	2.4	0.9

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

** These Classes are RCR Classes. See "Description of the Certificates—Combination and Recombination" herein and Schedule 1 for a further description thereof.

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 MBS, 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 MBS 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 MBS, 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.

The rate of distributions of principal of the Classes (other than the Group 1 Classes) will be directly related to the rate of principal distributions on the related Underlying REMIC Certificates, which in turn will be sensitive in varying degrees to the rate of payments of principal (including prepayments) of the related Mortgage Loans and the priority sequences affecting principal distributions on such Underlying REMIC Certificates. As described in the Underlying REMIC Disclosure Documents, certain of the Underlying REMIC Certificates are subordinate in priority of principal distributions to certain other classes of certificates evidencing beneficial ownership interests in the related Underlying REMIC Trusts and, accordingly, distributions of principal of the related Mortgage Loans may for extended periods be applied to the distribution of principal of those classes of certificates having priority over such Underlying REMIC Certificates. In particular, certain of the Underlying REMIC Certificates are Support classes that are entitled to receive principal distributions on any Distribution Date only if scheduled distributions have been made on other specified classes of certificates evidencing beneficial ownership interests in the related Underlying REMIC Trusts. Accordingly, such Underlying REMIC Certificates may receive no principal distributions for extended periods of time or may receive principal distributions that vary widely from period to period. In addition, certain of the Underlying REMIC Certificates have Principal Balance Schedules and, as a result, may receive distributions of principal during certain periods at a rate faster or slower than would otherwise have been the case (and, in some cases, may receive no principal distributions for extended periods). Further, prepayments on the related Mortgage Loans may have occurred at a rate faster or slower than that initially assumed. This Prospectus Supplement contains no information as to whether such Underlying REMIC Certificates have adhered to their Principal Balance Schedules, whether any related Support classes remain outstanding or whether such Underlying REMIC Certificates otherwise have performed as originally anticipated. Such information as to the Underlying REMIC Certificates may be obtained by performing an analysis of current Fannie Mae principal factors in the context of applicable information contained in the related Underlying REMIC Disclosure Documents, which may be obtained from Fannie Mae as described herein.

It is highly unlikely that the Mortgage Loans underlying any of the Underlying REMIC Certificates or the Trust MBS will prepay at any of the rates assumed herein, will prepay at a *constant* PSA rate until maturity or that such Mortgage Loans will prepay at the same rate. Investors must make their own decisions as to the appropriate assumptions, including prepayment assumptions, to be used in deciding whether to purchase the Certificates.

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 18th or 25th day, as applicable, following the end of the related Interest

Accrual Period and will not bear interest during such delay. No interest at all will be paid on any Class after its principal balance has been reduced to zero. As a result of the foregoing, the market value of the Delay Classes will be lower than would have been the case if there were no such delay.

DESCRIPTION OF THE CERTIFICATES

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

General

Structure. The Trust and the Lower Tier REMIC will be created pursuant to a trust agreement dated as of November 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 REMIC Certificates (other than the R and RL Classes) will be designated as the "regular interests," and the R Class will be designated as the "residual interest," in the REMIC constituted by the Trust. The interests in the Lower Tier REMIC other than the RL Class (the "Lower Tier Regular Interests") will be designated as the "regular interests," and the RL Class will be designated as the "residual interest," in the Lower Tier REMIC. The assets of the Lower Tier REMIC will consist of the Underlying REMIC Certificates (which evidence beneficial ownership interests in the Underlying REMIC Trusts) and the Trust MBS.

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 Underlying REMIC Certificates are described in the Underlying REMIC Disclosure Documents. 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 Certificates—The Corporation's Guaranty" in the MBS Prospectus, and "Description of the Certificates—General—Fannie Mae Guaranty" in the related Underlying REMIC Disclosure Documents.

Characteristics of Certificates. The Classes of REMIC Certificates, other than the Group 1 and Group 13 Classes and the R and RL Classes, 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."

Each of the Group 1 and Group 13 Classes and the RCR Certificates will be represented by one or more certificates (the "DTC Certificates") to be registered at all times in the name of the nominee of the Depository (as defined herein), which Depository will maintain such Certificates through its book-entry facilities. When used herein with respect to any DTC Certificate, the terms "Holders" and "Certificateholders" refer to the nominee of the Depository.

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 and "Description of the Certificates—Book-Entry Procedures".

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

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

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

Distribution Dates. Distributions on the Group 1 Classes will be made on the 18th day of each month (or, if such 18th day is not a business day, on the first business day next succeeding such 18th day), and distributions on the Group 2, Group 3, Group 4, Group 5, Group 6, Group 7, Group 8, Group 9, Group 10, Group 11, Group 12, Group 13 and Group 14 Classes 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, and each such date is referred to herein as a "Distribution Date" when used with respect to such Classes.

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.

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

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

Combination and Recombination

General. Subject to the rules, regulations and procedures of the Depository, all or a portion of the SD, O and SO Classes may be exchanged for a proportionate interest in one or more RCR Classes in the combinations and proportions set forth on Schedule 1 hereto. Similarly, all or a portion of one or more RCR Classes may be exchanged, in the combinations and proportions set forth on Schedule 1, for certain Classes of REMIC Certificates. This process may occur repeatedly.

Each RCR Class issued in an exchange will represent a beneficial ownership interest in, and will be entitled to receive a proportionate share of the distributions on, the related Class or Classes of REMIC Certificates, and the Holders of an RCR Class will be treated as the beneficial owners of a proportionate interest in the related Class or Classes of REMIC Certificates.

The Classes of REMIC Certificates and RCR Certificates that are outstanding at any given time, and the outstanding principal balances (or notional principal balances) of such Classes, will depend upon distributions of principal of such Classes as well as any exchanges that occur. The aggregate outstanding principal balance of all the Classes of REMIC Certificates and RCR Classes (exclusive of any notional principal balance) will at all times equal the aggregate outstanding principal balance of the Trust MBS and Underlying REMIC Certificates.

Procedures. A Holder proposing to effect an exchange must notify Fannie Mae's Capital Markets Department through a dealer who is a member of Fannie Mae's "REMIC Dealer Group." Such notice must be given in writing or by telefax not later than two business days before the proposed exchange date (which date, subject to Fannie Mae's approval, can be any business day other than the first or last business day of the month). The notice must include the outstanding principal balance of both the Certificates to be exchanged and the Certificates to be received, and the proposed exchange date. Promptly after the receipt of a Holder's notice, Fannie Mae will telephone the dealer to provide instructions for delivering the Certificates and the exchange fee to Fannie Mae by wire transfer. A Holder's notice becomes irrevocable on the second business day before the proposed exchange date.

A fee will be payable to Fannie Mae in connection with each exchange equal to $\frac{1}{32}$ of 1% of the outstanding principal balance (exclusive of any notional principal balance) of the Certificates to be submitted for exchange (but not less than \$2,000).

The first distribution on a REMIC Certificate or an RCR Certificate received in an exchange transaction will be made on the Distribution Date in the month following the month of the exchange. Such distribution will be made to the Holder of record as of the close of business on the last day of the month of the exchange.

Certificates to be exchanged must be delivered to Fannie Mae in the correct "exchange proportions" as shown in Schedule 1, which are based on the original principal balances of the related Classes of REMIC Certificates or RCR Certificates and will not change as a result of any reductions (or increases) in the outstanding principal balances of the Certificates.

Additional Considerations. The principal payment characteristics of an RCR Class will reflect the principal payment characteristics of the Class or Classes of REMIC Certificates which are combined to form such RCR Class. However, since an RCR Class may be formed through the combination of Classes of REMIC Certificates which have different principal payment characteristics, the principal payment characteristics of the RCR Classes should be viewed in terms of the resulting combination of REMIC Certificates in the aggregate rather than as a group of individual Classes of REMIC Certificates with different principal payment characteristics.

At any given time, a Holder's ability to exchange REMIC Certificates for RCR Certificates or to exchange RCR Certificates for REMIC Certificates will be limited by a number of factors. A Holder must, at the time of the proposed exchange, own the appropriate Classes in the appropriate proportions in order to effect a desired exchange. A Holder that does not own the appropriate Classes or the appropriate portions of such Classes may not be able to obtain the necessary Class or Classes of REMIC Certificates or the RCR Class or Classes. The Holder of a needed Class may refuse or be unable to sell at a reasonable price or any price, or certain Classes may have been purchased and placed into other financial structures. In addition, principal distributions will, over time, diminish the amounts available for exchange. Only the combinations listed on Schedule 1 are permitted.

Book-Entry Procedures

General. Each of the Group 1 and Group 13 Classes and the RCR Certificates will be represented by one or more certificates (the "DTC Certificates") to be registered at all times in the name of the nominee of The Depository Trust Company, a New York-chartered limited purpose trust company, or any successor depository selected or approved by Fannie Mae (the "Depository"). In accordance with its normal procedures, the Depository will record the positions held by each Depository participating firm (each, a "Depository Participant") in the DTC Certificates, whether held for its own account or as a nominee for another person. State Street will act as Paying Agent for, and perform certain administrative functions with respect to, the DTC Certificates.

No person acquiring a beneficial ownership interest in the DTC Certificates (a "beneficial owner" or an "investor") will be entitled to receive a physical certificate representing such ownership interest. An investor's interest in the DTC Certificates will be recorded on the records of the brokerage firm, bank, thrift institution or other financial intermediary (a "financial intermediary") that maintains such investor's account for such purpose. In turn, the financial intermediary's record ownership of such interest will be recorded on the records of the Depository (or of a Depository Participant that acts as an agent for the financial intermediary if such intermediary is not a Depository Participant). Accordingly, an investor will not be recognized by the Trustee or the Depository as a Certificateholder and must rely on the foregoing arrangements to evidence its interest in the DTC Certificates. Beneficial ownership of an investor's interest in the DTC Certificates may be transferred only by compliance with the procedures of an investor's financial intermediary and of Depository Participants. In general, beneficial ownership of an investor's interest in the DTC Certificates will be subject to the rules, regulations and procedures governing the Depository and Depository Participants as in effect from time to time.

The Classes of REMIC Certificates, other than the Group 1 and Group 13 Classes and the R and RL Classes, will be issued and maintained only on the book-entry system of the Federal Reserve Banks. Such Certificates may be held of record only by entities eligible to maintain book-entry accounts with the Federal Reserve Banks. Beneficial owners ordinarily will hold such Certificates through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. A Holder that is not the beneficial owner of such a Certificate, and each other financial intermediary in the chain to the beneficial owner, will have the responsibility of establishing and maintaining accounts for their respective customers. The rights

of the beneficial owner of such a Certificate with respect to Fannie Mae and the Federal Reserve Banks may be exercised only through the Holder of such Certificate. Fannie Mae and the Federal Reserve Banks will have no direct obligation to a beneficial owner of such a Certificate that is not also the Holder of the Certificate. The Federal Reserve Banks will act only upon the instructions of the Holder in recording transfers of such a Certificate. See "Description of the Certificates—Denominations, Certificate Form" in the REMIC Prospectus.

Method of Distribution. Each distribution on the DTC Certificates will be distributed by the Paying Agent to the Depository in immediately available funds. The Depository will be responsible for crediting the amount of such distributions to the accounts of the Depository Participants entitled thereto, in accordance with the Depository's normal procedures, which currently provide for distributions in same-day funds settled through the New York Clearing House. Each Depository Participant and each financial intermediary will be responsible for disbursing such distributions to the beneficial owners of the DTC Certificates that it represents. Accordingly, the beneficial owners may experience some delay in their receipt of distributions.

Fannie Mae's fiscal agent for the Classes of REMIC Certificates, other than the Group 1 and Group 13 Classes and the R and RL Classes, is the Federal Reserve Bank of New York. The Federal Reserve Banks will make distributions on such Certificates on behalf of Fannie Mae on the applicable Distribution Dates by crediting Holders' accounts at the Federal Reserve Banks.

The Underlying REMIC Certificates

The Underlying REMIC Certificates represent beneficial ownership interests in the respective Underlying REMIC Trusts, the assets of which evidence the direct or indirect beneficial ownership interests in (i) certain MBS having the general characteristics set forth in the MBS Prospectus and (ii) certain GNMA Certificates having the general characteristics described in the GNMA Prospectus.

The general characteristics of the Underlying REMIC Certificates are described in the related Underlying REMIC Disclosure Documents. The general characteristics of the MBS and the GNMA Certificates are described in the MBS Prospectus and the GNMA Prospectus, respectively. Each MBS evidences beneficial ownership interests in a Pool of conventional Level Payment Mortgage Loans secured by a first-mortgage or deed of trust on a one- to four-family residential property, as described under "The Mortgage Pools" and "Yield Considerations" in the MBS Prospectus. Each GNMA Certificate is based on and backed by a pool of mortgage loans that are either insured or guaranteed by the FHA, the VA or the FmHA. The Underlying REMIC Certificates provide that distributions thereon will be passed through monthly, commencing on the 25th day of the month following the initial issuance thereof (or, in each case, if such 25th day is not a business day, on the first business day next succeeding such 25th day).

The table contained in Exhibit A hereto sets forth certain information with respect to the 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 or notional principal balance of the entire class, the current principal factor for such class and the principal balance or notional principal balance of such class contained in the Lower Tier REMIC as of November 1, 1996 (the "Issue Date"). The table also sets forth the approximate weighted average WAC, approximate weighted average WAM or WARM and approximate weighted average CAGE or WALA of the Mortgage Loans underlying the related MBS or GNMA Certificates as of the Issue Date, the underlying security type and the related Class Group.

To request further information regarding the Underlying REMIC Certificates and the Trust MBS, 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 REMIC Disclosure Documents 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.

The Trust MBS

The Trust MBS underlying the Group 1 Classes will have the aggregate unpaid principal balance and Pass-Through Rate set forth below and the general characteristics described in the MBS Prospectus. The Trust MBS will provide that principal and interest on the related Mortgage Loans will be passed through monthly, commencing in the month following the month of the initial issuance of the Trust MBS. The Mortgage Loans underlying the Trust MBS will be conventional Level Payment Mortgage Loans secured by a first mortgage or deed of trust on a 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 MBS and the related Mortgage Loans as of the Issue Date are expected to be as follows:

Trust MBS

Aggregate Unpaid Principal Balance.....	\$150,000,000
MBS Pass-Through Rate	7.00%

Mortgage Loans Underlying Trust MBS

Range of WACs (per annum percentages)	7.25% to 9.50%
Range of WAMs.....	241 months to 360 months
Approximate Weighted Average WAM	347 months
Approximate Weighted Average CAGE	10 months

Final Data Statement

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

Distributions of Interest

Categories of Classes

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

<u>Interest Type*</u>	<u>Classes</u>
Fixed Rate	PA, D, Z, C and J
Accrual	Z
Floating Rate	FD, FA, FB, FH and F
Inverse Floating Rate	SD, SC, S, SH, SI, SJ, SA, SB, SE, SG, SL, SM, SN, SO and SP
Interest Only	SC, S, SH, SI, SJ, SA, SB, SE, SG, FH, SL, SM, SN, SO and SP
Principal Only	A, B, E, G, H, L, M, N, O and P
RCR**	SK, SR and K
No Payment Residual	R and RL

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

** See "Description of the Certificates—Combination and Recombination" herein and Schedule 1 for a further description of the RCR Classes.

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.

On any Distribution Date when distributions of interest are to be allocated from REMIC Certificates to RCR Certificates, such distributions will be allocated on a pro rata basis from the applicable Class or Classes of REMIC Certificates to the related RCR Class or, if there are two related RCR Classes, to such RCR Classes.

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

<u>Classes</u>	<u>Interest Accrual Periods</u>
F, SC, FA, FB, S, SH, SI, SJ, SA, SE, FH, SN, SO and SR* 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
FD, SD and SK* Classes	One month period beginning on the 18th day of the month preceding the month of the Distribution Date and ending on the 17th of the month of the Distribution Date
The Fixed Rate Classes and the SB, SG, SL, SM and SP Classes (collectively, the "Delay Classes")	Calendar month preceding the month in which the Distribution Date occurs

* These Classes are RCR Classes. See "Description of the Certificates—Combination and Recombination" herein and Schedule 1 for a further description thereof.

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

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 until the Distribution Date following the Distribution Date on which the principal balances of the FD and SD Classes are reduced to zero. 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 SC, S, SH, SI, SJ, SA, SB, SE, SG, FH, SL, SM, SN, SO, SP and SK* Classes will be Notional Classes. The Notional Classes will have no principal balances and will bear interest at the applicable per annum interest rates set forth on the cover or described herein during each Interest Accrual Period on the related notional principal balances. The notional principal balance of each Notional Class will be equal to the indicated percentage of the outstanding principal balance of the Class or Classes specified below immediately prior to the related Distribution Date:

<u>Class</u>	<u>Percentage of Principal Balance of Class or Classes</u>
SC	100% of F Class
S	100% of FA and FB Classes
SH	100% of FA Class
SI	66.6667381192% of FB Class
SJ	32.0749468883% of FA Class
SA	100% of A Class
SB	100% of B Class
SE	100% of E Class
SG	100% of G Class
FH	100% of H Class
SL	100% of L Class
SM	100% of M Class
SN	100% of N Class
SO	100% of O Class
SP	100% of P Class
SK*	100% of K* Class

* These Classes are RCR Classes. See "Description of the Certificates—Combination and Recombination" herein and Schedule 1 for a further description thereof.

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

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

Class	Initial Interest Rate	Maximum Interest Rate	Minimum Interest Rate	Formula for Calculation of Interest Rate
FD	6.27500%	9.00000%	0.90%	LIBOR + 90 basis points
SD and SK*	9.53750%	28.35000%	0.00%	$28.35\% - (3.5 \times \text{LIBOR})$
F	5.97500%(1)	(2)	(2)	(2)
SC	0.90000%(1)	(3)	(3)	(3)
FA	5.92500%(1)	9.50000%	0.55%	LIBOR + 55 basis points
FB	6.12500%(1)	9.00000%	0.75%	LIBOR + 75 basis points
S	1.62500%(1)	7.00000%	0.00%	$7.0\% - \text{LIBOR}$
SH	0.95000%(1)	0.95000%	0.00%	$8.95\% - \text{LIBOR}$
SI	0.25000%(1)	0.25000%	0.00%	$8.25\% - \text{LIBOR}$
SJ	1.25000%(1)	1.25000%	0.00%	$8.25\% - \text{LIBOR}$
SA	11.20000%(1)	11.20000%	0.00%	$110.75552\% - (12.44444 \times \text{LIBOR})$
SB	9.45437%(1)	30.62500%	0.00%	$30.625\% - (4.37500016 \times \text{COFI})$
SE	9.26654%(1)	22.16585%	0.00%	$22.16585\% - (2.33320778 \times \text{LIBOR})$
SG	9.45438%(1)	30.62500%	0.00%	$30.625\% - (4.375 \times \text{COFI})$
FH	9.92000%(1)	16.00000%	0.00%	$(\text{LIBOR} \times 5.12) - 16\%$
SL	9.47625%(1)	30.62500%	0.00%	$30.625\% - (4.375 \times \text{COFI})$
SM	8.30561%(1)	23.36538%	0.00%	$23.36538\% - (3.11538463 \times \text{COFI})$
SN	5.33333%(1)	5.33333%	0.00%	$42.66666\% - (5.333333 \times \text{LIBOR})$
SO and SR*	7.69800%(1)	7.69800%	0.00%	$61.584\% - (7.698 \times \text{LIBOR})$
SP	8.87500%(1)	8.87500%	0.00%	$39.17987\% - (4.329268 \times \text{COFI})$

* These Classes are RCR Classes. See "Description of the Certificates—Combination and Recombination" herein and Schedule 1 for a further description thereof.

- (1) These initial interest rates are assumed rates. The actual interest rates will be calculated on the basis of the applicable formulas for the calculation of such interest rates on the Index Determination Date occurring on October 29, 1996, in the case of the SB, SG, SL, SM and SP Classes, and the Index Determination Date occurring on November 21, 1996, in the case of the F, SC, FA, FB, S, SH, SI, SJ, SA, SE, FH, SN, SO and SR Classes.
- (2) The formula for calculation of the interest rate for the F Class will be as follows: If the level of LIBOR is 4.21875% or less, the interest rate for the related Interest Accrual Period will be 4.21875% per annum. If the level of LIBOR is greater than 4.21875%, the interest rate for the related Interest Accrual Period will be equal to LIBOR plus 60 basis points, subject to a maximum interest rate of 9.5% per annum.
- (3) The formula for the calculation of the interest rate for the SC Class will be as follows: If the level of LIBOR is 4.1875% or less, the interest rate for the related Interest Accrual Period will be 0.38125% per annum. If the level of LIBOR is greater than 4.1875% and less than or equal to 4.21875%, the interest rate for the related Interest Accrual Period will be equal to $(35.8 \times \text{LIBOR}) - 149.53125\%$, subject to a minimum interest rate of 0% per annum and a maximum interest rate of 1.5% per annum. If the level of LIBOR is greater than 4.21875%, the per annum interest rate for the related Interest Accrual Period will be equal to $8.9\% - \text{LIBOR}$, subject to a minimum interest rate of 0% per annum and a maximum interest rate of 0.9% per annum.

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

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

Calculation of LIBOR

On each Index Determination Date, until the principal balances and notional principal balances of the FD, SD, SK*, F, SC, FA, FB, S, SH, SI, SJ, SA, SE, FH, SN, SO and SR* 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 5.375% in the case of the FD, SD and SK* Classes, and will be equal to LIBOR as determined for such Interest Accrual Period for the related Underlying REMIC Certificate or Certificates in the case of the F, SC, FA, FB S, SH, SI, SJ, SA, SE, FH, SN, SO and SR* Classes.

Calculation of COFI

Except as otherwise specified below, the amount of interest which will accrue in respect of the SB, SG, SL, SM and SP Classes (the "COFI Classes") during each Interest Accrual Period following their initial Interest Accrual Period will be determined on the basis of the Eleventh District Cost of Funds Index for the second month next preceding the month in which such Interest Accrual Period commences if such Eleventh District Cost of Funds Index for such second preceding month is published on or before the tenth day of the month in which such Interest Accrual Period commences. For example, if the Eleventh District Cost of Funds Index for May is announced on or before July 10, interest accrued on the COFI Classes for the Interest Accrual Period commencing in July and distributable in August will be based on the Eleventh District Cost of Funds relating to May. If the Eleventh District Cost of Funds Index for the applicable month is not published on or before the tenth day of the second following month, interest will accrue on the COFI Classes at a rate determined as provided in the REMIC Prospectus under "Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes—COFI." Under certain circumstances, an alternative index may be applicable to the COFI Classes. A change of index from the Eleventh District Cost of Funds Index to an alternative index will result in a change in the index level, and, particularly if LIBOR is the alternative index, could increase the degree of index volatility.

For information regarding historical values of the Eleventh District Cost of Funds Index as reported by the Federal Home Loan Bank of San Francisco ("FHLBSF"), see "Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes—COFI" in the REMIC Prospectus.

The values of the Eleventh District Cost of Funds Index as reported by the FHLBSF for May 1996, June 1996, July 1996, and August 1996 were 4.823%, 4.809%, 4.819% and 4.839%, respectively.

* These Classes are RCR Classes. See "Description of the Certificates—Combination and Recombination" herein and Schedule 1 for a further description thereof.

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

PAC

PA

Scheduled

D

Support

FD, SD and Z

Accretion Directed

D, FD and SD

RCR**

SK and K

Group 2 Classes

Structured Collateral/Pass-Through

F, FA, and FB

Notional

SC, S, SH, SI and SJ

Group 3 Classes

Structured Collateral/Pass-Through

A

Notional

SA

Group 4 Classes

Structured Collateral/Pass-Through

B

Notional

SB

Group 5 Class

Structured Collateral/Pass-Through

C

Group 6 Classes

Structured Collateral/Pass-Through

E

Notional

SE

Group 7 Classes

Structured Collateral/Pass-Through

G

Notional

SG

Group 8 Classes

Structured Collateral/Pass-Through

H

Notional

FH

Group 9 Class

Structured Collateral/Pass-Through

J

Group 10 Classes

Structured Collateral/Pass-Through

L

Notional

SL

Group 11 Classes

Structured Collateral/Pass-Through

M

Notional

SM

Group 12 Classes

Structured Collateral/Pass-Through

N

Notional

SN

Group 13 Classes

Structured Collateral/Pass-Through

O

Notional

SO

RCR**

SR

Group 14 Classes

Structured Collateral/Pass-Through

P

Notional

SP

No Payment Residual

R and RL

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

** See "Description of the Certificates—Combination and Recombination" herein and Schedule 1 for a further description of the RCR Classes.

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 MBS (the "Group 1 Cash Flow Distribution Amount") and any interest accrued and added on such Distribution Date to the principal balance of the Accrual Class (the "Group 1 Accrual Amount" and together with the Group 1 Cash Flow Distribution Amount, the "Group 1 Principal Distribution Amount"), (ii) the aggregate distributions of principal concurrently made on the Class 1993-149-FA and Class 1993-149-SB REMIC Certificates (the "Group 2 Principal Distribution Amount"), (iii) the distribution of principal concurrently made on the Class 1993-54-SJ REMIC Certificate (the "Group 3 Principal Distribution Amount"), (iv) the distribution of principal concurrently made on the Class 1993-167-S REMIC Certificate (the "Group 4 Principal Distribution Amount"), (v) the aggregate distributions of principal concurrently made on the Class 1993-214-FC and Class 1993-214-SC REMIC Certificates (the "Group 5 Principal Distribution Amount"), (vi) the distribution of principal concurrently made on the Class 1996-26-S REMIC Certificate (the "Group 6 Principal Distribution Amount"), (vii) the distribution of principal concurrently made on the Class 1993-163-SC REMIC Certificate (the "Group 7 Principal Distribution Amount"), (viii) the distribution of principal concurrently made on the Class 1994-97-FG REMIC Certificate (the "Group 8 Principal Distribution Amount"), (ix) the aggregate distributions of principal concurrently made on the Class 1994-36-FB, Class 1994-36-SB and Class 1994-36-SC REMIC Certificates (the "Group 9 Principal Distribution Amount"), (x) the aggregate distributions of principal concurrently made on the Class 1993-141-SC and Class 1993-141-SB REMIC Certificates (the "Group 10 Principal Distribution Amount"), (xi) the distribution of principal concurrently made on the Class 1993-155-S REMIC Certificate (the "Group 11 Principal Distribution Amount"), (xii) the distribution of principal concurrently made on the Class 1993-136-SB REMIC Certificate (the "Group 12 Principal Distribution Amount"), (xiii) the distribution of principal concurrently made on the Class 1993-207-SD REMIC Certificate (the "Group 13 Principal Distribution Amount") and (xiv) the distribution of principal concurrently made on the Class 1994-42-SD REMIC Certificate (the "Group 14 Principal Distribution Amount"). The portion of each class of Underlying REMIC Certificates held by the Lower Tier REMIC will be as set forth in Exhibit A.

Group 1 Principal Distribution Amount

Group 1 Accrual Amount

On each Distribution Date, the Group 1 Accrual Amount, if any, will be distributed in the following order of priority:

- | | |
|---|--|
| (i) to the D Class, until the principal balance thereof is reduced to its Scheduled Balance for such Distribution Date; | } Accretion Directed/
Scheduled Class |
| (ii) concurrently, to the FD and SD Classes, in proportion to their original principal balances (or 77.7777764585% and 22.2222235415%, respectively), until the principal balances thereof are reduced to zero; | } Accretion Directed/
Support Classes |
| (iii) to the D Class, without regard to its Scheduled Balance and until the principal balance thereof is reduced to zero; and | } Accretion Directed/
Scheduled Class |
| (iv) to the Z Class. | } Accrual Class |

Group 1 Cash Flow Distribution Amount

On each Distribution Date, the Group 1 Cash Flow Distribution Amount will be distributed as principal of the Group 1 Classes in the following order of priority:

(i) to the PA Class, until the principal balance thereof is reduced to its Planned Balance for such Distribution Date; } **PAC Class**

(ii) to the D Class, until the principal balance thereof is reduced to its Scheduled Balance for such Distribution Date; } **Scheduled Class**

(iii) concurrently, to the FD and SD Classes, in proportion to their original principal balances (or 77.7777764585% and 22.2222235415%, respectively), until the principal balances thereof are reduced to zero; } **Support Classes**

(iv) to the D Class, without regard to its Scheduled Balance and until the principal balance thereof is reduced to zero; } **Scheduled Class**

(v) to the Z Class, until the principal balance thereof is reduced to zero; } **Support Class**
and

(vi) to the PA Class, without regard to its Planned Balance and until the principal balance thereof is reduced to zero. } **PAC Class**

Group 2 Principal Distribution Amount

On each Distribution Date, the Group 2 Principal Distribution Amount will be distributed, concurrently, as principal of the F, FA and FB Classes, in proportion to their original principal balances (or 5.4988783737%, 48.1595612306% and 46.3415603957%, respectively), until the principal balances thereof are reduced to zero.

Group 3 Principal Distribution Amount

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

Group 4 Principal Distribution Amount

On each Distribution Date, the Group 4 Principal Distribution Amount will be distributed as principal of the B Class, until the principal balance thereof is reduced to zero.

Group 5 Principal Distribution Amount

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

Group 6 Principal Distribution Amount

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

**Structured
Collateral/
Pass-Through
Classes**

Group 7 Principal Distribution Amount

On each Distribution Date, the Group 7 Principal Distribution Amount will be distributed as principal of the G Class, until the principal balance thereof is reduced to zero.

Group 8 Principal Distribution Amount

On each Distribution Date, the Group 8 Principal Distribution Amount will be distributed as principal of the H Class, until the principal balance thereof is reduced to zero.

Group 9 Principal Distribution Amount

On each Distribution Date, the Group 9 Principal Distribution Amount will be distributed as principal of the J Class, until the principal balance thereof is reduced to zero.

Group 10 Principal Distribution Amount

On each Distribution Date, the Group 10 Principal Distribution Amount will be distributed as principal of the L Class, until the principal balance thereof is reduced to zero.

Group 11 Principal Distribution Amount

On each Distribution Date, the Group 11 Principal Distribution Amount will be distributed as principal of the M Class, until the principal balance thereof is reduced to zero.

Group 12 Principal Distribution Amount

On each Distribution Date, the Group 12 Principal Distribution Amount will be distributed as principal of the N Class, until the principal balance thereof is reduced to zero.

Group 13 Principal Distribution Amount

On each Distribution Date, the Group 13 Principal Distribution Amount will be distributed as principal of the O Class, until the principal balance thereof is reduced to zero.

Group 14 Principal Distribution Amount

On each Distribution Date, the Group 14 Principal Distribution Amount will be distributed as principal of the P Class, until the principal balance thereof is reduced to zero.

On any Distribution Date when distributions of principal are to be allocated from REMIC Certificates to RCR Certificates, such distributions will be allocated on a pro rata basis from the applicable Class or Classes of REMIC Certificates to the related RCR Class or, if there are two related RCR Classes, to such RCR Classes.

Structured
Collateral/
Pass-Through
Classes

Structuring Assumptions

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

- the Mortgage Loans underlying the Trust MBS have original terms to maturity of 360 months, and the following principal amounts of the Mortgage Loans have the remaining terms to maturity, CAGEs and interest rates, respectively, as specified

\$50,000,000	351 months	6 months	7.60%
\$50,000,000	347 months	10 months	7.60%
\$50,000,000	343 months	14 months	7.60%
- all payments (including prepayments) on the Mortgage Loans underlying the GNMA Certificates, are distributed on the Certificates in the month in which such payments are received;
- the Mortgage Loans prepay at the constant percentages of PSA specified in the related table;
- the closing date for the sale of the Certificates is the Settlement Date; and
- the first Distribution Date for the Certificates occurs in the month following the Settlement Date.

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

Structuring Ranges. The Principal Balance Schedules have been prepared on the basis of the Pricing Assumptions and the assumption that the Mortgage Loans underlying the Trust MBS prepay at a constant PSA rate within the Structuring Ranges specified below.

<u>Principal Balance Schedule References</u>	<u>Related Classes</u>	<u>Structuring Range</u>
Planned Balance	PA	Between 100% and 260%
Scheduled Balance	D	Between 125% and 225%

There is no assurance that the principal balance of any Class listed above will conform on any Distribution Date to the applicable balance specified for such Distribution Date in the Principal Balance Schedules herein, or that distributions of principal on such Class 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 any such Class to its scheduled balance will be distributed, the ability to reduce such Class will not be enhanced by the averaging of high and low principal payments from month to month. In addition, even if prepayments on the Group 1 Mortgage Loans occur at rates falling within the applicable Structuring Range specified above, principal distributions may be insufficient to reduce such Class to its scheduled balance if such prepayments do not occur at a constant PSA rate. Moreover, because of the diverse remaining terms to maturity of the Mortgage Loans underlying the Trust MBS (which may include recently originated Mortgage Loans), the

Classes specified above may not be reduced to their scheduled balances, even if prepayments occur at a *constant* rate within the applicable Structuring Ranges specified above.

Initial Effective Ranges. The Effective Range for a Class is the range of prepayment rates (measured by *constant* PSA rates) that would reduce such Class to its scheduled balance on each Distribution Date. The Initial Effective Ranges set forth in the table below are based upon the assumed characteristics of the Group 1 Mortgage Loans specified in the Pricing Assumptions.

<u>Related Classes</u>	<u>Initial Effective Ranges</u>
PA	Between 100% and 260%
D	Between 125% and 225%

The actual Effective Ranges at any time will be based upon the actual characteristics of the Mortgage Loans underlying the Trust MBS at such time, which are likely to vary (and may vary considerably) from the Pricing Assumptions. The actual Effective Ranges calculated on the basis of the actual characteristics likely will differ from the Initial Effective Ranges. As a result, the applicable Classes might not be reduced to their scheduled balances even if prepayments on the Group 1 Mortgage Loans were to occur at a *constant* PSA Rate within the Initial Effective Ranges (particularly if such rate were at the lower or higher end of such ranges). In addition, even if prepayments occur at rates falling within the actual Effective Ranges, principal distributions may be insufficient to reduce the applicable Classes to their scheduled balances if such prepayments do not occur at a *constant* PSA Rate. It is highly unlikely that the Group 1 Mortgage Loans will prepay at any *constant* PSA rate. In general, the actual Effective Ranges may narrow, widen or shift upward or downward to reflect actual prepayment experience over time. The principal payment stability of the PAC and Scheduled Classes will be supported in part by the Support Classes and the PAC Class will be supported in part by the Scheduled Class. When the Support Classes are retired, any outstanding Scheduled or PAC Class may no longer have an Effective Range and will be more sensitive to prepayments.

Principal Balance Schedules

<u>Distribution Date</u>	<u>PA Class Planned Balance</u>	<u>D Class Scheduled Balance</u>	<u>Distribution Date</u>	<u>PA Class Planned Balance</u>	<u>D Class Scheduled Balance</u>
Initial Balance	\$103,340,000.00	\$11,394,000.00	October 2000	\$ 69,855,382.92	\$ 2,136,021.51
December 1996	102,943,251.65	11,265,279.16	November 2000	69,126,113.13	1,950,658.19
January 1997	102,520,552.11	11,130,080.11	December 2000	68,400,443.44	1,766,696.49
February 1997	102,072,814.70	10,988,526.20	January 2001	67,678,355.16	1,584,117.21
March 1997	101,600,213.68	10,840,696.38	February 2001	66,959,829.70	1,402,901.25
April 1997	101,102,936.23	10,686,676.59	March 2001	66,244,848.55	1,223,029.64
May 1997	100,581,182.28	10,526,559.71	April 2001	65,533,393.31	1,044,483.51
June 1997	100,035,164.43	10,360,445.45	May 2001	64,825,445.68	867,244.12
July 1997	99,465,107.81	10,188,440.23	June 2001	64,120,987.43	691,292.84
August 1997	98,871,249.92	10,010,657.05	July 2001	63,420,000.46	516,611.14
September 1997	98,253,840.46	9,827,215.39	August 2001	62,722,466.72	343,180.62
October 1997	97,613,141.20	9,638,241.04	September 2001	62,028,368.28	170,982.97
November 1997	96,949,425.77	9,443,865.93	October 2001	61,337,687.31	0.00
December 1997	96,262,979.50	9,244,228.02	November 2001	60,650,406.04	0.00
January 1998	95,554,099.17	9,039,471.10	December 2001	59,966,506.81	0.00
February 1998	94,823,092.87	8,829,744.58	January 2002	59,285,972.06	0.00
March 1998	94,070,279.71	8,615,203.37	February 2002	58,608,784.31	0.00
April 1998	93,304,169.85	8,398,044.21	March 2002	57,934,926.16	0.00
May 1998	92,524,968.01	8,178,362.09	April 2002	57,264,380.31	0.00
June 1998	91,732,886.12	7,956,255.51	May 2002	56,597,129.55	0.00
July 1998	90,928,143.22	7,731,826.44	June 2002	55,933,156.75	0.00
August 1998	90,119,050.58	7,507,171.43	July 2002	55,272,444.89	0.00
September 1998	89,305,706.63	7,282,329.84	August 2002	54,614,977.00	0.00
October 1998	88,488,213.32	7,057,342.72	September 2002	53,960,736.23	0.00
November 1998	87,666,675.98	6,832,252.76	October 2002	53,309,705.80	0.00
December 1998	86,849,217.40	6,609,063.59	November 2002	52,661,869.02	0.00
January 1999	86,035,816.43	6,387,752.85	December 2002	52,017,209.29	0.00
February 1999	85,226,452.03	6,168,298.30	January 2003	51,375,710.08	0.00
March 1999	84,421,103.26	5,950,677.88	February 2003	50,737,354.97	0.00
April 1999	83,619,749.32	5,734,869.64	March 2003	50,102,127.61	0.00
May 1999	82,822,369.47	5,520,851.79	April 2003	49,470,011.73	0.00
June 1999	82,028,943.12	5,308,602.68	May 2003	48,840,991.14	0.00
July 1999	81,239,449.75	5,098,100.79	June 2003	48,215,049.75	0.00
August 1999	80,453,868.98	4,889,324.76	July 2003	47,592,171.54	0.00
September 1999	79,672,180.50	4,682,253.33	August 2003	46,972,340.58	0.00
October 1999	78,894,364.13	4,476,865.40	September 2003	46,355,541.01	0.00
November 1999	78,120,399.78	4,273,140.00	October 2003	45,741,757.06	0.00
December 1999	77,350,267.46	4,071,056.31	November 2003	45,130,973.04	0.00
January 2000	76,583,947.31	3,870,593.60	December 2003	44,523,173.34	0.00
February 2000	75,821,419.53	3,671,731.32	January 2004	43,918,342.44	0.00
March 2000	75,062,664.46	3,474,449.01	February 2004	43,316,464.87	0.00
April 2000	74,307,662.52	3,278,726.36	March 2004	42,717,525.27	0.00
May 2000	73,556,394.23	3,084,543.18	April 2004	42,121,508.35	0.00
June 2000	72,808,840.22	2,891,879.40	May 2004	41,528,398.89	0.00
July 2000	72,064,981.21	2,700,715.10	June 2004	40,938,181.76	0.00
August 2000	71,324,798.02	2,511,030.46	July 2004	40,350,841.89	0.00
September 2000	70,588,271.59	2,322,805.79	August 2004	39,766,364.31	0.00

<u>Distribution Date</u>	<u>PA Class Planned Balance</u>	<u>D Class Scheduled Balance</u>	<u>Distribution Date</u>	<u>PA Class Planned Balance</u>	<u>D Class Scheduled Balance</u>
September 2004	\$ 39,184,734.12	\$ 0.00	August 2008	\$ 18,454,347.45	\$ 0.00
October 2004	38,605,936.48	0.00	September 2008	18,152,239.61	0.00
November 2004	38,029,956.65	0.00	October 2008	17,854,707.47	0.00
December 2004	37,456,779.94	0.00	November 2008	17,561,684.19	0.00
January 2005	36,886,391.76	0.00	December 2008	17,273,103.90	0.00
February 2005	36,318,777.58	0.00	January 2009	16,988,901.67	0.00
March 2005	35,753,922.95	0.00	February 2009	16,709,013.50	0.00
April 2005	35,192,732.38	0.00	March 2009	16,433,376.31	0.00
May 2005	34,639,880.46	0.00	April 2009	16,161,927.93	0.00
June 2005	34,095,246.57	0.00	May 2009	15,894,607.06	0.00
July 2005	33,558,711.79	0.00	June 2009	15,631,353.32	0.00
August 2005	33,030,158.92	0.00	July 2009	15,372,107.17	0.00
September 2005	32,509,472.41	0.00	August 2009	15,116,809.91	0.00
October 2005	31,996,538.36	0.00	September 2009	14,865,403.72	0.00
November 2005	31,491,244.52	0.00	October 2009	14,617,831.58	0.00
December 2005	30,993,480.22	0.00	November 2009	14,374,037.31	0.00
January 2006	30,503,136.37	0.00	December 2009	14,133,965.52	0.00
February 2006	30,020,105.45	0.00	January 2010	13,897,561.63	0.00
March 2006	29,544,281.47	0.00	February 2010	13,664,771.83	0.00
April 2006	29,075,559.95	0.00	March 2010	13,435,543.09	0.00
May 2006	28,613,837.90	0.00	April 2010	13,209,823.15	0.00
June 2006	28,159,013.82	0.00	May 2010	12,987,560.50	0.00
July 2006	27,710,987.63	0.00	June 2010	12,768,704.34	0.00
August 2006	27,269,660.71	0.00	July 2010	12,553,204.65	0.00
September 2006	26,834,935.82	0.00	August 2010	12,341,012.09	0.00
October 2006	26,406,717.14	0.00	September 2010	12,132,078.06	0.00
November 2006	25,984,910.19	0.00	October 2010	11,926,354.63	0.00
December 2006	25,569,421.87	0.00	November 2010	11,723,794.57	0.00
January 2007	25,160,160.39	0.00	December 2010	11,524,351.35	0.00
February 2007	24,757,035.27	0.00	January 2011	11,327,979.08	0.00
March 2007	24,359,957.35	0.00	February 2011	11,134,632.54	0.00
April 2007	23,968,838.70	0.00	March 2011	10,944,267.18	0.00
May 2007	23,583,592.70	0.00	April 2011	10,756,839.06	0.00
June 2007	23,204,133.94	0.00	May 2011	10,572,304.90	0.00
July 2007	22,830,378.23	0.00	June 2011	10,390,622.03	0.00
August 2007	22,462,242.58	0.00	July 2011	10,211,748.40	0.00
September 2007	22,099,645.22	0.00	August 2011	10,035,642.56	0.00
October 2007	21,742,505.52	0.00	September 2011	9,862,263.66	0.00
November 2007	21,390,744.01	0.00	October 2011	9,691,571.44	0.00
December 2007	21,044,282.36	0.00	November 2011	9,523,526.22	0.00
January 2008	20,703,043.36	0.00	December 2011	9,358,088.89	0.00
February 2008	20,366,950.91	0.00	January 2012	9,195,220.92	0.00
March 2008	20,035,930.00	0.00	February 2012	9,034,884.31	0.00
April 2008	19,709,906.69	0.00	March 2012	8,877,041.63	0.00
May 2008	19,388,808.10	0.00	April 2012	8,721,655.97	0.00
June 2008	19,072,562.40	0.00	May 2012	8,568,690.97	0.00
July 2008	18,761,098.78	0.00	June 2012	8,418,110.78	0.00

<u>Distribution Date</u>	<u>PA Class Planned Balance</u>	<u>D Class Scheduled Balance</u>	<u>Distribution Date</u>	<u>PA Class Planned Balance</u>	<u>D Class Scheduled Balance</u>
July 2012	\$ 8,269,880.10	\$ 0.00	June 2016	\$ 3,406,055.14	\$ 0.00
August 2012	8,123,964.09	0.00	July 2016	3,337,581.41	0.00
September 2012	7,980,328.46	0.00	August 2016	3,270,229.69	0.00
October 2012	7,838,939.38	0.00	September 2016	3,203,982.96	0.00
November 2012	7,699,763.53	0.00	October 2016	3,138,824.49	0.00
December 2012	7,562,768.07	0.00	November 2016	3,074,737.77	0.00
January 2013	7,427,920.63	0.00	December 2016	3,011,706.52	0.00
February 2013	7,295,189.30	0.00	January 2017	2,949,714.72	0.00
March 2013	7,164,542.65	0.00	February 2017	2,888,746.58	0.00
April 2013	7,035,949.69	0.00	March 2017	2,828,786.52	0.00
May 2013	6,909,379.88	0.00	April 2017	2,769,819.23	0.00
June 2013	6,784,803.13	0.00	May 2017	2,711,829.58	0.00
July 2013	6,662,189.77	0.00	June 2017	2,654,802.68	0.00
August 2013	6,541,510.59	0.00	July 2017	2,598,723.87	0.00
September 2013	6,422,736.77	0.00	August 2017	2,543,578.69	0.00
October 2013	6,305,839.92	0.00	September 2017	2,489,352.89	0.00
November 2013	6,190,792.07	0.00	October 2017	2,436,032.44	0.00
December 2013	6,077,565.63	0.00	November 2017	2,383,603.50	0.00
January 2014	5,966,133.45	0.00	December 2017	2,332,052.46	0.00
February 2014	5,856,468.74	0.00	January 2018	2,281,365.88	0.00
March 2014	5,748,545.10	0.00	February 2018	2,231,530.53	0.00
April 2014	5,642,336.53	0.00	March 2018	2,182,533.37	0.00
May 2014	5,537,817.41	0.00	April 2018	2,134,361.57	0.00
June 2014	5,434,962.46	0.00	May 2018	2,087,002.47	0.00
July 2014	5,333,746.80	0.00	June 2018	2,040,443.59	0.00
August 2014	5,234,145.89	0.00	July 2018	1,994,672.65	0.00
September 2014	5,136,135.57	0.00	August 2018	1,949,677.54	0.00
October 2014	5,039,692.00	0.00	September 2018	1,905,446.34	0.00
November 2014	4,944,791.71	0.00	October 2018	1,861,967.29	0.00
December 2014	4,851,411.57	0.00	November 2018	1,819,228.82	0.00
January 2015	4,759,528.76	0.00	December 2018	1,777,219.51	0.00
February 2015	4,669,120.83	0.00	January 2019	1,735,928.12	0.00
March 2015	4,580,165.62	0.00	February 2019	1,695,343.58	0.00
April 2015	4,492,641.33	0.00	March 2019	1,655,454.98	0.00
May 2015	4,406,526.44	0.00	April 2019	1,616,251.57	0.00
June 2015	4,321,799.76	0.00	May 2019	1,577,722.74	0.00
July 2015	4,238,440.42	0.00	June 2019	1,539,858.07	0.00
August 2015	4,156,427.83	0.00	July 2019	1,502,647.28	0.00
September 2015	4,075,741.72	0.00	August 2019	1,466,080.23	0.00
October 2015	3,996,362.10	0.00	September 2019	1,430,146.94	0.00
November 2015	3,918,269.29	0.00	October 2019	1,394,837.58	0.00
December 2015	3,841,443.87	0.00	November 2019	1,360,142.46	0.00
January 2016	3,765,866.73	0.00	December 2019	1,326,052.03	0.00
February 2016	3,691,519.02	0.00	January 2020	1,292,556.90	0.00
March 2016	3,618,382.16	0.00	February 2020	1,259,647.79	0.00
April 2016	3,546,437.88	0.00	March 2020	1,227,315.58	0.00
May 2016	3,475,668.13	0.00	April 2020	1,195,551.27	0.00

<u>Distribution Date</u>	<u>PA Class Planned Balance</u>	<u>D Class Scheduled Balance</u>	<u>Distribution Date</u>	<u>PA Class Planned Balance</u>	<u>D Class Scheduled Balance</u>
May 2020	\$ 1,164,346.02	\$ 0.00	April 2023	\$ 364,332.34	\$ 0.00
June 2020	1,133,691.08	0.00	May 2023	348,332.42	0.00
July 2020	1,103,577.87	0.00	June 2023	332,641.85	0.00
August 2020	1,073,997.90	0.00	July 2023	317,255.62	0.00
September 2020	1,044,942.84	0.00	August 2023	302,168.82	0.00
October 2020	1,016,404.46	0.00	September 2023	287,376.59	0.00
November 2020	988,374.66	0.00	October 2023	272,874.14	0.00
December 2020	960,845.46	0.00	November 2023	258,656.78	0.00
January 2021	933,809.01	0.00	December 2023	244,719.87	0.00
February 2021	907,257.56	0.00	January 2024	231,058.83	0.00
March 2021	881,183.47	0.00	February 2024	217,669.18	0.00
April 2021	855,579.24	0.00	March 2024	204,546.48	0.00
May 2021	830,437.46	0.00	April 2024	191,686.38	0.00
June 2021	805,750.84	0.00	May 2024	179,084.57	0.00
July 2021	781,512.19	0.00	June 2024	166,736.82	0.00
August 2021	757,714.43	0.00	July 2024	154,638.98	0.00
September 2021	734,350.60	0.00	August 2024	142,786.92	0.00
October 2021	711,413.82	0.00	September 2024	131,176.62	0.00
November 2021	688,897.33	0.00	October 2024	119,804.09	0.00
December 2021	666,794.46	0.00	November 2024	108,665.42	0.00
January 2022	645,098.65	0.00	December 2024	97,756.73	0.00
February 2022	623,803.43	0.00	January 2025	87,074.24	0.00
March 2022	602,902.43	0.00	February 2025	76,614.19	0.00
April 2022	582,389.38	0.00	March 2025	66,372.90	0.00
May 2022	562,258.09	0.00	April 2025	56,346.74	0.00
June 2022	542,502.48	0.00	May 2025	46,532.13	0.00
July 2022	523,116.54	0.00	June 2025	36,925.55	0.00
August 2022	504,094.37	0.00	July 2025	30,460.77	0.00
September 2022	485,430.15	0.00	August 2025	24,133.03	0.00
October 2022	467,118.15	0.00	September 2025	17,940.06	0.00
November 2022	449,152.71	0.00	October 2025	11,879.61	0.00
December 2022	431,528.29	0.00	November 2025	8,812.34	0.00
January 2023	414,239.39	0.00	December 2025	5,810.71	0.00
February 2023	397,280.64	0.00	January 2026	2,873.62	0.00
March 2023	380,646.70	0.00	February 2026 and thereafter	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 applicable Index. The yields set forth in the tables were calculated by determining the monthly discount rates that, when applied to the assumed streams of cash flows to be paid on the applicable Classes, would cause the discounted present value of such assumed streams of cash flows to equal the assumed aggregate purchase prices of such Classes and converting such monthly rates to corporate bond equivalent rates. Such calculations do not take into account variations that may occur in the interest rates at which investors may be able to reinvest funds received by them as distributions on the Certificates and consequently do not purport to reflect the return on any investment in the Certificates when such reinvestment rates are considered. *There can be no assurance that the pre-tax yields on the Certificates will correspond to any of the pre-tax yields shown herein or that the aggregate purchase prices of the Certificates will be as assumed. In addition, there can be no assurance that the applicable Index will correspond to the levels shown herein. Furthermore, because some of the Mortgage Loans will likely have remaining terms to maturity shorter or longer than those assumed and interest rates higher or lower than those assumed, the principal distributions on the Certificates are likely to differ from those assumed, even if all Mortgage Loans prepay at the indicated constant percentages of PSA. Moreover, it is not likely that the Mortgage Loans will prepay at a constant PSA rate until maturity, that all of such Mortgage Loans will prepay at the same rate or that the level of the applicable Index will remain constant.*

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

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

Class	Price
A.....	80.0%
B.....	50.0%
E.....	70.0%
G.....	50.0%
H.....	46.0%
L.....	55.0%
M.....	60.0%
N.....	70.0%
O.....	55.0%
P.....	60.0%
K*.....	62.5%

* This Class is an RCR Class. See "Description of the Certificates—Combination and Recombination" herein and Schedule 1 for a further description thereof.

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

Class	PSA Prepayment Assumption				
	50%	100%	145%	260%	500%
K*	2.8%	3.5%	6.6%	32.8%	83.6%

Class	PSA Prepayment Assumption				
	50%	100%	180%	300%	500%
A	3.2%	4.9%	7.0%	7.6%	12.6%

Class	PSA Prepayment Assumption				
	50%	100%	160%	300%	500%
E	3.5%	3.7%	4.3%	26.4%	68.1%

Class	PSA Prepayment Assumption				
	50%	100%	150%	300%	500%
B	3.1%	3.6%	4.9%	47.2%	145.4%
G	3.2%	3.9%	7.6%	91.2%	277.3%
H	3.5%	4.3%	6.6%	128.6%	354.5%
L	2.7%	3.4%	6.5%	76.9%	226.2%
M	2.4%	3.1%	5.8%	56.5%	124.9%
N	2.8%	3.4%	6.5%	29.9%	62.9%
P	4.3%	4.5%	5.2%	37.0%	123.8%

Class	PSA Prepayment Assumption				
	50%	100%	130%	300%	500%
O	3.1%	4.3%	6.3%	38.5%	97.0%

* This Class is an RCR Class. See "Description of the Certificates—Combination and Recombination" herein and Schedule 1 for a further description thereof.

The Inverse Floating Rate Classes and the FH Class. The yields to investors in the Inverse Floating Rate Classes and the FH Class will be sensitive in varying degrees to the level of the applicable Index and to the rate of principal payments (including prepayments) of the Mortgage Loans underlying the related Underlying REMIC Certificates. The Mortgage Loans generally can be prepaid at any time. In addition, the rate of principal payments (including prepayments) of the Mortgage Loans is likely to vary, and may vary considerably, from Pool to Pool. As indicated in the tables below, it is possible that, under certain Index and prepayment scenarios, investors in the Interest Only Classes would not fully recoup their initial investments.

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

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

Class	Price*
SD	80.0%
SC	2.5%
S	3.0%
SH	3.0%
SI	1.0%
SJ	3.0%
SA	30.0%
SB	30.0%
SE	20.0%
SG	28.0%
FH	95.0%
SL	27.0%
SM	25.0%
SN	15.0%
SO	30.0%
SP	40.0%
SK**	17.5%
SR**	85.0%

* 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.

** These Classes are RCR Classes. See "Description of the Certificates—Combination and Recombination" herein and Schedule 1 for a further description thereof.

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

LIBOR	PSA Prepayment Assumption				
	50%	100%	145%	260%	500%
3.375%	21.7%	21.9%	23.5%	35.3%	56.8%
5.375%	12.7%	13.0%	14.6%	26.5%	47.7%
7.375%	4.3%	4.6%	6.1%	17.9%	38.9%
8.100%	1.4%	1.7%	3.1%	14.8%	35.7%

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

LIBOR	PSA Prepayment Assumption				
	50%	100%	145%	260%	500%
3.375%	112.4%	112.4%	105.5%	48.8%	(63.9)%
5.375%	61.0%	61.0%	54.1%	(8.9)%	*
7.375%	13.4%	12.0%	2.7%	(79.0)%	*
8.100%	*	*	*	*	*

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

** This Class is an RCR Class. See "Description of the Certificates—Combination and Recombination" herein and Schedule 1 for a further description thereof.

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>150%</u>	<u>300%</u>	<u>500%</u>
4.18750.....	12.1	10.4	(0.9)	(77.2)	*
4.21875.....	64.6	64.5	51.5	(17.3)	*
4.30000.....	36.5	36.1	24.4	(46.3)	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>150%</u>	<u>300%</u>	<u>500%</u>
3.375%.....	144.9%	144.9%	127.8%	54.3%	(42.2)%
5.375%.....	58.5%	58.4%	45.6%	(23.2)%	*
7.000%.....	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>150%</u>	<u>300%</u>	<u>500%</u>
8.00%.....	31.4%	30.9%	19.3%	(52.1)%	*
8.50%.....	11.8%	9.9%	(1.3)%	(77.8)%	*
8.95%.....	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>150%</u>	<u>300%</u>	<u>500%</u>
8.000%.....	23.6%	22.7%	11.4%	(61.6)%	*
8.125%.....	8.4%	6.2%	(5.2)%	(82.8)%	*
8.250%.....	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>150%</u>	<u>300%</u>	<u>500%</u>
7.00%.....	43.2%	43.0%	31.0%	(38.9)%	*
7.50%.....	24.0%	23.1%	11.8%	(61.1)%	*
8.25%.....	*	*	*	*	*

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

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

LIBOR	PSA Prepayment Assumption				
	50%	100%	180%	300%	500%
8.00%	29.8%	21.6%	10.8%	7.6%	(23.3)%
8.50%	4.7%	(5.2)%	(18.5)%	(23.3)%	(59.0)%
8.91%	*	*	*	*	*

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

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

COFI	PSA Prepayment Assumption				
	50%	100%	150%	300%	500%
2.839%	65.8%	65.8%	65.8%	6.0%	*
4.839%	32.9%	32.8%	32.3%	(34.1)%	*
7.000%	*	*	*	*	*

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

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

LIBOR	PSA Prepayment Assumption				
	50%	100%	160%	300%	500%
3.53125%	79.0%	78.9%	78.4%	0.1%	*
5.53125%	50.4%	50.3%	49.1%	(39.0)%	*
7.53125%	21.4%	20.8%	18.4%	(83.1)%	*
9.51000%	*	*	*	*	*

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

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

COFI	PSA Prepayment Assumption				
	50%	100%	150%	300%	500%
2.839%	70.9%	70.9%	66.4%	(51.9)%	*
4.839%	35.3%	35.2%	29.9%	(95.1)%	*
7.000%	*	*	*	*	*

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

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

LIBOR	PSA Prepayment Assumption				
	50%	100%	150%	300%	500%
3.125%	*	*	*	*	*
5.062%	9.2%	8.1%	4.0%	*	*
6.250%	16.9%	16.3%	13.6%	*	*

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

**Sensitivity of the SL Class to Prepayments and COFI
(Pre-Tax Yields to Maturity)**

<u>COFI</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>150%</u>	<u>300%</u>	<u>500%</u>
2.834%	73.9%	73.9%	68.9%	(49.9)%	*
4.834%	36.8%	36.7%	31.2%	(93.9)%	*
7.000%	*	*	*	*	*

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

**Sensitivity of the SM Class to Prepayments and COFI
(Pre-Tax Yields to Maturity)**

<u>COFI</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>150%</u>	<u>300%</u>	<u>500%</u>
2.834%	62.9%	62.9%	59.3%	(25.9)%	*
4.834%	34.7%	34.6%	29.7%	(52.4)%	*
6.834%	5.9%	4.0%	(4.5)%	(90.7)%	*
7.500%	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>150%</u>	<u>300%</u>	<u>500%</u>
7.0%	35.5%	35.1%	24.2%	(47.1)%	*
7.5%	14.7%	13.1%	1.8%	(74.0)%	*
8.0%	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>130%</u>	<u>300%</u>	<u>500%</u>
7.0%	26.8%	25.6%	20.9%	(17.0)%	*
7.5%	11.8%	9.4%	5.0%	(32.9)%	*
8.0%	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>130%</u>	<u>300%</u>	<u>500%</u>
7.0%	9.6%	9.9%	10.5%	17.1%	29.4%
7.5%	5.1%	5.5%	6.0%	12.5%	25.0%
8.0%	0.9%	1.2%	1.7%	7.9%	20.6%

** This Class is an RCR Class. See "Description of the Certificates—Combination and Recombination" herein and Schedule 1 for a further description thereof.

**Sensitivity of the SP Class to Prepayments and COFI
(Pre-Tax Yields to Maturity)**

COFI	PSA Prepayment Assumption				
	50%	100%	150%	300%	500%
7.00%	18.7%	18.5%	17.6%	(66.8)%	*
8.00%	5.2%	4.8%	2.6%	(90.6)%	*
9.05%	*	*	*	*	*

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

Weighted Average Lives of the Certificates

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

In general, the weighted average lives of the Certificates will be shortened if the level of prepayments of principal of the related Mortgage Loans increases. However, the weighted average lives will depend upon a variety of other factors, including the timing of changes in such rate of principal payments, the priority sequence of distributions of principal of the Group 1 Classes and, in the case of all Classes other than the Group 1 Classes, the priority sequences of distributions of principal of the related Underlying REMIC Certificates. The weighted average lives of the Group 1 Classes will also depend on the distribution of principal of certain Classes in accordance with the Principal Balance Schedules. 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 certain Classes to their scheduled amounts as set forth in the Principal Balance Schedules, such excess principal will be distributed on the 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 such Classes to their scheduled amounts, no principal will be distributed on the remaining Group 1 Classes on such Distribution Date. Accordingly, the rate of principal payments on the Mortgage Loans underlying the Trust MBS is expected to have a greater effect on the weighted average lives of the Support Classes and, under certain prepayment scenarios, the Scheduled Class, than on the weighted average life of the PAC Class. See "Distributions of Principal" herein. See "Distributions of Principal" herein and "Description of the Certificates—Distributions of Principal" in the Underlying REMIC Disclosure Documents.

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

Decrement Tables

The following tables indicate the percentages of original principal balances of the specified Classes that would be outstanding after each of the dates shown at various constant PSA levels and the corresponding weighted average lives of such Classes. The tables have been prepared on the basis of the Pricing Assumptions, except that with respect to the information set forth for each such Class under 0% PSA it has been assumed that the underlying Mortgage Loans have the original and remaining terms to maturity and bear interest at the per annum rates specified below:

<u>Mortgage Loans relating to Underlying REMIC Trusts and the Trust MBS specified below</u>	<u>Original Terms to Maturity</u>	<u>Remaining Terms to Maturity</u>	<u>Interest Rates</u>	<u>Related Groups</u>
Trust MBS	360 months	360 months	9.5%	Group 1
1993-149	360 months	321 months	9.5%	Group 2
1993-54	360 months	317 months	10.0%	Group 3
1993-167	360 months	322 months	9.5%	Group 4
1993-214	180 months	145 months	8.5%	Group 5
1996-26	180 months	175 months	9.5%	Group 6
1993-163	360 months	322 months	9.5%	Group 7
1994-97	360 months	324 months	7.5%	Group 8
1994-36	360 months	328 months	9.0%	Group 9
1993-141	360 months	(1)	9.5%	Group 10
1993-155	360 months	322 months	9.5%	Group 11
1993-136	360 months	320 months	9.5%	Group 12
1993-207	360 months	324 months	9.0%	Group 13
1994-42	360 months	329 months	9.5%	Group 14

(1) The assets of 1993-141 consist of multiple MBS Certificates and a single SMBS Certificate.

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

Percent of Original Principal Balances Outstanding

Date	PA Class					D Class							FD, SD, K†† and SK††† Classes					Z Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption							PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	145%	260%	500%	0%	100%	125%	145%	225%	260%	500%	0%	100%	145%	260%	500%	0%	100%	145%	260%	500%
Initial Percent.....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
November 1997.....	99	94	94	94	94	94	94	83	83	83	83	83	100	100	96	74	27	107	107	107	107	107
November 1998.....	98	85	85	85	85	87	87	60	60	60	60	0	100	100	90	37	0	115	115	115	115	115
November 1999.....	97	76	76	76	60	80	80	38	38	38	38	0	100	100	85	6	0	123	123	123	123	123
November 2000.....	96	67	67	67	41	72	72	17	17	17	0	0	100	100	81	0	0	132	132	132	110	110
November 2001.....	95	59	59	59	28	63	63	0	0	0	0	0	100	100	77	0	0	142	142	142	60	60
November 2002.....	93	51	51	51	20	54	54	0	0	0	0	0	100	100	67	0	0	152	152	152	27	27
November 2003.....	92	44	44	44	14	45	45	0	0	0	0	0	100	100	58	0	0	163	163	163	8	8
November 2004.....	90	37	37	37	9	34	34	0	0	0	0	0	100	100	50	0	0	175	175	175	1	1
November 2005.....	88	30	30	30	6	23	22	0	0	0	0	0	100	100	43	0	0	187	187	187	0	0
November 2006.....	86	25	25	25	4	11	3	0	0	0	0	0	100	100	33	0	0	201	201	201	0	0
November 2007.....	83	21	21	21	3	0	0	0	0	0	0	0	99	90	22	0	0	215	215	215	0	0
November 2008.....	81	17	17	17	2	0	0	0	0	0	0	0	93	77	9	0	0	231	231	231	0	0
November 2009.....	78	14	14	14	1	0	0	0	0	0	0	0	87	62	0	0	0	243	248	238	0	0
November 2010.....	75	11	11	11	1	0	0	0	0	0	0	0	80	45	0	0	0	266	266	219	0	0
November 2011.....	72	9	9	9	1	0	0	0	0	0	0	0	72	28	0	0	0	285	285	200	0	0
November 2012.....	68	7	7	7	*	0	0	0	0	0	0	0	64	9	0	0	0	305	305	182	0	0
November 2013.....	64	6	6	6	*	0	0	0	0	0	0	0	55	0	0	0	0	328	301	163	0	0
November 2014.....	59	5	5	5	*	0	0	0	0	0	0	0	46	0	0	0	0	351	273	145	0	0
November 2015.....	55	4	4	4	*	0	0	0	0	0	0	0	36	0	0	0	0	377	246	127	0	0
November 2016.....	49	3	3	3	*	0	0	0	0	0	0	0	25	0	0	0	0	404	218	111	0	0
November 2017.....	43	2	2	2	*	0	0	0	0	0	0	0	13	0	0	0	0	433	191	95	0	0
November 2018.....	37	2	2	2	*	0	0	0	0	0	0	0	1	0	0	0	0	464	165	80	0	0
November 2019.....	30	1	1	1	*	0	0	0	0	0	0	0	0	0	0	0	0	467	139	66	0	0
November 2020.....	22	1	1	1	*	0	0	0	0	0	0	0	0	0	0	0	0	467	113	52	0	0
November 2021.....	13	1	1	1	*	0	0	0	0	0	0	0	0	0	0	0	0	467	89	40	0	0
November 2022.....	3	*	*	*	*	0	0	0	0	0	0	0	0	0	0	0	0	467	65	29	0	0
November 2023.....	*	*	*	*	*	0	0	0	0	0	0	0	0	0	0	0	0	391	42	18	0	0
November 2024.....	*	*	*	*	*	0	0	0	0	0	0	0	0	0	0	0	0	274	20	8	0	0
November 2025.....	*	*	*	*	*	0	0	0	0	0	0	0	0	0	0	0	0	144	2	1	0	0
November 2026.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**.....	18.2	7.2	7.2	7.2	4.2	6.1	6.0	2.5	2.5	2.5	2.3	1.3	17.2	13.6	7.6	1.7	0.7	28.3	22.4	19.8	5.2	5.2

Date	F, FA, FB, St, Sct, SH†, Slt and Sjt†† Classes					A and SA† Classes					B and SB† Classes					C Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	150%	300%	500%	0%	100%	180%	300%	500%	0%	100%	150%	300%	500%	0%	100%	135%	300%	5
Initial Percent.....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
November 1997.....	99	99	88	55	29	99	87	83	83	77	100	100	100	75	20	100	100	100	100	100
November 1998.....	97	97	78	21	0	97	76	67	67	41	100	100	100	27	0	100	100	100	100	100
November 1999.....	95	95	69	10	0	95	65	52	49	17	100	100	100	20	0	100	100	100	100	100
November 2000.....	93	93	62	1	0	93	55	38	33	3	100	100	100	6	0	100	100	100	100	100
November 2001.....	91	91	56	0	0	91	45	26	19	0	100	100	100	0	0	100	100	100	100	100
November 2002.....	89	89	51	0	0	89	36	16	9	0	100	100	100	0	0	100	96	96	96	96
November 2003.....	87	87	46	0	0	86	28	8	3	0	100	100	100	0	0	100	48	48	48	48
November 2004.....	84	84	39	0	0	84	20	2	0	0	100	100	100	0	0	14	14	14	14	14
November 2005.....	81	78	32	0	0	80	13	0	0	0	100	100	100	0	0	0	0	0	0	0
November 2006.....	78	70	24	0	0	77	8	0	0	0	100	100	96	0	0	0	0	0	0	0
November 2007.....	75	61	16	0	0	73	3	0	0	0	100	100	85	0	0	0	0	0	0	0
November 2008.....	71	51	7	0	0	69	0	0	0	0	100	100	74	0	0	0	0	0	0	0
November 2009.....	67	40	0	0	0	65	0	0	0	0	100	100	63	0	0	0	0	0	0	0
November 2010.....	63	29	0	0	0	60	0	0	0	0	100	100	53	0	0	0	0	0	0	0
November 2011.....	59	17	0	0	0	54	0	0	0	0	100	100	42	0	0	0	0	0	0	0
November 2012.....	54	4	0	0	0	48	0	0	0	0	100	99	32	0	0	0	0	0	0	0
November 2013.....	48	0	0	0	0	41	0	0	0	0	100	83	22	0	0	0	0	0	0	0
November 2014.....	43	0	0	0	0	34	0	0	0	0	100	69	14	0	0	0	0	0	0	0
November 2015.....	36	0	0	0	0	26	0	0	0	0	100	54	6	0	0	0	0	0	0	0
November 2016.....	30	0	0	0	0	18	0	0	0	0	100	40	0	0	0	0	0	0	0	0
November 2017.....	22	0	0	0	0	9	0	0	0	0	100	25	0	0	0	0	0	0	0	0
November 2018.....	14	0	0	0	0	1	0	0	0	0	100	12	0	0	0	0	0	0	0	0
November 2019.....	6	0	0	0	0	0	0	0	0	0	100	0	0	0	0	0	0	0	0	0
November 2020.....	0	0	0	0	0	0	0	0	0	0	100	0	0	0	0	0	0	0	0	0
November 2021.....	0	0	0	0	0	0	0	0	0	0	95	0	0	0	0	0	0	0	0	0
November 2022.....	0	0	0	0	0	0	0	0	0	0	27	0	0	0	0	0	0	0	0	0
November 2023.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November 2024.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November 2025.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November 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)**.....	15.3	11.4	6.2	1.4	0.7	14.4	4.9	3.4	3.1	1.9	25.7	19.3	14.4	1.8	0.7	7.7	7.1	7.1	7.1	7.1

* 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.

†† These Classes are RCR Classes. See "Description of the Certificates—Combination and Recombination" herein and Schedule 1 f further description thereof.

Date	E and SE† Classes					G and SG† Classes					H and FH† Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	150%	300%	500%	0%	100%	150%	300%	500%	0%	100%	150%	300%	500%
Initial Percent.....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
November 1997.....	100	100	100	79	0	100	100	100	47	0	100	100	100	29	6
November 1998.....	100	100	100	14	0	100	100	93	*	0	100	100	100	5	0
November 1999.....	100	100	100	0	0	100	100	86	0	0	100	100	100	0	0
November 2000.....	100	100	100	0	0	100	100	81	0	0	100	100	100	0	0
November 2001.....	100	100	99	0	0	100	100	78	0	0	100	100	100	0	0
November 2002.....	100	100	89	0	0	100	100	75	0	0	100	100	100	0	0
November 2003.....	100	100	74	0	0	100	100	72	0	0	100	100	100	0	0
November 2004.....	100	100	58	0	0	100	100	67	0	0	100	100	98	0	0
November 2005.....	100	76	39	0	0	100	100	62	0	0	100	100	88	0	0
November 2006.....	100	39	20	0	0	100	100	56	0	0	100	100	77	0	0
November 2007.....	100	10	5	0	0	100	100	49	0	0	100	100	65	0	0
November 2008.....	100	0	0	0	0	100	100	42	0	0	100	100	53	0	0
November 2009.....	100	0	0	0	0	100	100	35	0	0	100	100	40	0	0
November 2010.....	64	0	0	0	0	100	92	28	0	0	100	100	27	0	0
November 2011.....	0	0	0	0	0	100	81	22	0	0	100	100	13	0	0
November 2012.....	0	0	0	0	0	100	70	15	0	0	100	97	0	0	0
November 2013.....	0	0	0	0	0	100	59	9	0	0	100	76	0	0	0
November 2014.....	0	0	0	0	0	100	48	3	0	0	100	55	0	0	0
November 2015.....	0	0	0	0	0	100	37	0	0	0	100	34	0	0	0
November 2016.....	0	0	0	0	0	100	27	0	0	0	100	14	0	0	0
November 2017.....	0	0	0	0	0	100	17	0	0	0	100	0	0	0	0
November 2018.....	0	0	0	0	0	100	6	0	0	0	100	0	0	0	0
November 2019.....	0	0	0	0	0	100	0	0	0	0	100	0	0	0	0
November 2020.....	0	0	0	0	0	100	0	0	0	0	100	0	0	0	0
November 2021.....	0	0	0	0	0	73	0	0	0	0	65	0	0	0	0
November 2022.....	0	0	0	0	0	19	0	0	0	0	0	0	0	0	0
November 2023.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November 2024.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November 2025.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November 2026.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**.....	14.2	9.8	8.4	1.5	0.6	25.5	17.9	10.3	1.0	0.4	25.2	18.3	12.2	0.9	0.5

Date	J Class					L and SL† Classes					M and SM† Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	150%	300%	500%	0%	100%	150%	300%	500%	0%	100%	150%	300%	500%
Initial Percent.....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
November 1997.....	100	100	100	100	0	100	100	100	46	0	100	100	100	35	35
November 1998.....	100	100	100	49	0	100	100	92	*	0	100	100	97	21	0
November 1999.....	100	100	100	12	0	100	100	85	0	0	100	100	90	11	0
November 2000.....	100	100	100	0	0	100	100	81	0	0	100	100	84	2	0
November 2001.....	100	100	100	0	0	100	100	77	0	0	100	100	80	0	0
November 2002.....	100	100	100	0	0	100	100	75	0	0	100	100	77	0	0
November 2003.....	100	100	100	0	0	100	100	71	0	0	100	100	73	0	0
November 2004.....	100	100	100	0	0	100	100	67	0	0	100	100	67	0	0
November 2005.....	100	100	100	0	0	100	100	62	0	0	100	100	59	0	0
November 2006.....	100	100	100	0	0	100	100	56	0	0	100	100	51	0	0
November 2007.....	100	100	100	0	0	100	100	49	0	0	100	100	42	0	0
November 2008.....	100	100	100	0	0	100	100	43	0	0	100	100	32	0	0
November 2009.....	100	100	100	0	0	100	100	36	0	0	100	100	19	0	0
November 2010.....	100	100	100	0	0	100	93	29	0	0	100	94	7	0	0
November 2011.....	100	100	100	0	0	100	82	22	0	0	100	77	0	0	0
November 2012.....	100	100	100	0	0	100	71	16	0	0	100	59	0	0	0
November 2013.....	100	100	100	0	0	100	60	10	0	0	100	42	0	0	0
November 2014.....	100	100	94	0	0	100	49	4	0	0	100	25	0	0	0
November 2015.....	100	100	81	0	0	100	38	0	0	0	100	8	0	0	0
November 2016.....	100	100	68	0	0	100	27	0	0	0	100	0	0	0	0
November 2017.....	100	89	56	0	0	100	16	0	0	0	100	0	0	0	0
November 2018.....	100	72	44	0	0	100	6	0	0	0	100	0	0	0	0
November 2019.....	100	55	33	0	0	100	0	0	0	0	100	0	0	0	0
November 2020.....	100	39	23	0	0	100	0	0	0	0	100	0	0	0	0
November 2021.....	100	23	14	0	0	65	0	0	0	0	42	0	0	0	0
November 2022.....	100	9	5	0	0	11	0	0	0	0	0	0	0	0	0
November 2023.....	31	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November 2024.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November 2025.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November 2026.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**.....	26.8	23.4	21.7	2.1	0.7	25.3	18.0	10.3	1.0	0.4	24.9	16.6	9.3	1.3	0.6

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

† In the case of a Notional Class, the Decrement Table indicates the percentage of the original notional principal balance outstanding.

Date	N and SN† Classes					O, SO† and SR†† Classes					P and SP† Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	150%	300%	500%	0%	100%	150%	300%	500%	0%	100%	150%	300%	500%
Initial Percent.....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
November 1997.....	98	98	91	57	34	100	100	95	63	48	98	98	98	70	0
November 1998.....	96	96	80	22	0	100	100	90	37	*	95	95	95	32	0
November 1999.....	94	94	70	9	0	100	100	86	29	0	93	93	93	5	0
November 2000.....	92	92	62	*	0	100	100	83	23	0	90	90	90	0	0
November 2001.....	90	90	55	0	0	100	100	81	16	0	87	87	87	0	0
November 2002.....	87	87	49	0	0	100	100	78	11	0	84	84	84	0	0
November 2003.....	84	84	43	0	0	100	97	74	7	0	80	80	80	0	0
November 2004.....	81	81	36	0	0	100	93	69	3	0	77	77	77	0	0
November 2005.....	78	74	28	0	0	100	87	63	1	0	73	73	73	0	0
November 2006.....	74	65	19	0	0	100	80	56	0	0	69	69	69	0	0
November 2007.....	70	55	10	0	0	100	73	49	0	0	64	64	55	0	0
November 2008.....	66	44	0	0	0	100	66	43	0	0	59	59	40	0	0
November 2009.....	61	32	0	0	0	100	58	36	0	0	54	54	24	0	0
November 2010.....	56	20	0	0	0	100	51	30	0	0	48	48	9	0	0
November 2011.....	51	7	0	0	0	100	45	24	0	0	42	42	0	0	0
November 2012.....	45	0	0	0	0	100	38	19	0	0	36	36	0	0	0
November 2013.....	39	0	0	0	0	100	32	13	0	0	29	16	0	0	0
November 2014.....	32	0	0	0	0	100	25	7	0	0	22	0	0	0	0
November 2015.....	24	0	0	0	0	100	18	1	0	0	14	0	0	0	0
November 2016.....	16	0	0	0	0	100	11	0	0	0	5	0	0	0	0
November 2017.....	8	0	0	0	0	100	3	0	0	0	0	0	0	0	0
November 2018.....	0	0	0	0	0	100	0	0	0	0	0	0	0	0	0
November 2019.....	0	0	0	0	0	82	0	0	0	0	0	0	0	0	0
November 2020.....	0	0	0	0	0	60	0	0	0	0	0	0	0	0	0
November 2021.....	0	0	0	0	0	36	0	0	0	0	0	0	0	0	0
November 2022.....	0	0	0	0	0	6	0	0	0	0	0	0	0	0	0
November 2023.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November 2024.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November 2025.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
November 2026.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**.....	14.0	10.7	6.0	1.4	0.7	24.4	14.3	10.5	2.4	0.9	12.7	12.2	10.3	1.6	0.6

** 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.

†† This Class is an RCR Class. See "Description of the Certificates—Combination and Recombination" herein and Schedule 1 for a further description thereof.

Characteristics of the R and RL Classes

The R and RL Classes will have no principal balances and will not bear interest. The Holder of the R Class will be entitled to receive the proceeds of the remaining assets of the Trust, if any, after the principal balances of all Classes have been reduced to zero, and the Holder of the RL Class will be entitled to receive the proceeds of the remaining assets of the Lower Tier REMIC, if any, after the principal balances of the Lower Tier Regular Interests have been reduced to zero. It is not anticipated that there will be any material assets remaining in either such circumstance.

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

The Holder of the R Class will be considered to be the holder of the "residual interest" in the REMIC constituted by the Trust, and the Holder of the RL Class will be considered to be the holder of the "residual interest" in the REMIC constituted by the Lower Tier REMIC. See "Certain Federal Income Tax Consequences" in the REMIC Prospectus. Pursuant to the Trust Agreement, Fannie Mae will be obligated to provide to such Holders (i) such information as is necessary to enable them to prepare their federal income tax return 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 REMIC 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 Principal Only Classes, the Accrual Class, and the F and SD Classes will be, and certain other Classes of REMIC Certificates may be, issued with original issue discount (“OID”) 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 145% PSA in the case of the Group 1 Classes, 150% PSA in the case of the Group 2, Group 4, Group 7, Group 8, Group 10, Group 11, Group 12 and Group 14 Classes, 180% PSA in the case of the Group 3 Classes, 135% PSA in the case of the Group 5 Classes, 160% PSA in the case of the Group 6 Classes and 130% PSA in the case of the Group 9 and Group 13 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 any of those rates or any other rate. See “Description of the Certificates—Weighted Average Lives of the Certificates” herein and “Description of the Certificates—Weighted Average Life and Final Distribution Dates” in the REMIC Prospectus. In addition, certain Classes of Certificates may be treated as having been issued at a premium for federal income tax purposes. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Certificates Purchased at a Premium*” in the REMIC Prospectus.

The F Class will qualify as a regular interest under the Regulations because it will receive interest based on a specified portion of the interest on two of the Lower Tier Regular Interests.

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 October 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.

Generally, 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 RL 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.

Taxation of Beneficial Owners of RCR Certificates

General. The arrangement pursuant to which the RCR Classes will be created, sold and administered will be classified as a grantor trust under subpart E, Part I of subchapter J of the Code. The interest in the REMIC Certificates that have been exchanged for RCR Certificates (including any exchanges effective on the Settlement Date) will be the assets of such trust and the RCR Certificates will evidence an ownership interest in those REMIC Certificates. For a general discussion of the federal income tax treatment of investors in REMIC Certificates, see "Certain Federal Income Tax Consequences" in the REMIC Prospectus.

The RCR Classes will represent beneficial ownership of the underlying Regular Certificates set forth in Schedule 1. Certain RCR Certificates (the "Strip RCR Certificates") will represent the right to receive a disproportionate part of the principal or interest payments on a single underlying Regular Certificate. Each RCR Certificate other than a Strip RCR Certificate (a "Combination RCR Certificate") will represent beneficial ownership of undivided interests in several underlying Regular Certificates.

The Strip RCR Classes are the SK and K Classes. The Combination RCR Class is the SR Class.

Strip RCR Classes. A purchaser of a Strip RCR Certificate will be treated as owning, pursuant to section 1286 of the Code, "stripped bonds" to the extent of its share of principal payments and "stripped coupons" to the extent of its share of interest payments on the underlying Regular Certificates. Although it is unclear how the OID computations on a Strip RCR Certificate should be made, Fannie Mae intends to treat each Strip RCR Certificate as a single debt instrument for purposes of information reporting. The IRS could contend, however, that a Strip RCR Certificate should be treated as an interest in the underlying Regular Certificate to the extent that the Strip RCR Certificate represents an equal pro rata portion of principal and interest on such Regular Certificate, and an installment obligation consisting of "stripped bonds" or "stripped coupons" with respect to the remainder. Investors should consult their own tax advisors as to the proper treatment of a Strip RCR Certificate in this regard.

A beneficial owner who purchases a Strip RCR Certificate should calculate OID with respect to the Strip RCR Certificate and include such OID in its ordinary income for federal income tax purposes as it accrues, which may be prior to the receipt of the cash attributable to such income, in accordance with a constant yield method that takes into account the compounding of interest. Although the matter is not entirely clear, a beneficial owner of a Strip RCR Certificate should accrue OID using a method similar to that described with respect to the accrual of OID on a Regular Certificate under "Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Original Issue Discount*" in the REMIC Prospectus. A beneficial

owner, however, determines its yield to maturity based on its purchase price and on a schedule of payments projected using a prepayment assumption. A beneficial owner then makes periodic adjustments to take into account actual prepayment experience. With respect to a particular beneficial owner, it is not clear whether the prepayment assumption used for calculating OID would be one determined at the time of purchase of the Strip RCR Certificate or would be the original Prepayment Assumption with respect to the underlying Regular Certificates. Investors should consult their own tax advisors regarding this matter. For purposes of information reporting relating to OID, Fannie Mae will use the original yield to maturity of the Strip RCR Certificate, calculated based on the original Prepayment Assumption.

An investor that exchanges an underlying Regular Certificate for Strip RCR Classes and then sells Strip RCR Certificates also is subject to the coupon stripping rules of section 1286 of the Code. As of the date of such sale, the beneficial owner must allocate its basis in the Regular Certificate between the part of the Regular Certificate underlying the Strip RCR Certificates sold and the part of the Regular Certificate underlying the Strip RCR Certificates retained in proportion to their relative fair market values. Section 1286 of the Code treats the beneficial owner as purchasing the Strip RCR Certificates retained for the amount of the basis allocated to such Certificates. Then the beneficial owner calculates OID with respect to such retained Certificates as described above.

Upon the sale of the Strip RCR Certificates, the investor will realize gain or loss on the sale of its part of the underlying Regular Certificate in an amount equal to the difference between the amount realized and its adjusted basis in such part. The seller's adjusted basis in such part generally is equal to the seller's allocated cost of such part, increased by income previously included, and reduced (but not below zero) by distributions previously received and by any amortized premium in respect of such part. If a beneficial owner holds the Certificates as a capital asset, any gain or loss realized will be capital gain or loss, except to the extent provided under "Certain Federal Income Tax Consequences—Sales of Certificates" in the REMIC Prospectus.

Although the matter is not free from doubt, an investor that acquires in one transaction a combination of Strip RCR Certificates that may be exchanged for underlying Regular Certificates should be treated as owning the underlying Regular Certificates. If an investor acquires such a combination in separate transactions, the law is unclear as to whether the combination should be aggregated or each Strip RCR Certificate should be treated as a separate debt instrument.

Combination RCR Class. A beneficial owner of a Combination RCR Certificate will be treated as the beneficial owner of a proportionate interest in the related Class or Classes of REMIC Certificates. A purchaser of a Combination RCR Certificate must allocate its purchase price among the related Classes of REMIC Certificates in proportion to their relative fair market values at the time of purchase. Such owner should account for its ownership interest in each related Class of REMIC Certificates as described under "Taxation of Beneficial Owners of Regular Certificates" herein and "Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates" in the REMIC Prospectus. When a beneficial owner sells a Combination RCR Certificate, such owner must allocate the sale proceeds among the related Classes of REMIC Certificates in proportion to their relative fair market value at the time of sale.

Exchanges. An exchange, as described under "Description of the Certificates—Combination and Recombination" herein, by a beneficial owner of (i) a combination of REMIC Certificates or (ii) all or a portion of an RCR Class for the related RCR Class or REMIC Certificates, respectively, will not be a taxable exchange. Such owner will be treated as continuing to own after the exchange the same combination of interests in the related REMIC Certificates that it owned immediately prior to the exchange.

PLAN OF DISTRIBUTION

General. The Dealer will receive the Certificates in exchange for the Underlying REMIC Certificates and the Trust MBS 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 MBS will be increased in principal balance, but it is expected that all such additional Trust MBS will have the same characteristics as described herein under "Description of the Certificates—The Trust MBS." The proportion that the original principal balance of each Group 1 Class bears to the aggregate original principal balance of all Group 1 Classes will remain the same. In addition, the dollar amounts reflected in the Principal Balance Schedules will be increased in a pro rata amount that corresponds to the increase of the principal balances of the PAC and Scheduled Classes.

LEGAL MATTERS

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

**Underlying REMIC Certificates
(Directly Owned by Lower Tier REMIC)**

Underlying REMIC Trust	Class	Date of Issue	CUSIP Number	Interest Rate	Interest Type(1)	Final Distribution Date	Principal Type(1)	Original Principal Balance of Class	November 1996 Class Factor	Principal or Notional Balance in Lower Tier REMIC as of Issue Date	Approximate Weighted Average WARM (in months)	Approximate Weighted Average CAGE or WALA (in months)	Underlying Security Type	Class Group
1993-149	FA	August 1993	31359B6Z5	(2)	FLT	August 2023	AD/TAC	\$200,000,000	0.88391251	\$176,782,502.00	310	41	MBS	2
1993-149	SA	August 1993	31359B7A9	(2)	INV/IO	August 2023	NTL	200,000,000	0.88391251	166,818,420.56	310	41	MBS	2
1993-149	SB	August 1993	31359B7B7	(2)	INV	August 2023	AD/TAC	37,500,000	0.88391251	4,419,562.55	310	41	MBS	2
1993-54	SJ	April 1993	31358UZZK5	(2)	INV	April 2021	PAC	23,079,760	0.75743986	11,891,805.80	303	47	MBS	3
1993-167	S	September 1993	31359EBJ9	(2)	INV	September 2023	TAC	18,886,173	0.93990500	15,871,398.43	304	48	MBS	4
1993-214	FC	December 1993	31359FRC4	(2)	FLT	September 2008	PAC	25,714,285	1.00000000	25,714,285.00	140	37	MBS	5
1993-214	SC	December 1993	31359FRD2	(2)	INV	September 2008	PAC	15,000,000	1.00000000	15,000,000.00	140	37	MBS	5
1996-26	S	June 1996	31359KGX9	(2)	INV	June 2011	SUP	7,965,000	1.00000000	7,965,000.00	132	45	MBS	6
1993-163	SC	September 1993	31359D3K7	(2)	INV	April 2023	SUP	13,408,000	0.78253785	4,890,861.56	307	45	MBS	7
1994-97	FG(3)	September 1994	31359LDW2	(2)	FLT	November 2023	SCH	13,480,607	1.00000000	8,000,000.00	314	38	GNMA	8
1994-36	FB	March 1994	31359HHP2	(2)	FLT	March 2024	SUP	33,149,999	1.00000000	8,647,080.00	319	34	MBS	9
1994-36	SB	March 1994	31359HHQ0	(2)	INV	March 2024	SUP	7,361,886	1.00000000	1,920,326.00	319	34	MBS	9
1994-36	SC	March 1994	31359HHR8	(2)	INV	March 2024	SUP	2,109,544	1.00000000	550,268.00	319	34	MBS	9
1993-141	SC	August 1993	31359B4W4	(2)	INV	March 2023	SUP	13,200,000	0.80902650	6,634,017.30	310	41	MBS	10
1993-141	SB	August 1993	31359B4V6	(2)	INV	March 2023	SUP	13,200,000	0.80902650	2,588,884.80	310	41	MBS	10
1993-155	S	September 1993	31359DM67	(2)	INV	September 2023	TAC	32,163,600	0.92056386	22,704,172.18	312	40	MBS	11
1993-136	SB	July 1993	31359BTA5	(2)	INV	July 2023	AD/TAC	20,164,737	0.88483945	10,365,661.44	309	41	MBS	12
1993-207	SD	November 1993	31359E3S8	(2)	INV	November 2023	TAC	16,198,752	0.758920450	11,523,762.16	313	39	MBS	13
1994-42	SD	April 1994	31359HZD9	(2)	INV	October 2017	SUP/AD	15,000,000	0.92650018	13,897,502.70	320	33	MBS	14

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

(2) These Classes bear interest during their respective interest accrual periods, subject to the applicable maximum and minimum interest rates, as further described in the related Underlying REMIC Disclosure Documents.

(3) The Class 1994-97 FG REMIC Certificate represents a beneficial ownership interest in the Class 1993-G35-FC Certificates, certain characteristics of which are set forth below. See the related Underlying Prospectus Supplement for a further description of the Class 1993-G35-FC Certificates.

(Indirectly Owned by Lower Tier REMIC)

Underlying REMIC Trust	Class	Date of Issue	CUSIP Number	Interest Rate	Interest Type(1)	Final Distribution Date	Principal Type(1)	Original Principal Balance of Class	November 1996 Class Factor	Principal or Notional Balance in Lower Tier REMIC as of Issue Date	Approximate Weighted Average WARM (in months)	Approximate Weighted Average CAGE or WALA (in months)	Underlying Security Type	Class Group
1993-G35	FC	November 1993	31359FJW9	(2)	FLT	November 2023	SUP	\$63,748,369	0.96880143	\$3,000,000.00	314	38	GNMA	8

Available Recombinations

REMIC Certificates				RCR Certificates								
Class	Original Principal or Notional Balance		Exchange Proportions(1)	RCR Class	Original Principal or Notional Balance		Exchange Proportions(1)	Interest Rate	Interest Type(2)	Principal Type(2)	CUSIP Number	Final Distribution Date
Recombination 1												
SD		\$5,614,667	100%	SK	\$5,614,667		100%	(3)	INV/IO	NTL	31359K4B0	January 2019
				K	5,614,667		100%	(4)	PO	SUP	31359K4C8	January 2019
Recombination 2												
O		11,523,762	100%	SR	11,523,762		100%	(3)	INV	SC/PT	31359K4D6	November 2023
SO		11,523,762	100%									

(1) Exchange proportions shown are the proportions of the original principal balances of the related Classes of REMIC Certificates or RCR Certificates required to effect an exchange. Classes of REMIC Certificates may be exchanged for RCR Classes and RCR Classes may be exchanged for Classes of REMIC Certificates in such proportions only.

(2) 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.

(3) For a description of these interest rates, see "Description of the Certificates—Distributions of Interest" herein.

(4) This Class is a Principal Only Class and will not bear interest.



Guaranteed REMIC Pass-Through Certificates (Residential Mortgage Loans)

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.

The Guaranteed REMIC Pass-Through Certificates ("Certificates") are issued and guaranteed by the Federal National Mortgage Association ("Fannie Mae"), a corporation organized and existing under the laws of the United States, under the authority contained in Section 304(d) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 *et seq.*). The Certificates of each Series will evidence the direct or indirect beneficial ownership interest in one or more Fannie Mae Guaranteed Mortgage Pass-Through Certificates ("MBS") or other securities issued and guaranteed by Fannie Mae (together with the MBS, the "Underlying Securities") and the related Trust Account (as hereinafter defined) and all cash and investments held therein (collectively, as to any Series of Certificates, the "Series Trust"), subject to the limits and the order of distribution described herein and in the related Prospectus Supplement.

Each Underlying Security directly or indirectly will represent all or part of the beneficial interest in a pool ("Pool") of first lien, single-family residential mortgage loans (the "Mortgage Loans"). The general characteristics of the Underlying Securities are described in the related prospectuses and/or prospectus supplements (collectively, the "Underlying Prospectuses"), and certain information relating to the Pool or Pools backing the Underlying Securities included in a Series Trust will be set forth in the related Underlying Prospectus or Prospectuses. The Underlying Securities will be held for the Holders (as hereinafter defined) of Certificates by Fannie Mae in its capacity as Trustee of the related Series Trust. All Certificates relating to a particular Series Trust are referred to as a "Series."

Pursuant to its guaranty of the Certificates, Fannie Mae will be obligated to distribute on a timely basis to Holders of Certificates required installments of principal and interest as set forth in the related Prospectus Supplement 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 related Trust Account.

Each Series will consist of two or more Classes of Certificates, which may include one or more Accrual Classes (as hereinafter defined). Interest on each interest bearing Class other than an Accrual Class will be distributable on each Distribution Date specified in the related Prospectus Supplement. Interest accrued on each Accrual Class will be distributable to the extent provided in the related Prospectus Supplement, the amount of any such interest accrued and undistributed as of any Distribution Date being added to the principal balance of each Certificate of such Class. Any accrued interest so added will accrue interest from such Distribution Date or from such other date as may be specified in the related Prospectus Supplement. Unless otherwise provided in the Prospectus Supplement, principal distributions on each Class of Certificates of a Series will be made pro rata among all Certificates of such Class.

Distributions on the Underlying Securities backing a Series will be sufficient to make required distributions of principal and interest on the Certificates of such Series to the extent set forth in the related Prospectus Supplement and to retire each such Class of Certificates not later than its Final Distribution Date without the necessity of any call on Fannie Mae under its guaranty of the Certificates. Because the rate of distribution of principal of each Class of Certificates will depend on the rate of payment (including prepayments) of the Underlying Securities backing the Certificates, the actual final distribution with respect to any Class of Certificates could occur significantly earlier than its Final Distribution Date.

One or more elections will be made to treat the assets comprising the Series Trust as one or more "real estate mortgage investment conduits" (each, a "REMIC Trust") for federal income tax purposes. The Certificates of each Class will be designated as "regular interests" in a REMIC Trust, except that a separate Class will be designated as the "residual interest" with respect to each REMIC Trust.

See "Risk Factors" beginning on page 8 herein for a discussion of certain risks that should be considered in connection with an investment in the Certificates.

The date of this Prospectus is June 14, 1996.

Retain this Prospectus for future reference. This Prospectus may not be used to consummate sales of Certificates unless accompanied by a Prospectus Supplement.

No salesman, dealer, bank or other person has been authorized to give any information or to make any representation other than those contained in this Prospectus, any Underlying Prospectus or any Prospectus Supplement and, if given or made, such information or representation must not be relied upon as having been authorized by Fannie Mae. This Prospectus, any Underlying Prospectus and any Prospectus Supplement do not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Certificates offered hereby and by the related Prospectus Supplement nor an offer of the Certificates to any person in any state or other jurisdiction in which such offer would be unlawful.

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PROSPECTUS SUPPLEMENT

The Prospectus Supplement relating to any Series of Certificates to be offered hereunder will, among other things, set forth with respect to such Series of Certificates: (i) the aggregate principal amount, the interest rate or method of determining the interest rate of each Class of such Series and whether any such Class constitutes an Accrual Class; (ii) certain characteristics of the Underlying Securities backing the Certificates of such Series, including the interest rates, if any, borne by such Underlying Securities and, in some cases, the ranges of weighted average coupons and weighted average maturities of the Mortgage Loans backing such Underlying Securities; (iii) the designation of each Class of the Certificates as either a "regular interest" or "residual interest"; (iv) the Final Distribution Date of each Class of such Series; (v) the method used to calculate the aggregate amount of principal required to be applied to the Certificates of such Series on each Distribution Date; (vi) the principal balance, expressed as a percentage, of each Class of such Series that would be outstanding on specified Distribution Dates if the Mortgage Loans relating to the Underlying Securities backing the Certificates of such Series were prepaid at various assumed rates; (vii) the book entry system on which certain Classes of Certificates will be maintained; and (viii) the Distribution Dates for such Series.

SUMMARY OF PROSPECTUS

The following summary of certain pertinent information is qualified in its entirety by reference to the detailed information appearing elsewhere in this Prospectus, the MBS Prospectus (as defined below) and any other related Underlying Prospectus, and by reference to the information contained in the Prospectus Supplement to be prepared and delivered in connection with the offering of each Series of Certificates. Capitalized terms used and not otherwise defined in this Prospectus (including the Glossary contained herein) have the respective meanings assigned to such terms in the Prospectus for Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the "MBS Prospectus"), unless otherwise indicated.

- Title of Security** Guaranteed REMIC Pass-Through Certificates (the "Certificates").
- Issuer and Guarantor** Fannie Mae, a corporation organized and existing under the laws of the United States.
- The Underlying Securities** The Certificates will be backed by Fannie Mae Guaranteed Mortgage Pass-Through Certificates (Residential Mortgage Loans) ("MBS") or certain other securities issued and guaranteed by Fannie Mae having the characteristics described in the related Underlying Prospectuses and, as to a particular Series of Certificates, in the related Prospectus Supplement.
- The Certificates** The Certificates of each Series will be issued and guaranteed and each Series Trust will be maintained pursuant to the terms of a trust agreement and, if applicable, an issue supplement for such Series, each executed by Fannie Mae in its corporate capacity and in its capacity as Trustee (together, the "Trust Agreement"). The Certificates of each Series will represent the direct or indirect beneficial ownership interest in one or more Underlying Securities and the related Trust Account and all cash and investments held therein (collectively, as to any Series of Certificates, the "Series Trust"), subject to the limits and order of distribution described herein and in the Prospectus Supplement.
- Unless otherwise specified in the related Prospectus Supplement, the Certificates representing "regular interests" in a REMIC Trust and offered hereby and by the related Prospectus Supplement will be issued in minimum denominations of \$1,000 and integral multiples of \$1 in excess thereof, will be available in book-entry form only and will not be convertible to definitive form.
- Interest Distributions on Certificates** Each interest bearing Class of a Series will bear interest at the rate per annum set forth in (or determined in the manner set forth in) the related Prospectus Supplement. Unless otherwise specified in the related Prospectus Supplement, interest on all interest bearing Classes will be distributed on the 25th day (or, if such 25th day is not a business day, on the first business day next succeeding such 25th day) of each month specified in the related Prospectus Supplement (each, a "Distribution Date"), in amounts accrued for the periods (each, an "Interest Accrual Period") specified in the related Prospectus Supplement. See "Description of the Certificates—Distributions of Interest."

**Principal Distributions on
Certificates**

Unless the related Prospectus Supplement provides otherwise, principal distributions on each Series of Certificates will be made on each Distribution Date in an aggregate amount equal to the sum of (i) an amount equal to all distributions of principal of the Underlying Securities backing such Series in the period (a "Deposit Period") subsequent to the previous Distribution Date (or subsequent to the first day of the month in which the related Series of Certificates is issued (each, an "Issue Date") in the case of the initial Distribution Date); and (ii) the amount of interest, if any, accrued on the Accrual Classes of such Series during the preceding Interest Accrual Period but not then payable. The Prospectus Supplement for each Series of Certificates will specify the manner in which the amount of each such aggregate principal distribution will be determined. Unless the related Prospectus Supplement provides otherwise, all distributions of principal on the Certificates of a particular Class will be applied pro rata among all Certificates of such Class. See "Description of the Certificates—Distributions of Principal."

Final Distribution Date

The "Final Distribution Date" for Certificates of a particular Class is the date by which the principal balance thereof is required to be fully paid and will be specified in the related Prospectus Supplement. The Final Distribution Dates of the respective Classes of Certificates of a Series will be determined so that distributions on the Underlying Securities will be sufficient to retire each such Class on or before its Final Distribution Date without the necessity of any call on Fannie Mae under its guaranty of the Certificates. Because the rate of distribution of principal of each Class of Certificates will depend upon the rate of payment (including prepayments) of the Underlying Securities backing the Certificates, the actual final distribution with respect to any Class of Certificates could occur significantly earlier than its Final Distribution Date. The rate of principal payments on the Underlying Securities backing any Series of Certificates will depend on the characteristics of the Mortgage Loans, as well as on the prevailing level of interest rates and other economic factors, and no assurance can be given as to the actual prepayment experience of the Underlying Securities in any Series Trust. See "Description of the Certificates—Prepayment Considerations and Risks" and "—Weighted Average Life and Final Distribution Dates."

Residual Certificates

Holders of each Residual Certificate (as defined herein under "Description of the Certificates—Additional Characteristics of Residual Certificates") will be entitled to receive (i) on each Distribution Date, payments of principal and interest, if any, specified in the related Prospectus Supplement and (ii) the proceeds of the remaining assets, if any, of the related REMIC Trust (as defined herein) after the principal balances of all Classes issued in respect of that REMIC Trust have been reduced to zero.

Each Residual Certificate will be subject to transfer restrictions. See "Certain Federal Income Tax Consequences—Sales of Certificates—*Residual Certificates Transferred to or Held by Disqualified Organizations.*"

Fannie Mae Guaranty Pursuant to its guaranty of the Certificates, Fannie Mae will be obligated to distribute on a timely basis to Holders (as defined below) of Certificates required installments of principal and interest to the extent set forth in the related Prospectus Supplement 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 related Trust Account. If Fannie Mae were unable to perform such guaranty obligations, distributions to Certificateholders would consist solely of payments and other recoveries on the Mortgage Loans and, accordingly, delinquencies and defaults on the Mortgage Loans would affect distributions to Certificateholders. The guaranty of Fannie Mae is not backed by the full faith and credit of the United States. See "Description of the Certificates—Fannie Mae's Guaranty."

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

Trust Account All distributions on the Underlying Securities backing a Series of Certificates will be remitted directly to one or more accounts (collectively, the "Trust Account") to be maintained by Fannie Mae, as Trustee, and will be available for application to the distribution of principal of, and interest on, such Series of Certificates on the next Distribution Date. See "Description of the Certificates—Distributions on Underlying Securities, Deposits in the Trust Account."

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 aggregate original principal balance of each Certificate of such Class, will equal the amount of principal remaining to be distributed with respect to such Certificate after giving effect to the distribution of principal to be made on the following Distribution Date (and the accretion of principal of any Accrual Classes).

Termination Each Series Trust will terminate upon the distribution to Certificateholders of all required installments of the principal of and interest on the Certificates. In addition, the Prospectus Supplement will describe the terms and conditions of the right, if any, of Fannie Mae or any other party to terminate the Series Trust by purchasing the Underlying Securities included therein. Fannie Mae has agreed not to effect indirectly an early termination of any Series Trust through the exercise of its right, as described in "Description of Certificates—Termination" in the MBS Prospectus, to repurchase the Mortgage Loans underlying any MBS unless only one Mortgage Loan remains in the Pool or the principal balance of such Pool at the time of repurchase is less than one percent of the original principal balance thereof.

Tax Status of the Certificates One or more elections will be made to treat the assets comprising the Series Trust as one or more "real estate mortgage investment conduits" ("REMICs") for federal income tax purposes. Each of these REMICs will be referred to herein as a "REMIC Trust." The Certificates of each Class will be designated as the "regular interests" in a REMIC Trust, except that a separate Class will be designated as the "residual interest" with respect to each REMIC Trust. See "Certain Federal Income Tax Consequences—REMIC Election."

As a consequence of the qualification of the assets comprising the Series Trust as one or more REMICs, the Certificates generally will be treated as "qualifying real property loans" for mutual savings banks and domestic building and loan associations, "regular or residual interests in a REMIC," as the case may be, for domestic building and loan associations, "real estate assets" for real estate investment trusts, and, except for any Class designated as a residual interest, as "qualified mortgages" for other REMICs. See "Certain Federal Income Tax Consequences—Special Tax Attributes."

Special tax considerations apply to Residual Certificates. The taxation of a Residual Certificate can produce a significantly less favorable after-tax return than if (i) the Residual Certificate were taxable as a debt instrument or (ii) no portion of the taxable income on the Residual Certificate were treated as "excess inclusions." In certain periods, taxable income and the resulting tax liability on a Residual Certificate may exceed payments received on such Certificate. In addition, a substantial tax may be imposed on certain transferors of Residual Certificates and certain beneficial owners of Residual Certificates that are "pass-through entities." See "Certain Federal Income Tax Consequences—Taxation of Residual Certificates." Investors should not purchase Residual Certificates before consulting their tax advisors.

Legality of Investment Under the Secondary Mortgage Market Enhancement Act of 1984, the Certificates will be considered to be "securities issued or guaranteed by... the Federal National Mortgage Association." Accordingly, subject to applicable limitations governing invest-

ment practices, investors whose investments are governed by state law may purchase, hold or invest in the Certificates to the same extent that they are authorized to invest in obligations issued by or guaranteed as to principal and interest by the United States or any agency or instrumentality thereof. In addition, many entities whose investments are governed by federal law (including national banks, federal savings and loan associations, federal savings banks and federal credit unions) are specifically authorized to purchase, hold and invest in Fannie Mae's Guaranteed Mortgage Pass-Through Certificates. Subject to general considerations governing investment practices, the Certificates will be treated identically for such purposes for such entities.

Legal Investment

Considerations

Institutions whose investment activities are subject to legal investment laws and regulations or to review by certain regulatory authorities may be subject to restrictions on investment in certain Classes of the Certificates of a Series. Investors should consult their own legal advisors in determining whether and to what extent the Certificates of a Series constitute legal investments or are subject to restrictions on investment. See "Legal Investment Considerations."

Marginability; Repurchase

Agreements

The Certificates are "exempted securities" for purposes of the margin rules of the Board of Governors of the Federal Reserve System and the New York Stock Exchange and transactions in the Certificates, including repurchase agreements, are treated under such rules in the same manner as transactions in Fannie Mae's Guaranteed Mortgage Pass-Through Certificates. Such rules do not, however, specify the collateral value which participants in particular transactions will accord the Certificates of any Class.

Securities Law

Exemption

The Certificates are exempt from the registration requirements of the Securities Act of 1933, as amended, and are "exempted securities" within the meaning of the Securities Exchange Act of 1934, as amended.

RISK FACTORS

Market and Liquidity Considerations

Certificates may not have an established trading market when issued. There can be no assurance of a secondary market for any Certificates or the liquidity of such market if one develops. Consequently, investors may not be able to sell their Certificates readily or at prices that will enable them to realize an anticipated yield. No investor should purchase Certificates unless such investor understands and is able to bear the risk that certain Certificates may not be readily saleable, that the value of Certificates will fluctuate over time, and that such fluctuations may be significant and could result in losses to such investor. This is particularly the case for investors whose circumstances may not permit them to hold the Certificates until maturity.

Suitability and Reinvestment Considerations

Because the Mortgage Loans backing the related Underlying Securities may be prepaid at any time, it is not possible to predict the rate at which distributions of principal of the Certificates of any Series will be received. Accordingly, the Certificates generally would not be an appropriate investment for an investor requiring a particular distribution of principal on a specified date or an otherwise predictable stream of principal distributions. In addition, since prevailing interest rates are subject to fluctuation, there can be no assurance that investors in the Certificates of any Series will be able to reinvest the distributions thereon at yields equaling or exceeding the yields on such Certificates. It is possible that yields on any such reinvestments will be lower, and may be significantly lower, than the yields on such Certificates. Prospective investors in the Certificates should carefully consider the foregoing risks in light of other investments that may be available to such investors.

Yield Considerations

The effective yield to Certificateholders in the Trust will depend upon, among other things, the purchase price of the related Certificates, the level of the index, if any, applicable to such Certificates as specified in the related Prospectus Supplement (the "Index"), the rate of principal payments, including prepayments, on the Mortgage Loans, and the actual characteristics of the Mortgage Loans. Generally, if the actual rate of 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 the actual rate of payment 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, if applicable, levels of the Index.

The timing of changes in the rate of principal payments (including prepayments) or the level of the Index, if any, may significantly affect the yield to an investor, even if the average rate of principal prepayments or the average level of the Index is consistent with such investor's expectations. In general, the earlier the payment of principal or change in the level of the Index, the greater the effect on an investor's yield to maturity. As a result, the effect on an investor's yield of principal payments (including prepayments) or the level of the Index occurring at a rate or level higher (or lower) than the rate or level anticipated by the investor during the period immediately following the Issue Date will not be offset by any subsequent equivalent reduction (or increase) in the rate of principal payments (including prepayments) or the level of the Index.

Prepayment Considerations

The rate of principal distributions of the Underlying Securities backing a Series of Certificates, and therefore of distributions on such Series of Certificates, is related directly to the rate of payments of principal of the Mortgage Loans, which may be in the form of scheduled amortization or

prepayments (for this purpose, the term "prepayment" includes prepayments and liquidations resulting from default, casualty or condemnation and payments made pursuant to any guaranty of payment by, or option to repurchase of, Fannie Mae). In general, when the level of prevailing interest rates declines sufficiently relative to the interest rate on fixed-rate mortgage loans, the rate of prepayment is likely to increase, although the prepayment rate is influenced by a number of other factors as well, including general economic conditions, homeowner mobility and the applicability of any prepayment penalties. Moreover, it is increasingly difficult to generalize as to the degree to which interest rates must decline before significant prepayments are likely to be experienced.

In an environment of declining interest rates, lenders servicing mortgage loans often are asked by borrowers to refinance mortgage loans by issuing new loans secured by mortgages on the same properties. Increased borrower sophistication regarding the benefits of refinancing and extensive solicitation by lenders may result in an increase in the rate at which the Mortgage Loans are prepaid due to refinancing. Additionally, various lenders (in some cases in conjunction with Fannie Mae) have instituted streamlined procedures and liberalized fee structures and underwriting guidelines that can be expected both to increase the number of Mortgage Loans eligible for refinancing and narrow the interest rate differential that must exist before refinancing is both economic and practical. Moreover, certain rights of Fannie Mae (including its option to repurchase Mortgage Loans as to which breaches of representations or warranties have occurred or to repurchase delinquent Mortgage Loans from a Trust, as described below) may affect the rate of prepayment of the Mortgage Loans in such Trust. However, lenders may have originated certain Mortgage Loans at above-market interest rates to provide a means for the payment of certain closing costs or interest rate buydown deposits. Such Mortgage Loans may have been made to borrowers who, for a variety of reasons, may not seek or readily obtain refinancing. Based upon published information and Fannie Mae's own experience, the rate of prepayments on single-family loans has fluctuated significantly in recent years. Accordingly, Fannie Mae cannot estimate what the prepayment experience of the Mortgage Loans backing the Underlying Securities in any Series Trust will be. See the Information Statement for additional information concerning the recent mortgage loan prepayment experience of the Fannie Mae portfolio.

Acceleration of mortgage payments as a result of transfers of mortgaged properties is another factor affecting prepayment rates. The Mortgage Loans typically will provide by their terms that, in the event of the transfer or prospective transfer of title to the underlying Mortgaged Property, the full unpaid principal balance of the Mortgage Loan is due and payable at the option of the holder of the related Mortgage Loan. As set forth under "The Trust Agreement—Collection and Other Servicing Procedures" herein, Fannie Mae generally is required to exercise its right to accelerate the maturity of Mortgage Loans containing enforceable "due-on-sale" provisions upon certain transfers of the Mortgaged Property. However, certain state and federal laws limiting the enforcement of "due-on-sale" provisions remain in effect.

Repurchases Due to Breach of Representations and Warranties

The seller of the underlying Mortgage Loans to Fannie Mae has made certain customary representations and warranties with respect to the Mortgage Loans. In the event of a material breach of any such representations and warranties, Fannie Mae may repurchase each affected Mortgage Loan from the related Pool at a price equal to the Stated Principal Balance thereof plus accrued interest thereon at the Pass-Through Rate (or the Accrual Rate, as applicable). The effect of any such repurchase will be the same as that of a prepayment in full of the related Mortgage Loan. See "—Prepayment Considerations" above.

Repurchases Due to Delinquency

Fannie Mae has the option under the trust indenture relating to each Pool of underlying Mortgage Loans to repurchase from Pools those Mortgage Loans that are delinquent in whole or in part with respect to four consecutive monthly payments at a price equal to the Stated Principal Balance thereof plus accrued interest thereon at the Pass-Through Rate (or the Accrual Rate, as applicable). The

effect of any such repurchase will be the same as that of a prepayment in full of the related Mortgage Loan. See “—Prepayment Considerations” above.

Fannie Mae Guaranty Considerations

If Fannie Mae were unable to perform its guaranty obligations, distributions to the Holders would consist solely of payments and other recoveries on underlying Mortgage Loans and, accordingly, delinquencies and defaults would affect monthly distributions to the Holders. See “Description of the Certificates—Fannie Mae’s Guaranty.”

For a discussion of certain additional risks, see “Certain Federal Income Tax Consequences” and “ERISA Considerations” herein.

DESCRIPTION OF THE CERTIFICATES

General

The Guaranteed REMIC Pass-Through Certificates (“Certificates”) are issued and guaranteed by the Federal National Mortgage Association (“Fannie Mae”), a corporation organized and existing under the laws of the United States, under the authority contained in Section 304(d) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 *et seq.*). The Certificates of each Series will be issued and guaranteed and each Series Trust will be maintained pursuant to the terms of a trust agreement and, if applicable, an issue supplement for such Series, each executed by Fannie Mae in its corporate capacity and in its capacity as Trustee (together, the “Trust Agreement”).

The Certificates of each Series will represent the beneficial ownership interest in the Series Trust created pursuant to the Trust Agreement related to such Series, subject to the limits and the order of distribution described herein and in the related Prospectus Supplement. Each Series Trust will consist of (i) Underlying Securities directly or indirectly representing all or part of the beneficial ownership interests in pools of first lien, single-family residential mortgage loans (the “Pools”) and (ii) the Trust Account and all cash and investments held therein.

Each Series of Certificates will consist of two or more Classes, which may include one or more Classes upon which for any Distribution Date all or a portion of the interest then due may accrue but be undistributed (each, an “Accrual Class”). Interest accrued on each Accrual Class will be distributable to the extent provided in the related Prospectus Supplement, the amount of any interest accrued and undistributed as of any Distribution Date being added to the principal balance of each Certificate of such Class. Any accrued interest so added will accrue interest from such Distribution Date or from such other date as may be specified in the related Prospectus Supplement.

The following summaries describe certain provisions common to each Series of Certificates. The summaries do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the Prospectus Supplement and the provisions of the Trust Agreement relating to each Series of Certificates. When particular provisions or terms used in the Trust Agreement are referred to, the actual provisions (including definitions of terms) are incorporated by reference as part of such summaries.

Denominations, Certificate Form

Unless otherwise specified in the related Prospectus Supplement, the Certificates offered hereby and by the related Prospectus Supplement (other than any Residual Certificate) will be issued in minimum denominations of \$1,000 and integral multiples of \$1 in excess thereof and will be maintained on the book-entry system of the Federal Reserve Banks in a manner that permits separate trading and ownership. Each Class of Certificates will be assigned a CUSIP number and will be tradable separately under such CUSIP number.

Unless otherwise specified in the related Prospectus Supplement, Fannie Mae's fiscal agent for the book-entry Certificates is the Federal Reserve Bank of New York. The Federal Reserve Banks will issue such Certificates in book-entry form and will maintain book-entry accounts with respect to such Certificates and make distributions on such Certificates on behalf of Fannie Mae on the applicable Distribution Dates by crediting Holders' accounts at the Federal Reserve Banks.

Book-entry Certificates may be held of record only by entities eligible to maintain book-entry accounts with the Federal Reserve Banks. Such entities whose names appear on the book-entry records of the Federal Reserve Banks as the entities for whose accounts the 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. A Holder that is not the beneficial owner of a Certificate, and each other financial intermediary in the chain to the beneficial owner, will have the responsibility of establishing and maintaining accounts for their respective customers. The rights of the beneficial owner of a book-entry Certificate with respect to Fannie Mae and the Federal Reserve Banks may be exercised only through the Holder of such Certificate. Fannie Mae and the Federal Reserve Banks will have no direct obligation to a beneficial owner of a book-entry Certificate that is not also the Holder of the Certificate. The Federal Reserve Banks will act only upon the instructions of the Holder in recording transfers of a book-entry Certificate.

A Fiscal Agency Agreement between Fannie Mae and the Federal Reserve Bank of New York makes generally applicable to the book-entry Certificates (i) regulations governing Fannie Mae's use of the book-entry system, contained in 24 C.F.R. Part 81, Subpart E, and (ii) such procedures, insofar as applicable, as may from time to time be established by regulations of the United States Department of the Treasury governing United States securities, as now set forth in Treasury Department Circular Number 300, 31 C.F.R. Part 306 (other than Subpart O). The book-entry Certificates are also governed by applicable operating circulars and letters of the Federal Reserve Bank.

The Residual Certificates offered hereby and by the related Prospectus Supplement will not be issued in book-entry form but will be issued in fully registered, certificated form. As to a Residual Certificate, "Holder" or "Certificateholder" refers to the registered owner thereof. The Residual Certificates will be transferable and exchangeable at the corporate trust office of the Transfer Agent as specified in the related Prospectus Supplement. A service charge may be imposed for any exchange or registration of transfer of a Residual Certificate and Fannie Mae may require payment of a sum sufficient to cover any tax or other governmental charge. Distributions on the Residual Certificates of any Series will be made in the manner set forth in the related Prospectus Supplement.

Class Definitions and Abbreviations

Classes of Certificates fall into different categories. The following chart identifies and generally defines most categories. The first column of the chart shows Fannie Mae's abbreviation for each category. The cover page of each Prospectus Supplement will identify the categories of Classes of the related Series of Certificates by means of one or more of these abbreviations.

<u>Abbreviation</u>	<u>Category of Class</u>	<u>Definition</u>
PRINCIPAL TYPES		
AD	Accretion Directed	A Class that is designed to receive principal payments primarily from the accreted interest from specified Accrual Classes. An Accretion Directed Class also may receive principal payments from principal paid on the Underlying Securities or other assets of the Series Trust.
AFC	Available Funds	A Class that receives as principal specified principal payments on the underlying assets of the related Series Trust and that may receive as principal the interest paid on such assets to the extent such interest exceeds certain required interest distributions on such Class as set forth in the related Prospectus Supplement.
CALLABLE	Callable	Certificates that are redeemable directly or indirectly by Fannie Mae as specified in the related Prospectus Supplement.
CPT	Component	A Class that consists of two or more segments or "components." The components of a Component Class may have different principal payment characteristics but together constitute a single Class. Each component of a Component Class may be identified as falling into one or more of the categories in this chart.
NPR	No Payment Residual	A Residual Class that receives no payments of principal.
NSJ	Non-Sticky Jump	A Class whose principal payment priorities change temporarily upon the occurrence of one or more "trigger events." A Non-Sticky Jump Class "jumps" to its new priority on each Distribution Date when the trigger condition is met and reverts to its original priority (does not "stick" to the new priority) on each Distribution Date when the trigger condition is not met.
NTL	Notional	A Class having no principal balance and bearing interest on the related notional principal balance. The notional principal balance is used for purposes of the determination of interest distributions on an Interest Only Class that is not entitled to principal.
PAC	PAC (or Planned Principal Class)	A Class that is designed to receive principal payments using a predetermined principal balance schedule (a "Planned Balance") derived by assuming two <i>constant</i> prepayment rates for the underlying Mortgage Loans. These two rates are the endpoints for the "structuring range" for the PAC Classes. The PAC Classes in any Series of Certificates may be subdivided into different categories (e.g., <i>Type I PAC Classes and Type II PAC Classes</i> (standard abbreviations: <i>PAC I and PAC II</i>)) having different effective structuring ranges and different principal payment priorities. The structuring range for the PAC I Class of a Series of Certificates is wider than that for the PAC II Class of such Series.
PT	Pass-Through	A Class that is not a Strip Class and that is designed to receive principal payments in direct relation to actual or scheduled payments on the Underlying Securities.
SC	Structured Collateral	A Class that is designed to receive principal payments based on the actual distributions on Underlying Securities representing "REMIC regular interests."

<u>Abbreviation</u>	<u>Category of Class</u>	<u>Definition</u>
SCH	Scheduled	A Class that is designed to receive principal payments using a predetermined principal balance schedule (a "Scheduled Balance") but is not designated as a PAC or TAC Class. In many cases, the schedule is derived by assuming two <i>constant</i> prepayment rates for the underlying Mortgage Loans. These two rates are the endpoints for the "structuring range" for the Scheduled Class.
SEQ	Sequential Pay	Classes that receive principal payments in a prescribed sequence, that do not have predetermined schedules and that under all circumstances receive payments of principal continuously from the first Distribution Date on which they receive principal until they are retired. A single Class that receives principal payments before or after all other Classes in the same Series of Certificates may be identified as a Sequential Pay Class.
SJ	Sticky Jump	A Class whose principal payment priorities change permanently upon the occurrence of one or more "trigger events." A Sticky Jump Class "jumps" to its new priority on the first Distribution Date when the trigger condition is met and retains ("sticks" to) that priority until retired.
STP	Strip	A Class that receives a constant proportion, or "strip," of the principal payments on the Underlying Securities or other assets of the Series Trust.
SUP	Support (or Companion)	A Class that receives principal payments on any Distribution Date only if scheduled payments have been made on specified PAC, TAC and/or Scheduled Classes (except that such Classes may also receive principal payments from the accreted interest from specified Accrual Classes).
TAC	TAC (or Targeted Principal Class)	A Class that is designed to receive principal payments using a predetermined principal balance schedule (a "Targeted Balance") derived by assuming a single <i>constant</i> prepayment rate for the underlying Mortgage Loans.
XAC	Index Allocation Class	A Class whose principal payment allocation is based on the value of an index.

INTEREST TYPES

AFC	Available Funds	A Class that receives as interest certain payments on the underlying assets of the related Series Trust, which payments may be insufficient on any Distribution Date to cover fully the accrued and unpaid interest thereon at the specified interest rate for the related Interest Accrual Period. In the event of any such insufficiency, the unpaid interest amount may be carried over to subsequent Distribution Dates (and such unpaid interest amount may itself accrue interest) until payments, as specified in the related Prospectus Supplement, are sufficient to cover all such unpaid interest amounts. It is possible that such insufficiencies will remain unpaid and, in such case, such insufficiencies will not be covered by Fannie Mae's guaranty.
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<u>Abbreviation</u>	<u>Category of Class</u>	<u>Definition</u>
CPT	Component	A Class that consists of two or more segments or "components." The components of a Component Class may have different interest payment characteristics but together constitute a single Class. Each component of a Component Class may be identified as falling into one or more categories in this chart.
EXE	Excess	A Residual Class that receives any principal and interest paid on the Underlying Securities or other assets of a REMIC Trust in excess of the amount of the prescribed principal and interest required to be paid on all Classes of Certificates in the Series. Excess Classes sometimes have specified principal balances but no specified interest rate.
FIX	Fixed Rate	A Class whose interest rate is fixed throughout the life of the Class.
FLT	Floating Rate	A Class with an interest rate that resets periodically based upon a designated index and that varies directly with changes in such index.
IDC	Index Differential	A Class that bears a floating interest rate computed in part on the basis of the difference between two designated indices (e.g., LIBOR and the Ten-Year Treasury Index).
INV	Inverse Floating Rate	A Class with an interest rate that resets periodically based upon a designated index and that varies inversely with changes in such index.
IO	Interest Only	A Class that receives some or all of the interest payments made on the Underlying Securities or other assets of the Series Trust and little or no principal. Interest Only Classes have either a notional or a nominal principal balance. A notional principal balance is the amount used as a reference to calculate the amount of interest due on an Interest Only Class that is not entitled to any principal. A nominal principal balance represents actual principal that will be paid on the Class. It is referred to as nominal since it is extremely small compared to other Classes.
NPR	No Payment Residual	A Residual Class that receives no payments of interest.
PO	Principal Only	A Class that does not bear interest and is entitled to receive only payments of principal.
PZ	Partial Accrual	A Class that accretes a portion of the amount of accrued interest thereon, which amount will be added to the principal balance of such Class on each applicable Distribution Date, with the remainder of such accrued interest to be distributed currently as interest on such Class. Such accretion may continue until a specified event has occurred or until such Partial Accrual Class is retired.
W	Weighted Average Coupon	A Class whose interest rate represents an effective weighted average interest rate that may change from period to period. A Weighted Average Coupon Class may consist of components, some of which have different interest rates.

<u>Abbreviation</u>	<u>Category of Class</u>	<u>Definition</u>
Z	Accrual	A Class that accretes the amount of accrued interest otherwise distributable on such Class, which amount will be added as principal to the principal balance of such Class on each applicable Distribution Date. Such accretion may continue until some specified event has occurred or until such Accrual Class is retired.

OTHER TYPES

LIQ	Liquid Asset	A Class that is intended to qualify as "liquid assets" for purposes of the liquidity requirements applicable to certain depository institutions. Any Class designated as a Liquid Asset Class will have a Final Distribution Date not later than five years from the Settlement Date specified in the related Prospectus Supplement.
RTL	Retail	A Class that is designated for sale to retail investors. Retail Classes frequently are sold in small "units" or other increments and issued in book-entry form through the facilities of the Depository Trust Company. Retail Classes may be entitled to receive distributions of principal in accordance with special priorities and allocation procedures.

Distributions of Interest

The Certificates of each interest bearing Class will bear interest on their unpaid principal balances from the date and at the rate per annum specified in (or determined as specified in) the related Prospectus Supplement (calculated on the basis of a 360-day year of twelve 30-day months) until the principal amount of the Certificates of such Class is paid in full. Unless otherwise specified in the related Prospectus Supplement, interest accrued on the interest bearing Classes during any Interest Accrual Period will be distributable on the Distribution Dates and at the applicable interest rates specified in the related Prospectus Supplement.

Indices Applicable to Floating Rate and Inverse Floating Rate Classes

LIBOR

Unless otherwise specified in the related Prospectus Supplement, on the Index Determination Date for each Class whose interest rate is based upon LIBOR, Fannie Mae or its agent will rely on the quotations, as set forth on the Reuters Screen LIBO Page (as defined in the International Swap Dealers Association, Inc. Code of Standard Wording, Assumptions and Provisions for Swaps, 1986 Edition), offered by the principal London office of each of the designated reference banks meeting the criteria set forth herein (the "Reference Banks") for making one-month United States dollar deposits in leading banks in the London interbank market, as of 11:00 a.m. (London time) on such Index Determination Date. In lieu of relying on the quotations for those Reference Banks that appear at such time on the Reuters Screen LIBO Page, Fannie Mae or its agent will request each of the Reference Banks to provide such offered quotations at such time.

LIBOR will be established by Fannie Mae or its agent on each Index Determination Date as follows:

- (a) If on any Index Determination Date two or more Reference Banks provide such offered quotations, LIBOR for the next Interest Accrual Period shall be the arithmetic mean of such offered quotations (rounded upwards if necessary to the nearest whole multiple of $\frac{1}{32}\%$).
- (b) If on any Index Determination Date only one or none of the Reference Banks provides such offered quotations, LIBOR for the next Interest Accrual Period shall be whichever is the

higher of (i) LIBOR as determined on the previous Index Determination Date or (ii) the Reserve Interest Rate. The "Reserve Interest Rate" shall be the rate per annum which Fannie Mae or its agent determines to be either (i) the arithmetic mean (rounded upwards if necessary to the nearest whole multiple of $\frac{1}{32}\%$) of the one-month United States dollar lending rates that New York City banks selected by Fannie Mae or its agent are quoting, on the relevant Index Determination Date, to the principal London offices of at least two of the Reference Banks to which such quotations are, in the opinion of Fannie Mae or its agent, being so made, or (ii) in the event that Fannie Mae or its agent can determine no such arithmetic mean, the lowest one-month United States dollar lending rate which New York City banks selected by Fannie Mae or its agent are quoting on such Index Determination Date to leading European banks.

(c) If on the initial Index Determination Date for a Class specified in the related Prospectus Supplement, Fannie Mae or its agent is required but is unable to determine the Reserve Interest Rate in the manner provided in paragraph (b) above, LIBOR shall be deemed to be the per annum rate specified as such in the related Prospectus Supplement.

Each Reference Bank (i) shall be a leading bank engaged in transactions in Eurodollar deposits in the international Eurocurrency market; (ii) shall not control, be controlled by, or be under common control with Fannie Mae; and (iii) shall have an established place of business in London. If any such Reference Bank should be unwilling or unable to act as such or if Fannie Mae should terminate the appointment of any such Reference Bank, Fannie Mae will promptly appoint or cause to be appointed another leading bank meeting the criteria specified above.

The establishment of LIBOR on each Index Determination Date by Fannie Mae or its agent and its calculation 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.

COFI

The Eleventh District Cost of Funds Index is designed to represent the monthly weighted average cost of funds for savings institutions in Arizona, California, and Nevada that are member institutions of the Eleventh Federal Home Loan Bank District (the "Eleventh District"). The Eleventh District Cost of Funds Index for a particular month reflects the interest costs paid on all types of funds held by Eleventh District member institutions and is calculated by dividing the cost of funds by the average of the total amount of those funds outstanding at the end of that month and of the prior month and annualizing and adjusting the result to reflect the actual number of days in the particular month. If necessary, before these calculations are made, the component figures are adjusted by the Federal Home Loan Bank of San Francisco ("FHLBSF") to neutralize the effect of events such as member institutions leaving the Eleventh District or acquiring institutions outside the Eleventh District. The Eleventh District Cost of Funds Index is weighted to reflect the relative amount of each type of funds held at the end of the relevant month. The major components of funds of Eleventh District member institutions are: (i) savings deposits, (ii) time deposits, (iii) FHLBSF advances, (iv) repurchase agreements and (v) all other borrowings. Because the component funds represent a variety of maturities whose costs may react in different ways to changing conditions, the Eleventh District Cost of Funds Index does not necessarily reflect current market rates.

A number of factors affect the performance of the Eleventh District Cost of Funds Index, which may cause it to move in a manner different from indices tied to specific interest rates, such as United States Treasury Bills or LIBOR. Because the liabilities upon which the Eleventh District Cost of Funds Index is based were issued at various times under various market conditions and with various maturities, the Eleventh District Cost of Funds Index may not necessarily reflect the prevailing market interest rates on new liabilities of similar maturities. Moreover, as stated above, the Eleventh District Cost of Funds Index is designed to represent the average cost of funds for Eleventh District savings institutions for the month prior to the month in which it is due to be published. Additionally, the Eleventh District Cost of Funds Index may not necessarily move in the same direction as market

interest rates at all times, since as longer term deposits or borrowings mature and are renewed at prevailing market interest rates, the Eleventh District Cost of Funds Index is influenced by the differential between the prior and the new rates on those deposits or borrowings. In addition, movements of the Eleventh District Cost of Funds Index, as compared to other indices tied to specific interest rates, may be affected by changes instituted by the FHLBSF in the method used to calculate the Eleventh District Cost of Funds Index.

The FHLBSF publishes the Eleventh District Cost of Funds Index in its monthly Information Bulletin. Any individual may request regular receipt by mail of Information Bulletins by writing the Federal Home Loan Bank of San Francisco, P.O. Box 7948, 600 California Street, San Francisco, California 94120, or by calling (415) 616-1000. The current Eleventh District Cost of Funds Index may also be obtained by calling the FHLBSF at (415) 616-2600.

Listed below are historical values of the Eleventh District Cost of Funds Index since January 1991 as reported by the FHLBSF:

Month (1)	Year					
	1996	1995	1994	1993	1992	1991
January	5.033%	4.747%	3.710%	4.360%	6.002%	7.858%
February	4.975	4.925	3.687	4.333	5.800	7.848
March	4.874	5.007	3.629	4.245	5.611	7.654
April	4.841	5.064	3.672	4.171	5.427	7.501
May		5.141	3.726	4.103	5.290	7.329
June		5.179	3.804	4.050	5.258	7.155
July		5.144	3.860	3.998	5.069	6.998
August		5.133	3.945	3.958	4.874	6.845
September		5.111	4.039	3.881	4.805	6.714
October		5.116	4.187	3.823	4.597	6.566
November		5.119	4.367	3.822	4.508	6.414
December		5.059	4.589	3.879	4.432	6.245

(1) The Eleventh District Cost of Funds Index reflects the weighted average cost of funds of the members of the Eleventh District for the month indicated. It is usually announced by the FHLBSF on the last working day of the month following the month in which the cost of funds was incurred.

The FHLBSF has stated in its Information Bulletin that the Eleventh District Cost of Funds Index for a month "will be announced on or near the last working day" of the following month and also has stated that it "cannot guarantee the announcement" of such index on an exact date. So long as such index for a month is announced on or before the tenth day of the second following month, unless otherwise specified in the related Prospectus Supplement, the interest rate for each Class of Certificates as to which the applicable interest rate is determined by reference to an index denominated as COFI (each, a "COFI Class") for the Interest Accrual Period commencing in such second following month will be based on the Eleventh District Cost of Funds Index for the second preceding month. If publication is delayed beyond such tenth day, such interest rate will be based on the Eleventh District Cost of Funds Index for the third preceding month.

If on the tenth day of the month in which any Interest Accrual Period commences for a COFI Class the most recently published Eleventh District Cost of Funds Index relates to a month prior to the third preceding month, the index for such current Interest Accrual Period and for each succeeding Interest Accrual Period will, except as described in the next to last sentence of this paragraph, be based on the National Monthly Median Cost of Funds Ratio to SAIF-Insured Institutions (the "National Cost of Funds Index") published by the Office of Thrift Supervision (the "OTS") for the third preceding month (or the fourth preceding month if the National Cost of Funds Index for the third preceding month has not been published on such tenth day of an Interest Accrual Period). Information on the National Cost of Funds Index may be obtained by writing the OTS at 1700 G Street, N.W., Washington, D.C. 20552 or calling (202) 906-6000, and the current National Cost of Funds Index may be obtained by calling (202) 906-6988. If on any such tenth day of the month in

which an Interest Accrual Period commences the most recently published National Cost of Funds Index relates to a month prior to the fourth preceding month, the applicable index for such Interest Accrual Period and each succeeding Interest Accrual Period will be based on LIBOR, as determined by Fannie Mae or its agent in accordance with the Trust Agreement relating to such Series of Certificates. A change of index from the Eleventh District Cost of Funds Index to an alternative index will result in a change in the index level, and, particularly if LIBOR is the alternative index, could increase its volatility.

The establishment of LIBOR by Fannie Mae or its agent and its calculation of the rates of interest applicable to any COFI Class for the related Interest Accrual Period shall (in the absence of manifest error) be final and binding.

Treasury Index

Unless otherwise specified in the related Prospectus Supplement, on the Index Determination Date for each Class whose interest rate is based upon a Treasury Index, Fannie Mae or its agent will ascertain the Treasury Index for Treasury securities of the maturity and for the date or dates specified in the related Prospectus Supplement. Unless otherwise specified in the related Prospectus Supplement, the Treasury Index for any period means the yield for the date specified or the average of the yield for each business day during the period specified, expressed in each case as a per annum percentage rate, on (i) U.S. Treasury securities adjusted to the "constant maturity" (as further described below) specified in such Prospectus Supplement or (ii) if no "constant maturity" is so specified, U.S. Treasury securities trading on the secondary market having the maturity specified in such Prospectus Supplement, in each case as published by the Federal Reserve Board in its Statistical Release No. H.15 (519). Statistical Release No. H.15 (519) is published on Monday or Tuesday of each week and may be obtained by writing or calling the Publications Department at the Board of Governors of the Federal Reserve System, 21st and C Streets, Washington, D.C. 20551 (202) 452-3244. If Fannie Mae or its agent has not yet received Statistical Release No. H.15 (519) for such week, then it will use such Statistical Release from the immediately preceding week.

Yields on U.S. Treasury securities at "constant maturity" are derived from the U.S. Treasury's daily yield curve. This curve, which relates the yield on a security to its time to maturity, is based on the closing market bid yields on actively traded Treasury securities in the over-the-counter market. These market yields are calculated from composites of quotations reported by five leading U.S. Government securities dealers to the Federal Reserve Bank of New York. This method provides a yield for a given maturity even if no security with that exact maturity is outstanding. In the event that the Treasury Index is no longer published, Fannie Mae will designate a new index based upon comparable data and methodology. Fannie Mae's or its agent's determination of the Treasury Index, in the absence of manifest error, will be final and binding.

Prime Rate

Unless otherwise specified in the related Prospectus Supplement, on the Index Determination Date for each Class whose interest rate is based upon the Prime Rate, Fannie Mae or its agent will ascertain the Prime Rate for the related Interest Accrual Period. Unless otherwise specified in the related Prospectus Supplement, the Prime Rate for an Interest Accrual Period will be the "Prime Rate" as published in the "Money Rates" section of *The Wall Street Journal* (or if not so published, the "Prime Rate" as published in a newspaper of general circulation selected by Fannie Mae in its sole discretion) on the related Index Determination Date. If a prime rate range is given, then the average of such range will be used. In the event that the Prime Rate is no longer published, Fannie Mae will designate a new index based upon comparable data and methodology. Fannie Mae's or its agent's determination of the Prime Rate, in the absence of manifest error, will be final and binding.

Distributions of Principal

On each Distribution Date for a Series of Certificates, Fannie Mae will be obligated to make principal distributions in the manner described in the related Prospectus Supplement to the Holders of the Certificates of such Series as to which principal is then due, and each such Class of Certificates will be fully paid no later than the Final Distribution Date for such Class specified in such Prospectus Supplement.

Unless the related Prospectus Supplement provides otherwise, the total amount of each principal distribution required to be made on the Certificates of a Series on a Distribution Date will be equal to the sum of (i) an amount equal to all distributions of principal of the Underlying Securities in the period (a "Deposit Period") subsequent to the preceding Distribution Date (or subsequent to the Issue Date in the case of the initial Distribution Date); and (ii) the interest, if any, that has accrued on the Accrual Classes of such Series during the preceding Interest Accrual Period but is not yet payable. The Prospectus Supplement for each Series of Certificates will specify the manner in which the amount of such aggregate principal distribution will be determined.

Fannie Mae's Guaranty

Pursuant to its guaranty of the Certificates, Fannie Mae will be obligated to distribute on a timely basis to Holders of Certificates required installments of principal and interest to the extent set forth in the related Prospectus Supplement 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 obligations of Fannie Mae under its guaranty are obligations solely of Fannie Mae and are not backed by, nor entitled to, the full faith and credit of the United States. If Fannie Mae were unable to perform these guaranty obligations, distributions to Certificateholders would consist solely of payments and other recoveries on the underlying Mortgage Loans and, accordingly, delinquencies and defaults on the Mortgage Loans would affect distributions to Certificateholders.

Distributions on Underlying Securities, Deposits in the Trust Account

On the 25th day (or, if such 25th day is not a business day, on the first business day next succeeding such 25th day) of each month, commencing in the month of the initial Distribution Date, Fannie Mae will deposit or credit to one or more accounts (collectively, the "Trust Account") an amount equal to the sum of the distributions of the principal and interest on the Underlying Securities in the Series Trust.

Amounts credited to the Trust Account on a Distribution Date will be available to be distributed to Holders on such date. Unless otherwise specified in the Prospectus Supplement, certain amounts remaining in the Trust Account on each Distribution Date following the required distribution of principal and interest on the Certificates will be used to pay administrative expenses of the Series Trust. Any amount remaining will be distributed to the Holders of Certificates of the Class which constitutes the "residual interest" in the applicable REMIC Trust.

The Trust Agreement permits Fannie Mae as Trustee to maintain the Trust Account either (i) as a trust account with an eligible depository institution (which account may contain other funds held by Fannie Mae in a trust capacity) or (ii) as part of Fannie Mae's general assets, with appropriate entries being made on its books and records designating the funds and investments credited to the applicable REMIC Trust. Although Fannie Mae is required to hold all funds maintained as part of Fannie Mae's general accounts (and, upon deposit in the Trust Account, the investment of such funds) for the account of Certificateholders in the related REMIC Trust, the law applicable to a liquidation, reorganization or similar proceeding involving the assets of Fannie Mae is unclear and as a result no opinion can be rendered as to the status of Certificateholders' interest in such funds and investments in the event of any such proceeding.

Reports to Certificateholders

As soon as practicable following the eleventh calendar day of each month, Fannie Mae will publish or otherwise make available the REMIC Trust Factor (carried to eight decimal places) for each Class of Certificates after giving effect to the distribution of principal to be made on the following Distribution Date (and the accretion of principal of any Accrual Classes). The principal balance of a Certificate of any Class after giving effect to such principal distribution (and accretion) will be the product of the applicable REMIC Trust Factor and the applicable denomination or initial principal balance of such Certificate. With respect to each distribution on Certificates of each Class, Fannie Mae will cause to be forwarded to each Holder thereof a statement setting forth the total principal and interest distributions on such Distribution Date with respect to the Certificates in each Class held by such Holder. Fannie Mae also will furnish to each person who was a Certificateholder at any time during a calendar year such statements and information as shall be required to be furnished pursuant to the Internal Revenue Code of 1986, as amended (the "Code").

Calculations with respect to amounts due to Certificateholders will be made by Fannie Mae or on its behalf by another entity retained specifically for that purpose.

The Underlying Securities

Unless the related Prospectus Supplement provides otherwise, each Underlying Security will evidence the direct or indirect beneficial ownership interest in a Pool of Mortgage Loans that may consist of Government Mortgage Loans or Conventional Mortgage Loans. In addition, unless otherwise specified, up to 10% of the Underlying Securities by principal balance may evidence interests in Pools having pool numbers or legends denoting that the underlying Mortgage Loans include any one of the following: relocation mortgage loans, cooperative share mortgage loans, substantial buydown mortgage loans, biweekly mortgage loans or mortgage loans that are assumable by a creditworthy transferee upon transfer of the mortgaged property; however, such Underlying Securities, in the aggregate, may not constitute more than 15% of the Underlying Securities backing a Series of Certificates. The general characteristics of the Underlying Securities are described in the related Underlying Prospectuses, and specific information regarding the interest rates borne by the Underlying Securities and the WACs and WAMs of the Mortgage Loans backing the Underlying Securities included in a Series Trust will be contained in the Prospectus Supplement for the related Series of Certificates.

Weighted Average Life and Final Distribution Dates

The weighted average life of a security refers to the average length of time, weighted by principal, that will elapse from the date of issuance to the date each dollar of principal is repaid to the investor. 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 specified in the related Prospectus Supplement 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). The weighted average life of the Certificates will be influenced by, among other factors, the rate at which principal payments (including scheduled payments, principal prepayments, liquidations due to default, casualty and condemnation and payments made pursuant to any guaranty of payment by, or option to repurchase of, Fannie Mae) are made on the underlying Mortgage Loans. Prepayments on the Mortgage Loans backing the related Underlying Securities will be applied to principal distributions on the Certificates.

The Final Distribution Date for Certificates of a particular Class is the date by which the principal balance is required to be fully paid and will be specified in the related Prospectus Supplement. The Final Distribution Dates of the respective Classes of Certificates of a Series will be determined so that distributions on the Underlying Securities will be sufficient to retire each such

Class on or before its Final Distribution Date without the necessity of any call on Fannie Mae under its guaranty of the Certificates.

The Prospectus Supplement for each Series of Certificates will contain a table setting forth the weighted average life of each Class of Certificates of such Series, and the percentage of original principal amount of each Class of Certificates of such Series that would be outstanding on specified Distribution Dates for such Series, on the assumption that prepayments on the Mortgage Loans backing the related Underlying Securities are made at such rates and on such other assumptions as may be specified in such Prospectus Supplement. The actual final distribution of each Class of Certificates is likely to occur earlier, and could occur significantly earlier, than its Final Distribution Date because (i) the rate of distribution on the Certificates will be affected by the actual rate of payment (including prepayments) of principal on the Mortgage Loans backing the related Underlying Securities and (ii) some Mortgage Loans have stated maturities prior to the dates assumed and will have interest rates lower than that assumed. However, there can be no assurance that the final distribution of principal of any Class of Certificates will be earlier than the Final Distribution Date specified for such Class in the related Prospectus Supplement.

Fannie Mae has agreed not to effect indirectly an early termination of any Series Trust through the exercise of its right, as described in "Description of Certificates—Termination" in the MBS Prospectus, to repurchase the Mortgage Loans underlying any MBS in the Series Trust unless only one Mortgage Loan remains in the Pool or the principal balance of such Pool at the time of repurchase is less than one percent of the original principal balance of such Pool. In addition, the Prospectus Supplement will describe the terms and conditions of the right, if any, of Fannie Mae or any other party to terminate the Series Trust by purchasing the Underlying Securities included therein.

Prepayment Models

Prepayments of mortgage loans commonly are measured relative to a prepayment standard or model. One such model used to measure payments is the Public Securities Association's standard prepayment model ("PSA"), which represents an assumed rate of prepayment each month of the then outstanding principal balance of a pool of new mortgage loans. 100% PSA assumes prepayment rates of 0.2% per annum of the then unpaid principal balance of such pool of mortgage loans in the first month of the life of such mortgage loans and an additional 0.2% per annum in each month thereafter (for example, 0.4% per annum in the second month) until the 30th month. Beginning in the 30th month and in each month thereafter during the life of such mortgage loans, 100% PSA assumes a constant prepayment rate of 6% per annum. Multiples may be calculated from this prepayment rate sequence. For example, 150% PSA assumes prepayment rates will be 0.3% per annum in month one, 0.6% per annum in month two, and increasing by 0.3% in each succeeding month until reaching a rate of 9% per annum in month 30 and remaining constant at 9% per annum thereafter. Similarly, 200% PSA assumes prepayment rates will be 0.4% per annum in month one, 0.8% per annum in month two, and increasing by 0.4% in each succeeding month until reaching a rate of 12% per annum in month 30 and remaining constant at 12% per annum thereafter. 0% PSA assumes no prepayments.

Another model is the "Constant Prepayment Rate" or "CPR" model. The CPR model represents an annualized rate of prepayment relative to the then outstanding principal balance of a pool of new mortgage loans. Accordingly, 0% CPR indicates no prepayments; 15% CPR indicates prepayments at an annual rate of 15% and so on.

Neither PSA nor the CPR model purport to be an historical description of the prepayment experience of any pool of mortgage loans or a prediction of the anticipated rate of prepayment of any pool of mortgage loans, including the Mortgage Loans relating to the Underlying Securities backing the Certificates of any Series.

The Prospectus Supplement for each Series of Certificates will indicate the model used to measure prepayments.

Additional Characteristics of Residual Certificates

A Certificate of any Class that is designated in the Prospectus Supplement as a residual interest in a REMIC Trust (a "Residual Certificate") may not be transferred to a "disqualified organization" or any person who would hold a Residual Certificate on behalf of a disqualified organization. For purposes of the preceding sentence, a transfer includes any transfer of record or beneficial ownership, whether pursuant to a purchase, a default under a secured lending agreement or otherwise. The term "disqualified organization" includes the United States, any State or political subdivision thereof, any foreign government, any international organization, or any agency or instrumentality of the foregoing (other than certain taxable instrumentalities), any cooperative organization furnishing electric energy or providing telephone service to persons in rural areas, or any organization (other than a farmers' cooperative) that is exempt from federal income tax, unless such organization is subject to the tax on unrelated business income. Each transferee of a Residual Certificate will be required to execute an affidavit, in a form acceptable to Fannie Mae, that: (i) it is not a disqualified organization, (ii) it is not acquiring the Residual Certificate for the account of a disqualified organization, (iii) it consents to any amendment of the Trust Agreement (or the applicable Issue Supplement) that shall be deemed necessary by Fannie Mae (upon advice of counsel) to constitute a reasonable arrangement to ensure that the Residual Certificates will not be owned directly or indirectly by a disqualified organization, (iv) no purpose of the acquisition of the Residual Certificate is to avoid or impede the assessment or collection of tax, (v) it understands that it may incur tax liabilities in excess of any cash flows generated by the Residual Certificate, (vi) it intends to pay taxes associated with holding the Residual Certificate as they become due, and (vii) it will not transfer such Residual Certificate unless (a) it has received from the transferee an affidavit containing these same seven representations and (b) as of the time of the transfer, it does not have actual knowledge that such affidavit is false. See "Certain Federal Income Tax Consequences—Sales of Certificates—*Residual Certificates Transferred to or Held by Disqualified Organizations*" below. Such transferee also must deliver a properly executed Internal Revenue Service ("IRS") Form W-9 on which such transferee provides its taxpayer identification number. In addition, a pass-through entity (including a nominee) that holds a Residual Certificate may be subject to additional taxes if a disqualified organization is a record holder therein.

In addition, no transfer of record or beneficial ownership in a Residual Certificate (whether pursuant to a purchase, a default under a secured lending agreement or otherwise) will be allowed to any person that is not a "U.S. Person" without the written consent of Fannie Mae. The term "U.S. Person" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof, or an estate or trust that is subject to U.S. federal income tax regardless of the source of its income.

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. A Residual Certificate would be treated as constituting a noneconomic residual interest unless, at the time of the transfer, (i) the present value of the expected future distributions on the Residual Certificate is no less than the product of the present value of the "anticipated excess inclusions" with respect to such Certificate and the highest corporate rate of tax for the year in which the transfer occurs, and (ii) the transferor reasonably expects that the transferee will receive distributions from the applicable REMIC Trust in an amount sufficient to satisfy the liability for income tax on any "excess inclusions" at or after the time when such liability accrues. Anticipated excess inclusions are the excess inclusions that are anticipated to be allocated to each calendar quarter (or portion thereof) following the transfer of a Residual Certificate, determined as of the date such Certificate is transferred and based on events that have occurred as of that date and on the Prepayment Assumption. See "Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Original Issue Discount*" and "—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*."

The Regulations provide that a significant purpose to impede the assessment or collection of tax exists if, at the time of the transfer, a transferor of a Residual Certificate has "improper knowledge" (i.e., either knew, or should have known, that the transferee would be unwilling or unable to pay taxes due on its share of the taxable income of the REMIC Trust). A transferor is presumed not to have improper knowledge if (i) the transferor conducts, at the time of a transfer, a reasonable investigation of the financial condition of the transferee and, as a result of the investigation, the transferor finds that the transferee has historically paid its debts as they come due and finds no significant evidence to indicate that the transferee will not continue to pay its debts as they come due in the future; and (ii) the transferee makes certain representations to the transferor in the affidavit relating to disqualified organizations discussed above. Transferors of a Residual Certificate should consult with their own tax advisors for further information regarding such transfers.

Fannie Mae will provide to Holders of Residual Certificates of each Series of Certificates (i) such information as is necessary to enable them to prepare their federal income tax returns and (ii) any reports regarding the Certificates of such Series that may be required under the Code.

THE TRUST AGREEMENT

The following summaries describe certain provisions of the Trust Agreement not otherwise summarized in this Prospectus. Certain capitalized terms in these summaries are used as defined in the Trust Agreement. These summaries do not purport to be complete and are subject to, and qualified in their entirety by reference to, the more complete provisions of the Trust Agreement.

Transfer of Underlying Securities to a Series Trust

The Underlying Securities transferred to a Series Trust will be identified in a Fannie Mae Security Schedule appearing as an exhibit to the Trust Agreement for such Series Trust. The Underlying Securities will be registered in Fannie Mae's name on the books of the Federal Reserve Bank of New York and held for the Holders of Certificates by Fannie Mae in its capacity as Trustee of such Series Trust.

Certain Matters Regarding Fannie Mae

The Trust Agreement provides that Fannie Mae may not resign from its obligations and duties thereunder, except upon determination that those duties are no longer permissible under applicable law. No such resignation will become effective until a successor has assumed Fannie Mae's obligations and duties under the Trust Agreement; provided, however, that no successor will succeed to Fannie Mae's guaranty obligations described above. Fannie Mae will continue to be responsible under its guaranty notwithstanding any termination of its other duties and responsibilities under the Trust Agreement. See "Rights Upon Event of Default" below.

The Trust Agreement also provides that neither Fannie Mae nor any director, officer, employee, or agent of Fannie Mae will be under any liability to the Series Trust or to Certificateholders for any action taken, or for refraining from the taking of any action, in good faith pursuant to the Trust Agreement or for errors in judgment; provided, however, that neither Fannie Mae nor any such person will be protected against any liability that would otherwise be imposed by reason of willful misfeasance, bad faith or gross negligence or by reason of willful disregard of obligations and duties.

In addition, the Trust Agreement provides that Fannie Mae is not under any obligation to appear in, prosecute, or defend any legal action that is not incidental to its responsibilities under the Trust Agreement and that in its opinion may involve it in any expense or liability. Fannie Mae may, however, in its discretion undertake any such legal action that it may deem necessary or desirable in the interests of the Certificateholders. In such event, the legal expenses and costs of such action will be expenses and costs of Fannie Mae.

Any corporation into which Fannie Mae may be merged or consolidated, or any corporation resulting from any merger, conversion, or consolidation to which Fannie Mae is a party, or any corporation succeeding to the business of Fannie Mae, will be the successor of Fannie Mae under the terms of the Trust Agreement.

Voting Under Any Underlying Trust Indenture

As set forth in the related Underlying Prospectus, the Holders of Underlying Securities evidencing in the aggregate certain minimum percentage interests in the related trust assets may terminate certain obligations and duties of Fannie Mae with respect thereto if an Event of Default under the related trust agreement (the "Underlying Trust Indenture") has occurred and is continuing. The Trust Agreement provides that Holders of Certificates may, upon the occurrence of an Event of Default with respect to an Underlying Security in the related Series Trust, take, or join in, any such action to the extent of the product of the percentage interest represented by such Underlying Security and the percentage obtained by dividing the aggregate of the principal balances and, if applicable, notional principal balances of all Certificates of the related Series the Holders of which have taken or joined in such action by the aggregate of the principal balances and, if applicable, notional principal balances of all Certificates of such Series.

As set forth in the related Underlying Prospectus, the Holders of Underlying Securities evidencing in the aggregate certain minimum percentage interests in the related trust assets may consent to certain amendments to the related Underlying Trust Indenture or waivers thereunder. The Trust Agreement provides that the Trustee may not vote any Underlying Securities held in a Series Trust in favor of such an amendment or modification except upon the direction of the Holders of Certificates of the related Series having principal balances aggregating not less than 66 percent of the aggregate of the principal balances and, if applicable, notional principal balances of all Certificates of such Series.

Events of Default

Events of Default under the Trust Agreement will consist of (i) any failure by Fannie Mae to distribute to Holders of Certificates of any Class any required distribution that continues unremedied for 15 days after the giving of written notice of such failure to Fannie Mae by the Holders of Certificates representing principal balances aggregating not less than five percent of the aggregate principal balances of all Certificates of such Class; (ii) any failure by Fannie Mae duly to observe or perform in any material respect any other of its covenants or agreements in the Trust Agreement, which failure continues unremedied for 60 days after the giving of written notice of such failure to Fannie Mae by the Holders of Certificates of any Class representing principal balances aggregating not less than 25 percent of the aggregate principal balances and, if applicable, notional principal balances of all of the Certificates of such Class; and (iii) certain events of insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings and certain actions by or against Fannie Mae indicating its insolvency, reorganization or inability to pay its obligations.

Rights Upon Event of Default

As long as an Event of Default under the Trust Agreement for any Series Trust remains unremedied, the Holders of Certificates of any Class representing principal balances aggregating not less than 25 percent of the aggregate of the principal balances and, if applicable, notional principal balances of all Certificates of such Class may, in writing, terminate all of the obligations and duties of Fannie Mae as Trustee and in its corporate capacity under the Trust Agreement in respect of such Series Trust (other than its guaranty obligations described above, which continue notwithstanding any such termination) and name and appoint, in writing, a successor to succeed to all such responsibilities, duties and obligations of Fannie Mae thereunder (other than Fannie Mae's guaranty obligations) and to the legal title to the Underlying Securities and other assets held in the Series Trust.

Amendment

The Trust Agreement as it relates to any REMIC Trust may be amended by Fannie Mae and the Trustee without the consent of or notice to any of the Certificateholders, for one or more of the following purposes: (i) to add to the covenants of Fannie Mae; (ii) to evidence the succession of another party or parties to Fannie Mae and the assumption by such successor or successors of the obligations of Fannie Mae thereunder in its corporate capacity or in its capacity as Trustee or in both such capacities; (iii) to eliminate any right reserved to or conferred upon Fannie Mae in its corporate capacity; (iv) to make provisions for the purpose of curing any ambiguity or correcting or supplementing any provision in the Trust Agreement, provided that any such supplemental provision does not adversely affect the interest of any Certificateholder; or (v) to modify the Trust Agreement to maintain the qualification of each REMIC Trust as a REMIC.

The Trust Agreement as it relates to a REMIC Trust also may be amended by Fannie Mae with the consent of the Holders of Certificates of each Class representing principal balances aggregating not less than 66 percent of the aggregate principal balances and, if applicable, notional principal balances of all Certificates of such Class so as to waive compliance by Fannie Mae with any terms of the Trust Agreement, or to allow Fannie Mae to eliminate, change, add to or modify the terms of the Trust Agreement. However, no such waiver or amendment may, without the consent of all Certificateholders, terminate or modify the guaranty obligations of Fannie Mae or reduce the percentages of the Certificates the Holders of which are required to consent to any waiver or amendments. In addition, no waiver or amendment shall, without the consent of each Certificateholder affected thereby, reduce in any manner the amount of, or delay the timing of, payments received on Underlying Securities or other assets in the Series Trust that are required to be distributed on any Certificate, or, without the consent of all Holders of any residual interest in a REMIC Trust, adversely affect the rights of the Holders of such residual interest.

Termination

Each Series Trust will terminate upon the distribution to Certificateholders of all required distributions of the principal of and interest on the Certificates. In addition, the Prospectus Supplement will describe the terms and conditions of the right, if any, of Fannie Mae or any other party to terminate the Series Trust by purchasing the Underlying Securities included therein. Fannie Mae has agreed not to effect indirectly an early termination of any Series Trust through the exercise of its right, as described in "Description of Certificates—Termination" in the MBS Prospectus, to repurchase the Mortgage Loans underlying any MBS in the Series Trust unless only one Mortgage Loan remains in the Pool or the principal balance of such Pool at the time of repurchase is less than one percent of the original principal balance of such Pool.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

General

The following is a general discussion of the material anticipated federal income tax consequences to beneficial owners of the purchase, ownership and disposition of the Certificates offered hereby. The discussion is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change. The discussion below does 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.

The Regulations provide some guidance regarding the federal income tax consequences associated with the purchase, ownership and disposition of the Certificates. Generally, the Regulations apply to any REMIC the "settlement date" of which is on or after November 12, 1991. While certain material

provisions of the Regulations are discussed below, investors should consult their own tax advisors regarding the possible application of the Regulations in their specific circumstances.

REMIC Election

An election will be made to treat each REMIC Trust as a REMIC under the Code. Qualification as a REMIC requires ongoing compliance with certain conditions. With respect to each Series of Certificates, Dewey Ballantine, special tax counsel to Fannie Mae, will deliver its opinion to Fannie Mae that (unless otherwise limited in the applicable Prospectus Supplement), assuming compliance with the Trust Agreement, each REMIC Trust will be treated as a REMIC for federal income tax purposes. The Certificates of each Class will be designated as "regular interests" in a REMIC Trust, except that a separate Class will be designated as the "residual interest" in each REMIC Trust. The Prospectus Supplement for each Series of Certificates will state whether Certificates of each Class will constitute a regular interest (a "Regular Certificate") or a residual interest (a "Residual Certificate").

A REMIC Trust will not be subject to federal income tax except with respect to income from prohibited transactions and in certain other instances described below. See "Taxes on a REMIC Trust" below. Generally, the total income of the Underlying Securities in a Series Trust will be taxable to the beneficial owners of the Certificates of that Series, as described below.

Taxation of Beneficial Owners of Regular Certificates

Except as indicated below in this federal income tax discussion, the Regular Certificates will be treated for federal income tax purposes as debt instruments issued by a REMIC on the date such Certificates are first sold to the public (the "Settlement Date") and not as ownership interests in a REMIC or its assets. Beneficial owners of Regular Certificates ("Regular Owners") that otherwise report income under a cash method of accounting will be required to report income with respect to such Certificates under an accrual method.

Original Issue Discount

All the Accrual Classes, Notional Classes and Principal Only Classes will be, and certain other Regular Certificates may be, issued with "original issue discount" within the meaning of section 1273(a) of the Code. Regular Owners should be aware that for federal income tax purposes they must include in gross income original issue discount as it accrues under a method that takes account of the compounding of interest, generally in advance of receipt of the cash attributable to such income. Fannie Mae will supply, at the time and in the manner required by the Internal Revenue Service (the "IRS"), to Holders of Regular Certificates, brokers and middlemen information with respect to the original issue discount accruing on the Regular Certificates.

In general, a Regular Certificate will be considered to be issued with original issue discount equal to the excess, if any, of its "stated redemption price at maturity" over its "issue price." The issue price of a Regular Certificate is the initial offering price to the public (excluding bond houses and brokers) at which a substantial amount of the Regular Certificates was sold. The issue price also includes any accrued interest attributable to the period between the beginning of the first Interest Accrual Period and the Settlement Date. The stated redemption price at maturity of a Regular Certificate that is a Notional or Principal Only Certificate or that is or may be an Accrual Certificate is equal to the sum of all distributions to be made under such Regular Certificate. The stated redemption price at maturity of any other Regular Certificate is its stated principal amount, plus an amount equal to the excess (if any) of the interest payable on the first Distribution Date over the interest that accrues for the period from the Settlement Date to the first Distribution Date.

Notwithstanding the general definition, original issue discount will be treated as zero in the case of a Regular Certificate if such discount is less than 0.25 percent of the stated redemption price at maturity of such Certificate multiplied by its weighted average life. The weighted average life of a Regular Certificate is apparently computed for this purpose as the sum, for all distributions included

in the stated redemption price at maturity of the Certificate, of the amounts determined by multiplying (i) the number of complete years (rounding down for partial years) from the Settlement Date until the date on which each such distribution is expected to be made under the assumption that the Mortgage Loans backing the related Underlying Securities prepay at the rate specified in the applicable Prospectus Supplement (the "Prepayment Assumption") by (ii) a fraction, the numerator of which is the amount of such distribution and the denominator of which is the Regular Certificate's stated redemption price at maturity. If original issue discount is treated as zero under this rule, the actual amount of original issue discount must be allocated to the principal distributions on the Regular Certificate and, when each such distribution is received, gain equal to the discount allocated to such distribution will be recognized.

Section 1272(a)(6) of the Code contains special original issue discount rules applicable to the Regular Certificates. Under these rules, (i) it is anticipated that the amount and rate of accrual of original issue discount on each Series of Regular Certificates will be based on (x) the Prepayment Assumption, and (y) in the case of a Regular Certificate calling for a variable rate of interest, an assumption that the value of the index upon which such variable rate is based remains the same over the entire life of such Certificate, and (ii) adjustments will be made in the amount of discount accruing in each taxable year in which the actual prepayment rate differs from the Prepayment Assumption.

Section 1272(a)(6)(B)(iii) of the Code requires that the prepayment assumption used to calculate original issue discount be determined in the manner prescribed in Treasury regulations. To date, no such regulations have been promulgated. The legislative history of this Code provision indicates that the regulations will provide that the assumed prepayment rate must be the rate used by the parties in pricing the particular transaction. Fannie Mae anticipates that the Prepayment Assumption for each Series of Regular Certificates will be consistent with this standard. Fannie Mae makes no representation, however, that the Mortgage Loans backing the Underlying Securities for a given Series will prepay at the rate reflected in the Prepayment Assumption for that Series or at any other rate. Each investor must make its own decision as to the appropriate prepayment assumption to be used in deciding whether or not to purchase any of the Certificates.

Each Regular Owner must include in gross income the sum of the "daily portions" of original issue discount on its Regular Certificate for each day during its taxable year on which it held such Certificate. For this purpose, in the case of an original Regular Owner, the daily portions of original issue discount will be determined as follows. A calculation will first be made of the portion of the original issue discount that accrued during each "accrual period." Final regulations issued by the Treasury Department relating to the tax treatment of debt instruments with original issue discount (the "OID Regulations") provide that for purposes of measuring the accrual of original issue discount on a debt instrument, each Regular Owner may use an accrual period of any length, up to one year, as long as each Distribution Date falls on either the final day or the first day of an accrual period. Unless otherwise disclosed in the applicable Prospectus Supplement, Fannie Mae will report original issue discount based on accrual periods of one month, beginning on a Distribution Date and ending on the day before the next Distribution Date.

The portion of original issue discount treated as accruing for any accrual period will equal the excess, if any, of (i) the sum of (A) the present values of all the distributions remaining to be made on the Regular Certificate, if any, as of the end of the accrual period and (B) the distribution made on such Certificate during the accrual period of amounts included in the stated redemption price at maturity, over (ii) the adjusted issue price of such Certificate at the beginning of the accrual period. The present value of the remaining distributions referred to in the preceding sentence will be calculated based on (i) the yield to maturity of the Regular Certificate, calculated as of the Settlement Date, giving effect to the Prepayment Assumption, (ii) events (including actual prepayments) that have occurred prior to the end of the accrual period, (iii) the Prepayment Assumption, and (iv) in the case of a Regular Certificate calling for a variable rate of interest, an assumption that the value of the index upon which such variable rate is based remains the same as its value on the Settlement Date.

over the entire life of such Certificate. The adjusted issue price of a Regular Certificate at any time will equal the issue price of such Certificate, increased by the aggregate amount of previously accrued original issue discount with respect to such Certificate, and reduced by the amount of any distributions made on such Certificate as of that time of amounts included in the stated redemption price at maturity. The original issue discount accruing during any accrual period will then be allocated ratably to each day during the period to determine the daily portion of original issue discount.

A subsequent purchaser of a Regular Certificate that purchases such Certificate at a cost less than its remaining stated redemption price at maturity also will be required to include in gross income for each day on which it holds such Certificate, the daily portion of original issue discount with respect to such Certificate (but reduced, if the cost of such Certificate to such purchaser exceeds its adjusted issue price, by an amount equal to the product of (i) such daily portion and (ii) a constant fraction, the numerator of which is such excess and the denominator of which is the sum of the daily portions of original issue discount on such Certificate for all days on or after the day of purchase).

Under the OID Regulations, if all the regular interests of a REMIC Trust are issued to another REMIC Trust, such regular interests will be treated as a single debt instrument because they were issued to a single holder in a single transaction. Consequently, Fannie Mae will calculate the taxable income (or net loss) of each REMIC Trust (and report to Holders of Residual Certificates) by treating all such regular interests as a single debt instrument.

Floating Rate and Inverse Floating Rate Classes

The OID Regulations define and provide special rules applicable to variable rate debt instruments ("VRDIs"). Most Floating Rate and Inverse Floating Rate Classes will be VRDIs under the OID Regulations. To be a VRDI, a Regular Certificate generally must satisfy three requirements. First, the issue price (including accrued interest) must not exceed the total noncontingent principal payments by more than (i) 1.5 percent of the product of the total noncontingent principal payments and the weighted average life, or (ii) 15 percent of the total noncontingent principal payments, whichever is smaller. Second, the Regular Certificate must bear interest at a "qualified floating rate" or an "objective rate," or certain combinations of such rates and possibly a fixed rate. Third, under the terms of the Regular Certificate, the qualified floating rate or objective rate must be based on a current value of the applicable interest index. An interest index (such as LIBOR, COFI, Treasury or the Prime Rate) or an interest index plus or minus a fixed rate generally is a qualified floating rate. A floating or inverse floating rate equal to a positive or negative multiple of an interest index plus or minus a fixed rate is an objective rate and may be a qualified floating rate.

Under the OID Regulations, a debt instrument that does not meet all three requirements is a contingent payment debt instrument. Final regulations governing contingent payment debt instruments that are issued on or after August 13, 1996 were published in the Federal Register on June 14, 1996. These final regulations, however, do not apply to Regular Certificates. Therefore, in the absence of further guidance and unless otherwise stated in the applicable Prospectus Supplement, Fannie Mae will compute accruals of interest and original issue discount on all Floating Rate and Inverse Floating Rate Classes by applying the principles of the OID Regulations applicable to VRDIs.

The OID Regulations contain specific rules for debt instruments bearing interest initially at a fixed rate and subsequently at a variable rate. If the fixed rate is in effect for less than one year and is intended to approximate the value of the variable rate that follows it, then the fixed rate and variable rate together will constitute a single qualified floating rate or objective rate. If the values of the fixed rate and the variable rate are within 25 basis points on the Settlement Date, it is conclusively presumed that the two rates constitute a single qualified floating rate or objective rate.

If a VRDI bears interest at a fixed rate for a year or more, the OID Regulations treat all payments of interest on such VRDI as "qualified stated interest" provided that the fair market value of the VRDI is approximately the same as it would be if the variable rate were in effect during all Interest Accrual Periods. Although this rule would not be literally applicable to certain Regular Certificates

that bear interest initially at a fixed rate followed by interest at an objective rate, in the absence of further guidance, Fannie Mae intends to apply the principles of this rule to all Floating Rate and Inverse Floating Rate Classes that bear interest at a fixed rate for an initial period of one year or more or that bear interest at a fixed rate for a period of less than one year but for which there is a difference of more than 25 basis points between the values of the fixed and variable rates on the Settlement Date. Investors are urged to consult their own tax advisors regarding the possible tax treatment of such Classes.

Certificates Purchased at a Premium

A purchaser of a Regular Certificate that purchases such Certificate at a cost greater than its remaining stated redemption price at maturity will be considered to have purchased such Certificate (a "Premium Certificate") at a premium. Such a purchaser need not include in income any remaining original issue discount and may elect, under section 171(c)(2) of the Code, to treat such premium as "amortizable bond premium." If a Regular Owner makes such an election, the amount of any interest payment that must be included in such Regular Owner's income for each period ending on a Distribution Date will be reduced by the portion of the premium allocable to such period based on the Premium Certificate's yield to maturity. The legislative history of the Tax Reform Act of 1986 states that such premium amortization should be made under principles analogous to those governing the accrual of market discount (as discussed below under "*Market Discount*"). If such election is made by the Regular Owner, the election will also apply to all bonds (as well as all REMIC regular interests) the interest on which is not excludible from gross income ("fully taxable bonds") held by the Regular Owner at the beginning of the first taxable year to which the election applies and to all such fully taxable bonds thereafter acquired by it, and is irrevocable without the consent of the IRS. If such an election is not made, (i) such a Regular Owner must include the full amount of each interest payment in income as it accrues, and (ii) the premium must be allocated to the principal distributions on the Premium Certificate and, when each such distribution is received, a loss equal to the premium allocated to such distribution will be recognized. Any tax benefit from the premium not previously recognized will be taken into account in computing gain or loss upon the sale or disposition of the Premium Certificate.

Some Regular Certificates may provide for only nominal distributions of principal in comparison to the distributions of interest thereon. It is possible that the IRS or the Treasury Department may issue guidance excluding such Certificates from the rules generally applicable to debt instruments issued at a premium. In particular, it is possible that such a REMIC interest will be treated as having original issue discount equal to the excess of the total payments to be received thereon over its issue price. In such event, section 1272(a)(6) of the Code would govern the accrual of such original issue discount, but a Regular Owner would recognize substantially the same income in any given period as would be recognized if an election were made under section 171(c)(2) of the Code. Unless and until the Treasury Department or the IRS publishes specific guidance relating to the tax treatment of such Certificates, Fannie Mae intends to furnish tax information to Holders of such Certificates in accordance with the rules described in the preceding paragraph.

Market Discount

A Regular Owner that purchases a Regular Certificate at a market discount, that is, at a purchase price less than the remaining stated redemption price at maturity of such Certificate, or in the case of a Regular Certificate issued with original issue discount, less than the adjusted issue price of such Certificate, will be required to allocate each principal distribution first to accrued market discount on the Regular Certificate, and recognize ordinary income to the extent such distribution does not exceed the aggregate amount of accrued market discount on such Certificate that was not previously included in income. With respect to Regular Certificates that have unaccrued original issue discount, such market discount must be included in income in addition to original issue discount includible under the rules described above under "*Original Issue Discount*." A Regular Owner that incurs or continues

indebtedness to acquire a Regular Certificate at a market discount may also be required to defer the deduction of all or a portion of the interest on such indebtedness until the corresponding amount of market discount is included in income. In general terms, market discount on a Regular Certificate may be treated as accruing either (i) under a constant yield method, taking into account the Prepayment Assumption, or (ii) in proportion to remaining accruals of original issue discount, if any, or if none, in proportion to remaining distributions of interest on the Regular Certificate. Fannie Mae will make available, as required by the IRS, to Holders of Regular Certificates information necessary to compute the accrual of market discount.

Notwithstanding the above rules, market discount on a Regular Certificate will be considered to be zero if such discount is less than 0.25 percent of the remaining stated redemption price at maturity of such Certificate multiplied by its weighted average remaining life. Weighted average remaining life presumably would be calculated in a manner similar to weighted average life, taking into account payments (including prepayments) prior to the date of acquisition of the Regular Certificate by the subsequent purchaser. If market discount on a Regular Certificate is treated as zero under this rule, the actual amount of market discount must be allocated to the remaining principal distributions on the Regular Certificate and, when each such distribution is received, gain equal to the discount allocated to such distribution will be recognized.

Special Election

For any Regular Certificate acquired on or after April 4, 1994, the OID Regulations permit a Regular Owner to elect to include in gross income all "interest" that accrues on the Regular Certificate by using a constant yield method. For purposes of the election, the term "interest" includes stated interest, acquisition discount, original issue discount, de minimis original issue discount, market discount, de minimis market discount and unstated interest, as adjusted by any amortizable bond premium or acquisition premium. A Regular Owner should consult its own tax advisor regarding the time and manner of making and the scope of the election and the implementation of the constant yield method.

Taxation of Beneficial Owners of Residual Certificates

Daily Portions

Except as indicated below, a beneficial owner of a Residual Certificate ("Residual Owner") for a given REMIC Trust generally will be required to report its daily portion of the taxable income or net loss of the REMIC Trust for each day during a calendar quarter that the Residual Owner owned such Residual Certificate. For this purpose, the daily portion shall be determined by allocating to each day in the calendar quarter its ratable portion of the taxable income or net loss of the REMIC Trust for such quarter and by allocating the amount so allocated among the Residual Owners (on such day) in accordance with their percentage interests on such day. Any amount included in the gross income or allowed as a loss of any Residual Owner by virtue of this paragraph will be treated as ordinary income or loss.

The requirement that each Residual Owner report its daily portion of the taxable income or net loss of the REMIC Trust will continue until there are no Certificates of any Class outstanding, even though the Residual Owner may have received full payment of the stated interest and principal on its Residual Certificate.

Taxable Income or Net Loss of a REMIC Trust

The taxable income or net loss of a REMIC Trust will be the income from the "qualified mortgages" it holds and any reinvestment earnings less deductions allowed to the REMIC Trust. Such taxable income or net loss for a given calendar quarter will be determined in the same manner as for an individual having the calendar year as the taxable year and using the accrual method of accounting, with certain modifications. The first modification is that a deduction will be allowed for

accruals of interest (including any original issue discount, but without regard to the investment interest limitation in section 163(d) of the Code) on the Regular Certificates (but not the Residual Certificates), even though Regular Certificates are for non-tax purposes certificates of beneficial ownership rather than indebtedness of a REMIC Trust. Second, market discount or premium equal to the difference between the total Stated Principal Balances of the qualified mortgages and the basis to the REMIC Trust therein generally will be included in income (in the case of discount) or deductible (in the case of premium) by the REMIC Trust as it accrues under a constant yield method, taking into account the Prepayment Assumption. The basis to a REMIC Trust in qualified mortgages is the aggregate of the issue prices of all the Regular and Residual Certificates in the REMIC Trust on the Settlement Date. If, however, a substantial amount of a Class of Regular or Residual Certificates has not been sold to the public, then the fair market value of all the Regular or Residual Certificates in that Class as of the date of the Prospectus Supplement should be substituted for the issue price. Third, no item of income, gain, loss or deduction allocable to a prohibited transaction (see "Taxes on a REMIC Trust—*Prohibited Transactions*" below) will be taken into account. Fourth, a REMIC Trust generally may not deduct any item that would not be allowed in calculating the taxable income of a partnership by virtue of section 703(a)(2) of the Code. Finally, the limitation on miscellaneous itemized deductions imposed on individuals by section 67 of the Code will not be applied at the REMIC Trust level to Fannie Mae's servicing and guaranty fees. (See, however, "*Pass-Through of Servicing and Guaranty Fees to Individuals*" below.) In addition, under the Regulations, any expenses that are incurred in connection with the formation of a REMIC Trust and the issuance of the Regular and Residual Certificates are not treated as expenses of the REMIC Trust for which a deduction is allowed. If the deductions allowed to a REMIC Trust exceed its gross income for a calendar quarter, such excess will be a net loss for the REMIC Trust for that calendar quarter. The Regulations also provide that any gain or loss to a REMIC Trust from the disposition of any asset, including a qualified mortgage or "permitted investment" (as defined in section 860G(a)(5) of the Code) will be treated as ordinary gain or loss.

A Residual Owner may be required to recognize taxable income without being entitled to receive a corresponding amount of cash. This could occur, for example, if the qualified mortgages are considered to be purchased by the REMIC Trust at a discount, some or all of the Regular Certificates are issued at a discount, and the discount included as a result of a prepayment on a Mortgage Loan that is used to pay principal on the Regular Certificates exceeds the REMIC Trust's deduction for unaccrued original issue discount relating to such Regular Certificates. Taxable income may also be greater in earlier years because interest expense deductions, expressed as a percentage of the outstanding principal amount of the Regular Certificates, may increase over time as the earlier Classes of Regular Certificates are paid, whereas interest income with respect to any given Mortgage Loan backing an Underlying Security, expressed as a percentage of the outstanding principal amount of that Mortgage Loan, will remain constant over time.

If the settlement date of a REMIC Trust is on or after April 4, 1994, and the qualified mortgages of such REMIC Trust include Regular Certificates from two or more different REMIC Trusts, an election will be made to have such REMIC Trust include in gross income all interest that accrues on such Regular Certificates by using a constant yield method. See "Taxation of Beneficial Owners of Regular Certificates—*Special Election*" above.

Basis Rules and Distributions

A Residual Owner has an initial basis in its Residual Certificate equal to the amount paid for such Residual Certificate. Such basis is increased by amounts included in the income of the Residual Owner and decreased by distributions and by any net loss taken into account with respect to such Residual Certificate. A distribution on a Residual Certificate to a Residual Owner is not included in gross income to the extent it does not exceed such Residual Owner's basis in the Residual Certificate (adjusted as described above) and, to the extent it exceeds the adjusted basis of the Residual Certificate, shall be treated as gain from the sale of the Residual Certificate.

A Residual Owner is not allowed to take into account any net loss for any calendar quarter to the extent such net loss exceeds such Residual Owner's adjusted basis in its Residual Certificate as of the close of such calendar quarter (determined without regard to such net loss). Any loss disallowed by reason of this limitation may be carried forward indefinitely to future calendar quarters and, subject to the same limitation, may be used only to offset income from the Residual Certificate.

Excess Inclusions

Any excess inclusions with respect to a Residual Certificate are subject to certain special tax rules. With respect to a Residual Owner, the excess inclusion for any calendar quarter is defined as the excess (if any) of the daily portions of taxable income over the sum of the "daily accruals" for each day during such quarter that such Residual Certificate was held by such Residual Owner. The daily accruals are determined by allocating to each day during a calendar quarter its ratable portion of the product of the "adjusted issue price" of the Residual Certificate at the beginning of the calendar quarter and 120 percent of the "Federal long-term rate" in effect on the Settlement Date, based on quarterly compounding, and properly adjusted for the length of such quarter. For this purpose, the adjusted issue price of a Residual Certificate as of the beginning of any calendar quarter is equal to the issue price of the Residual Certificate, increased by the amount of daily accruals for all prior quarters and decreased by any distributions made with respect to such Residual Certificate before the beginning of such quarter. The issue price of a Residual Certificate is the initial offering price to the public (excluding bond houses and brokers) at which a substantial amount of the Residual Certificates was sold. The Federal long-term rate is a blend of current yields on Treasury securities having a maturity of more than nine years, computed and published monthly by the IRS. With respect to each Series of Certificates, if the Federal long-term rate based on quarterly compounding that will be in effect on the Settlement Date is available as of the date of the related Prospectus Supplement, 120 percent of such rate will be set forth therein.

For Residual Owners that are thrift institutions described in section 593 of the Code, income from a Residual Certificate generally may be offset by losses from other activities. Under the Regulations, such an organization is treated as having applied its allowable deductions for the year first to offset income that is not an excess inclusion and then to offset that portion of its income that is an excess inclusion. For other Residual Owners, any excess inclusions cannot be offset by losses from other activities. For Residual Owners that are subject to tax only on unrelated business taxable income (as defined in section 511 of the Code), an excess inclusion of such Residual Owner is treated as unrelated business taxable income. With respect to variable contracts (within the meaning of section 817 of the Code), a life insurance company cannot adjust its reserve to the extent of any excess inclusion, except as provided in regulations. The Regulations indicate that if a Residual Owner is a member of an affiliated group filing a consolidated income tax return, the taxable income of the affiliated group cannot be less than the sum of the excess inclusions attributable to all residual interests in REMICs held by members of the affiliated group. For a discussion of the effect of excess inclusions on certain foreign investors that own Residual Certificates, see "Foreign Investors—Residual Certificates" below.

The Regulations provide that an organization to which section 593 of the Code applies and which is the beneficial owner of a Residual Certificate may not use its allowable deductions to offset any excess inclusions with respect to such Certificate if such Certificate does not have "significant value." For this purpose, a Residual Certificate has significant value under the Regulations if (i) its issue price is at least 2% of the aggregate of the issue prices of all the Regular and Residual Certificates in that REMIC Trust and (ii) its "anticipated weighted average life" is at least 20% of the "anticipated weighted average life" of such REMIC Trust.

In determining whether a Residual Certificate has significant value, the anticipated weighted average life of such Certificate is based on the Prepayment Assumption and is determined as described in "Description of the Certificates—Weighted Average Life and Final Distribution Dates" herein, except that all anticipated payments on such Certificate are taken into account, regardless of their designation as principal or interest. The anticipated weighted average life of a REMIC Trust is the

weighted average of the anticipated weighted average lives of the Certificates. Such weighted average is determined under the formula described in "Description of the Certificates—Weighted Average Life and Final Distribution Dates" herein, with two distinctions. First, the formula is applied by treating all payments taken into account in computing the anticipated weighted average lives of the Regular and Residual Certificates in the REMIC Trust as principal payments on a single Regular Certificate. Second, for any Residual Certificate or for a Regular Certificate that is an Interest Only Class or for which the issue price of the Regular Certificate is greater than 125% of its specified principal amount, all anticipated payments on that Residual or Regular Certificate, regardless of their designation as principal or interest, are taken into account in computing the anticipated weighted average life of the Certificate.

The Treasury Department also has the authority to issue regulations that would treat all taxable income of a REMIC Trust as excess inclusions if the Residual Certificate does not have "significant value." Although the Treasury Department did not exercise this authority in the Regulations, future regulations may contain such a rule. If such a rule were adopted, it is unclear whether the test for significant value that is contained in the Regulations and discussed in the two preceding paragraphs would be applicable. If no such rule is applicable, excess inclusions should be calculated as discussed above.

In the case of any Residual Certificates that are held by a real estate investment trust, the aggregate excess inclusions with respect to such Residual Certificates reduced (but not below zero) by the real estate investment trust taxable income (within the meaning of section 857(b)(2) of the Code, excluding any net capital gain) will be allocated among the shareholders of such trust in proportion to the dividends received by such shareholders from such trust, and any amount so allocated will be treated as an excess inclusion with respect to a Residual Certificate as if held directly by such shareholder. Similar rules will apply in the case of regulated investment companies, common trust funds and certain cooperatives that hold a Residual Certificate.

Pass-Through of Servicing and Guaranty Fees to Individuals

A Residual Owner who is an individual will be required to include in income a share of Fannie Mae's servicing and guaranty fees. Such fees would include any servicing and guaranty fees imposed at the MBS level. See "Description of Certificates—Servicing Through Lenders" and "Certain Federal Income Tax Consequences" in the MBS Prospectus. A deduction for such fees will be allowed to such Owner only to the extent that such fees, along with certain of such Owner's other miscellaneous itemized deductions exceed 2 percent of such Owner's adjusted gross income. In addition, a Residual Owner may not be able to deduct any portion of such fees in computing such Residual Owner's alternative minimum tax liability. A Residual Owner's share of such fees will generally be determined by (i) allocating the amount of such expenses for each calendar quarter on a pro rata basis to each day in the calendar quarter, and (ii) allocating the daily amount among the Owners in proportion to their respective holdings on such day.

Special Tax Attributes

Regular and Residual Certificates will be "regular or residual interests in a REMIC" within the meaning of section 7701(a)(19)(C)(xi) of the Code, "qualifying real property loans" within the meaning of section 593(d) of the Code and "real estate assets" within the meaning of section 856(c)(5)(A) of the Code. If at any time during a calendar year less than 95 percent of the assets of a REMIC Trust consist of qualified mortgages, then the portion of the Regular and Residual Certificates that are qualifying assets under those sections during such calendar year may be limited to the portion of the assets of such REMIC Trust that are qualified mortgages. Similarly, income on the Regular and Residual Certificates will be treated as "interest on obligations secured by mortgages on real property" within the meaning of section 856(c)(3)(B) of the Code, subject to the same limitation as set forth in the preceding sentence. For purposes of applying this limitation, a REMIC Trust should be treated as owning the assets represented by the qualified mortgages. The assets of the

Series Trust will include, in addition to Underlying Securities representing Mortgage Loans, payments on Underlying Securities held pending distribution on the Regular and Residual Certificates and any reinvestment income thereon. Regular and Residual Certificates held by a financial institution to which section 585, 586 or 593 of the Code applies will be treated as evidences of indebtedness for purposes of section 582(c)(1) of the Code. Regular Certificates will also be "qualified mortgages" within the meaning of section 860G(a)(3) of the Code with respect to other REMICs.

Taxes on a REMIC Trust

Prohibited Transactions

The Code imposes a tax on a REMIC equal to 100 percent of the net income derived from "prohibited transactions." In general, a prohibited transaction means the disposition of a qualified mortgage other than pursuant to certain specified exceptions, the receipt of investment income from a source other than a Mortgage Loan or certain other permitted investments, the receipt of compensation for services, or the disposition of an asset purchased with the payments on the qualified mortgages for temporary investment pending distribution on the regular and residual interests.

Contributions to a REMIC after the Startup Day

The Code imposes a tax on a REMIC equal to 100 percent of the value of any property contributed to the REMIC after the "startup day" (generally the same as the Settlement Date). Exceptions are provided for cash contributions to a REMIC (i) during the three month period beginning on the startup day, (ii) made to a qualified reserve fund by a Holder of a residual interest, (iii) in the nature of a guarantee, (iv) made to facilitate a qualified liquidation or clean-up call, and (v) as otherwise permitted by Treasury regulations.

Net Income from Foreclosure Property

The Code imposes a tax on a REMIC equal to the highest corporate rate on "net income from foreclosure property." The terms "foreclosure property" (which includes property acquired by deed in lieu of foreclosure) and "net income from foreclosure property" are defined by reference to the rules applicable to real estate investment trusts. Generally, foreclosure property would be treated as such for a period of two years, with possible extensions. Net income from foreclosure property generally means gain from the sale of foreclosure property that is inventory property and gross income from foreclosure property other than qualifying rents and other qualifying income for a real estate investment trust.

Application to a REMIC Trust

It is not anticipated that a REMIC Trust will engage in any transactions that will give rise to a tax on the REMIC Trust. In any event, pursuant to its guaranty obligations, Fannie Mae will make distributions on the Regular Certificates and Residual Certificates without offset or deduction for any tax imposed on the REMIC Trust.

Sales of Certificates

In General

Except as provided below, if a Regular or Residual Certificate is sold, the seller will recognize gain or loss equal to the difference between the amount realized in the sale and its adjusted basis in the Certificate. The adjusted basis of a Regular Certificate generally will equal the cost of such Certificate to the seller, increased by any original issue discount or market discount included in the seller's gross income with respect to such Certificate and reduced by distributions on such Certificate previously received by the seller of amounts included in the stated redemption price at maturity and by any premium that has reduced the seller's interest income with respect to such Certificate. The adjusted basis of a Residual Certificate is determined as described above under "Taxation of Beneficial Owners

of Residual Certificates—*Basis Rules and Distributions.*” Except as provided in the following paragraph or under section 582(c) of the Code, any such gain or loss will be capital gain or loss, provided such Certificate is held as a “capital asset” (generally, property held for investment) within the meaning of section 1221 of the Code.

Gain from the sale of a Regular Certificate that might otherwise be capital gain will be treated as ordinary income to the extent that such gain does not exceed the excess, if any, of (i) the amount that would have been includible in the income of the Regular Owner had income accrued at a rate equal to 110 percent of the “applicable Federal rate” (generally, an average of current yields on Treasury securities) as of the date of purchase over (ii) the amount actually includible in such Regular Owner’s income. In addition, gain recognized on such a sale by a Regular Owner who purchased a Regular Certificate at a market discount would also be taxable as ordinary income in an amount not exceeding the portion of such discount that accrued during the period such Certificate was held by such Regular Owner, reduced by any market discount includible in income under the rules described above under “Taxation of Beneficial Owners of Regular Certificates—*Market Discount.*”

If a Residual Owner sells its Residual Certificate at a loss, the loss will not be recognized if, within six months before or after the sale of the Residual Certificate, such Residual Owner purchases another residual interest in any REMIC or any interest in a taxable mortgage pool (as defined in section 7701(i) of the Code) comparable to a residual interest in a REMIC. Such disallowed loss would be allowed upon the sale of the other residual interest (or comparable interest) if the rule referred to in the preceding sentence does not apply to that sale. While this rule may be modified by Treasury regulations, no such regulations have yet been published.

Residual Certificates Transferred to or Held by Disqualified Organizations

Section 860E(e) of the Code imposes a substantial tax, payable by the transferor (or, if a transfer is through a broker, nominee, or other middleman as the transferee’s agent, payable by that agent) upon any transfer of a Residual Certificate to a disqualified organization and upon a pass-through entity (including regulated investment companies, real estate investment trusts, common trust funds, partnerships, trusts, estates, certain cooperatives, and nominees) that owns a Residual Certificate if such pass-through entity has a disqualified organization as a record holder. For purposes of the preceding sentence, a transfer includes any transfer of record or beneficial ownership, whether pursuant to a purchase, a default under a secured lending agreement or otherwise. The term “disqualified organization” is defined above under “Description of the Certificates—Additional Characteristics of Residual Certificates.”

A transferor of a Residual Certificate (or an agent of a transferee of a Residual Certificate, as the case may be) will be relieved of such tax liability if (i) the transferee furnishes to the transferor (or the transferee’s agent) an affidavit that the transferee is not a disqualified organization, and (ii) the transferor (or the transferee’s agent) does not have actual knowledge that the affidavit is false at the time of the transfer. Similarly, no such tax will be imposed on a pass-through entity for a period with respect to an interest therein owned by a disqualified organization if (i) the record holder of such interest furnishes to the pass-through entity an affidavit that it is not a disqualified organization, and (ii) during such period, the pass-through entity has no actual knowledge that the affidavit is false.

Termination

In general, no special tax consequences will apply to a Regular Owner upon the termination of a REMIC Trust by virtue of the final payment or liquidation of the last Mortgage Loan underlying an MBS remaining in the Series Trust. If a Residual Owner’s adjusted basis in its Residual Certificate at the time such termination occurs exceeds the amount of cash distributed to such Residual Owner in liquidation of its interest, then, although the matter is not entirely free from doubt, it would appear that the Residual Owner is entitled to a loss equal to the amount of such excess.

Reporting and Other Administrative Matters

For purposes of the administrative provisions of the Code, each REMIC Trust will be treated as a partnership and the Residual Owners will be treated as partners. Fannie Mae will prepare, sign and file federal income tax returns for each REMIC Trust, which returns are subject to audit by the IRS. Moreover, within a reasonable time after the end of each calendar year, Fannie Mae will furnish to each Holder that received a distribution during such year a statement setting forth the portions of any such distributions that constitute interest distributions, original issue discount, and such other information as is required by Treasury regulations and, with respect to Holders of Residual Certificates in a REMIC Trust, information necessary to compute the daily portions of the taxable income (or net loss) of such REMIC Trust for each day during such year. Fannie Mae will also act as the tax matters partner for each REMIC Trust, either in its capacity as an Owner of a Residual Certificate or in a fiduciary capacity. Each Residual Owner, by the acceptance of its Residual Certificate, agrees that Fannie Mae will act as its fiduciary in the performance of any duties required of it in the event that it is the tax matters partner.

Each Residual Owner is required to treat items on its return consistently with the treatment on the return of the REMIC Trust, unless the Residual Owner either files a statement identifying the inconsistency or establishes that the inconsistency resulted from incorrect information received from the REMIC Trust. The IRS may assert a deficiency resulting from a failure to comply with the consistency requirement without instituting an administrative proceeding at the REMIC Trust level. Unless otherwise specified in the Prospectus Supplement, Fannie Mae does not intend to register any REMIC Trust as a tax shelter pursuant to section 6111 of the Code.

Backup Withholding

Distributions of interest and principal, as well as distributions of proceeds from the sale of Regular and Residual Certificates, may be subject to the "backup withholding tax" under section 3406 of the Code at a rate of 31 percent if recipients of such distributions fail to furnish to the payor certain information, including their taxpayer identification numbers, or otherwise fail to establish an exemption from such tax. Any amounts deducted and withheld from a distribution to a recipient would be allowed as a credit against such recipient's federal income tax. Furthermore, certain penalties may be imposed by the IRS on a recipient of distributions that is required to supply information but that does not do so in the proper manner.

Foreign Investors

Regular Certificates

Distributions made on a Regular Certificate to, or on behalf of, a Regular Owner that is not a U.S. Person (a "Non-U.S. Person") generally will be exempt from U.S. federal income and withholding taxes, provided (a) the Regular Owner is not subject to U.S. tax as a result of a connection to the United States other than ownership of the Certificate, (b) the Regular Owner signs a statement under penalties of perjury that certifies that such Regular Owner is a Non-U.S. Person, and provides the name and address of such Regular Owner, and (c) the last U.S. Person in the chain of payment to the Regular Owner receives such statement from such Regular Owner or a financial institution holding on its behalf and does not have actual knowledge that such statement is false. Regular Owners should be aware that the IRS might take the position that this exemption does not apply to a Regular Owner that also owns 10 percent or more of the Residual Certificates or of the voting stock of Fannie Mae, or to a Regular Owner that is a "controlled foreign corporation" described in section 881(c)(3)(C) of the Code.

Residual Certificates

Amounts distributed to a Residual Owner that is a Non-U.S. Person generally will be treated as interest for purposes of applying the 30 percent (or lower treaty rate) withholding tax on income that

is not effectively connected with a U.S. trade or business. Temporary Treasury Regulations clarify that amounts not constituting excess inclusions that are distributed on a Residual Certificate to a Non-U.S. Person generally will be exempt from U.S. federal income and withholding taxes, subject to the same conditions applicable to distributions on Regular Certificates, as described above, but only to the extent that the obligations directly underlying the REMIC Trust that issued the Residual Certificate (e.g., Mortgage Loans or regular interests in another REMIC) were issued after July 18, 1984. In no case will any portion of REMIC income that constitutes an excess inclusion be entitled to any exemption from the withholding tax or a reduced treaty rate for withholding. See "Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*."

LEGAL INVESTMENT CONSIDERATIONS

Institutions whose investment activities are subject to legal investment laws and regulations or to review by certain regulatory authorities may be subject to restrictions on investment in certain Classes of the Certificates of a Series. Any financial institution that is subject to the jurisdiction of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, the National Credit Union Administration or other federal or state agencies with similar authority should review any applicable rules, guidelines and regulations prior to purchasing the Certificates of a Series. Financial institutions should review and consider the applicability of the Federal Financial Institutions Examination Council Supervisory Policy Statement on Securities Activities (to the extent adopted by their respective federal regulators), which, among other things, sets forth guidelines for investing in certain types of mortgage related securities, including securities such as the Certificates. In addition, financial institutions should consult their regulators concerning the risk-based capital treatment of any Certificate. Investors should consult their own legal advisors in determining whether and to what extent the Certificates of a Series constitute legal investments or are subject to restrictions on investment.

LEGAL OPINION

Any purchaser of Certificates will be furnished upon request an opinion by the General Counsel or Deputy General Counsel of Fannie Mae as to the validity of the Certificates and the Trust Agreement.

ERISA CONSIDERATIONS

The Employee Retirement Income Security Act of 1974, as amended ("ERISA") and the Code impose certain requirements on employee benefit plans and certain other retirement plans and arrangements, as well as on collective investment funds and separate accounts in which such plans or arrangements are invested (all of which are hereinafter referred to as a "Plan") and on persons who are fiduciaries with respect to such Plans. Any Plan fiduciary that proposes to cause a Plan to acquire any Certificates of a Series is required to determine whether such an investment is permitted under the governing Plan instruments and is prudent and appropriate for the Plan in view of its overall investment policy and the composition and diversification of its portfolio. In addition, ERISA and the Code prohibit certain transactions involving the assets of a Plan and "disqualified persons" (within the meaning of the Code) and "parties in interest" (within the meaning of ERISA) who have certain specified relationships to the Plan. Therefore, a Plan fiduciary considering an investment in Certificates of a Series should also consider whether such an investment might constitute or give rise to a prohibited transaction under ERISA or the Code.

The United States Department of Labor ("Labor") issued a final regulation on November 13, 1986 providing that in the event where a Plan acquires a "guaranteed governmental mortgage pool certificate" then, for purposes of the fiduciary responsibility provisions of ERISA and the prohibited transaction provisions of the Code, the Plan's assets include the certificate and all of its rights with

respect to such certificate under applicable law, but do not, solely by reason of the Plan's holding of such certificate, include any of the mortgages underlying such certificate. Under the Regulation, the term "guaranteed governmental mortgage pool certificate" is specifically defined to include a certificate "backed by, or evidencing an interest in specified mortgages or participation interests therein" and with respect to which interest and principal payable pursuant to the certificate are guaranteed by Fannie Mae. The effect of the Regulation is to make clear that the sponsor (that is, the entity that organizes and services the trust, in this case Fannie Mae), the trustee, and other persons, in providing services with respect to the assets in the trust, would not be subject to the fiduciary responsibility provisions of Title I of ERISA, nor be subject to the prohibited transaction provisions of section 4975 of the Code, merely by reason of the Plan's investment in a certificate. At the time the Regulation was originally issued, certificates similar to the Certificates were not in existence. However, Fannie Mae has been advised by its counsel, Brown & Wood, that the Certificates qualify as "guaranteed governmental mortgage pool certificates," and thus the acquisition and holding of the Certificates by Plans should not be prohibited either by ERISA or related provisions of the Code.

GLOSSARY

Accretion Directed Class: As defined herein under “Description of the Certificates—Class Definitions and Abbreviations” on page 12.

Accrual Class: As defined herein under “Description of the Certificates—Class Definitions and Abbreviations” on page 15.

Adjusted WAM: The WAM of the Mortgage Loans in each Pool underlying a Series of Certificates at the issue date of the related MBS, less the number of months elapsed from such issue date through the Issue Date for such Series of Certificates.

Available Funds Class: As defined herein under “Description of the Certificates—Class Definitions and Abbreviations” on pages 12 and 13.

CAGE: The weighted average calculated loan age of the Mortgage Loans in each Pool underlying a Series of Certificates. The CAGE of such Mortgage Loans will be determined by subtracting the original WAM for such Pool from the original term to maturity (in months) of such Mortgage Loans, and adding thereto the number of months elapsed since the issue date of the related MBS.

Callable: As defined herein under “Description of the Certificates—Class Definitions and Abbreviations” on page 12.

Fixed Rate Class: As defined herein under “Description of the Certificates—Class Definitions and Abbreviations” on page 14.

Floating Rate Class: As defined herein under “Description of the Certificates—Class Definitions and Abbreviations” on page 14.

Index Allocation Class: As defined herein under “Description of the Certificates—Class Definitions and Abbreviations” on page 13.

Index Determination Date: Unless otherwise specified in the related Prospectus Supplement, the second business day preceding the first day of each Interest Accrual Period (other than the initial Interest Accrual Period) for the related Class or Classes of Certificates. Unless otherwise specified in the related Prospectus Supplement, “business day” means any day other than a Saturday or Sunday and other than any day on which either of the Federal Reserve Bank of New York or Boston authorizes banking institutions in the Second or First Federal Reserve District, respectively, to be closed; provided that for purposes of calculating LIBOR, “business day” means a day on which banks are open for dealing in foreign currency and exchange in London, Boston and New York City.

Index Differential Class: As defined herein under “Description of the Certificates—Class Definitions and Abbreviations” on page 14.

Interest Only Class: As defined herein under “Description of the Certificates—Class Definitions and Abbreviations” on page 14.

Inverse Floating Rate Class: As defined herein under “Description of the Certificates—Class Definitions and Abbreviations” on page 14.

Liquid Asset Class: As defined herein under “Description of the Certificates—Class Definitions and Abbreviations” on page 15.

Non-Sticky Jump Class: As defined herein under “Description of the Certificates—Class Definitions and Abbreviations” on page 12.

Notional Class: As defined herein under “Description of the Certificates—Class Definitions and Abbreviations” on page 12.

PAC Class: As defined herein under "Description of the Certificates—Class Definitions and Abbreviations" on page 12.

Partial Accrual Class: As defined herein under "Description of the Certificates—Class Definitions and Abbreviations" on page 14.

Pass-Through Class: As defined herein under "Description of the Certificates—Class Definitions and Abbreviations" on page 12.

Principal Only Class: As defined herein under "Description of the Certificates—Class Definitions and Abbreviations" on page 14.

Retail Class: As defined herein under "Description of the Certificates—Class Definitions and Abbreviations" on page 15.

Scheduled Class: As defined herein under "Description of the Certificates—Class Definitions and Abbreviations" on page 13.

Sequential Pay Class: As defined herein under "Description of the Certificates—Class Definitions and Abbreviations" on page 13.

Sticky Jump Class: As defined herein under "Description of the Certificates—Class Definitions and Abbreviations" on page 13.

Strip Class: As defined herein under "Description of the Certificates—Class Definitions and Abbreviations" on page 13.

Structured Collateral: As defined herein under "Description of the Certificates—Class Definitions and Abbreviations" on page 12.

Support Class: As defined herein under "Description of the Certificates—Class Definitions and Abbreviations" on page 13.

TAC Class: As defined herein under "Description of the Certificates—Class Definitions and Abbreviations" on page 13.

WAC: The weighted average coupon of the Mortgage Loans in each Pool underlying a Series of Certificates.

WAM: The weighted average remaining term to maturity (in months) of the Mortgage Loans in each Pool underlying a Series of Certificates.

Weighted Average Coupon Class: As defined herein under "Description of the Certificates—Class Definitions and Abbreviations" on page 14.

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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\$499,367,083



FannieMae

**Guaranteed REMIC
Pass-Through Certificates
Fannie Mae REMIC Trust
1996-54**

PROSPECTUS SUPPLEMENT

PaineWebber Incorporated

October 8, 1996