Prospectus

$300,000,000

FannieMae

Guaranteed Grantor Trust Callable/Call Certificates
Fannie Mae Grantor Trust 1996-C6

The Guaranteed Grantor Trust Callable/Call Certificates offered hereby (the "Certificates") will represent interests in Fannie Mae Grantor Trust 1996-C6 (the "Trust"). The Certificates consist of the A Class (the "Callable Class" or the "Callable Certificates") and the B Class (the "Call Class" or the "Call Certificate"). The assets of the Trust will consist of certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the "MBS") held in the form of a Fannie Mae Guaranteed MBS Pass-Through Certificate (the "Mega Certificate"). Each MBS represents a beneficial ownership interest in a pool (each, a "Pool") of first lien, single-family, fixed-rate residential mortgage loans (the "Mortgage Loans") having the characteristics described herein. The Callable Class will receive all of the distributions on the MBS. As described herein, the Call Class (i) will not receive distributions of interest or principal and (ii) subject to certain conditions described herein, will have the right to direct Fannie Mae to redeem the Callable Class on any Distribution Date commencing with the December 1997 Distribution Date. The redemption price payable by Fannie Mae for the Callable Class will be equal to its outstanding principal balance plus interest through the 24th day of the month in which such redemption occurs, calculated as set forth herein. Upon such redemption, the Call Class will then receive from Fannie Mae the Mega Certificate in exchange for the Call Class together with the Redemption Amount and the Exchange Fee (each as defined herein). See "Description of the Certificates—Redemption and Exchange" herein. The Callable Class will be issued and guaranteed as to timely distribution of principal and interest by Fannie Mae. The Call Class will be issued and guaranteed by Fannie Mae as to all proceeds due to such Class in exchange for the Redemption Amount (defined herein) as described herein.

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

See "Risk Factors" beginning on page 6 for a discussion of certain risks that should be considered in connection with an investment in the Certificates.

(Cover continued on next page)

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

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

Class	Original Principal Balance	Principal Type(1)	Interest Rate	Interest Type(1)	CUSIP Number	Final Distribution Date
A	$300,000,000	CALLABLE/PT	7.5%	FIX	31359K7L5	January 2027
B	(2)	CALL	(2)	(2)	31359K7M3	N/A

(1) See "Description of the Certificates—Certain Definitions and Abbreviations," "—Distributions of Interest" and "—Distributions of Principal" herein.
(2) The Call Class will not receive distributions of principal or interest. For convenience in effecting a redemption and exchange transaction, the Call Class will have a notional principal balance equal at all times to the principal balance of the Callable Class (initially, $300,000,000). See "Description of the Certificates—Distributions of Principal" herein.

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

The Certificates will be offered by the Dealer, subject to issuance by Fannie Mae, to prior sale or to withdrawal or modification of the offer without notice, when, as and if delivered to and accepted by the Dealer, and subject to approval of certain legal matters by counsel. It is expected that the Callable Certificates will be available through the book-entry system of the Federal Reserve Banks on or about December 27, 1996 (the "Settlement Date"). It is expected that the Call Certificate, in registered, certificated form, will be available for delivery at the offices of the Dealer, 245 Park Avenue, New York, New York 10167, on or about the Settlement Date.

Bear, Stearns & Co. Inc.

October 25, 1996

(Cover continued from previous page)

The yield to investors in the Callable Class will be sensitive to, among other things, the rate of distributions on the MBS, which in turn will depend upon the rate of principal payments of the Mortgage Loans and the actual characteristics of the Mortgage Loans. The yield to investors in the Callable Class will also depend upon whether and, if so, when a redemption of such Class occurs and the purchase price paid for such Class. Accordingly, investors should consider the following risks:

- **Subject to certain conditions described herein, the Callable Class may be redeemed on any Distribution Date commencing with the Distribution Date in December 1997. Such a redemption is more likely to occur to the extent that prevailing mortgage interest rates have declined or the MBS otherwise have a market value in excess of their aggregate principal balance. In addition, the Holder of any direct or indirect interest in a Callable Certificate (including any certificate representing beneficial ownership interests in Fannie Mae REMIC Trust 1996-58) may obtain the right to exercise (or otherwise seek to influence the exercise of) a redemption of the Callable Class, and such Holder's decision may depend, in part, on whether such interest was purchased at a discount or at a premium.**
- **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 life and yield of the Callable Class.**
- **In the case of any Callable Certificates purchased at a discount to their principal amounts, a slower than anticipated rate of principal payments is likely to result in a lower than anticipated yield.**
- **In the case of any Callable Certificates purchased at a premium to their principal amounts, a redemption or a faster than anticipated rate of principal payments is likely to result in a lower than anticipated yield.**

The value of the Call Class will depend primarily upon the market value of the MBS from time to time (which will depend on prevailing interest rates and other market and economic conditions), market expectations regarding their likely future values, and the costs associated with any exercise of the right of redemption. In particular, the expectation of the likely increase in prepayments of the Mortgage Loans in a low interest rate environment may inhibit significantly the amount of any premium for the MBS and the corresponding value of the Call Class. As indicated herein, the right associated with the Call Class to cause a redemption of the Callable Class may not be exercised prior to December 1997. An investor in the Call Class should consider the risk that it may suffer an actual loss of all of its initial investment.

See ''Risk Factors'' beginning on page 6.

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

- **The actual final payment of the Callable Class will likely occur earlier, and could occur much earlier, than the Final Distribution Date specified on the cover page. See ''Description of the Certificates—Weighted Average Lives and Yield Table'' herein.**
- **The rate of principal distributions of the Callable Class is uncertain and investors may be unable to reinvest the distributions thereon at yields equaling the yield on the Callable Class. See ''Risk Factors—Reinvestment Risk'' herein.**
- **The existence of the Call Class may inhibit significantly the ability of the Callable Class to sell at a premium in the market.**
- **Investors whose investment activities are subject to legal investment laws and regulations or to review by regulatory authorities may be subject to restrictions on investment in 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'' herein.**
- **The Dealer intends to make a market for the Call Certificate but is not obligated to do so. The Dealer currently does not intend to make a market for the Callable Certificates. In either case, there can be no assurance that any such 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. Any representation to the contrary is a criminal offense.

No REMIC election will be made with respect to the Trust. See "Certain Federal Income Tax Consequences" herein.

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

- Fannie Mae's Prospectus for Guaranteed Mortgage Pass-Through Certificates dated October 1, 1996 (the "MBS Prospectus");
- Fannie Mae's Prospectus for Guaranteed MBS Pass-Through Certificates dated October 1, 1996 (the "Mega Prospectus"); and
- Fannie Mae's Information Statement dated February 22, 1996 and any supplements thereto (collectively, the "Information Statement").

The MBS Prospectus, the Mega Prospectus and the Information Statement are incorporated herein by reference and may be obtained from Fannie Mae by writing or calling its MBS Helpline at 3900 Wisconsin Avenue, N.W., Area 2H-3S, Washington, D.C. 20016 (telephone 1-800-BEST-MBS or 202-752-6547). Such documents may also be obtained from Bear, Stearns & Co. Inc. by writing or calling its Prospectus Department at One MetroTech Center North, Brooklyn, New York 11201 (telephone 212-272-1581).

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REFERENCE SHEET

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

General

Description

The Certificates represent an indirect interest in certain Mortgage Loans. The Certificates are guaranteed by Fannie Mae but are not guaranteed by, and are not a debt or obligation of, the United States. See "Description of the Certificates—General—Fannie Mae Guaranty" herein.

Investment Objective

Each individual investor should determine, in consultation with his or her investment advisor, whether or not the Certificates satisfy his or her specified investment objectives, particularly in light of the redemption feature described herein. See "Risk Factors—Redemption Risk" herein.

Liquidity

If any Certificate is sold prior to its maturity, an investor may receive sales proceeds (less applicable transaction costs) that are less than the amount originally invested. The Dealer intends to make a market for the purchase and sale of the Call Certificate, but is not obligated to do so. The Dealer currently has no intention to make a market for the purchase and sale of the Callable Certificates. In either case, there can be no assurance that any such secondary market will develop or, if it develops, that it will continue. See "Risk Factors" herein.

Federal Income Taxes

Interest on the Callable Certificates will be includible in income by an investor in accordance with such investor's method of accounting. Relevant federal income tax information for the preceding calendar year will be mailed to investors, as required by the Internal Revenue Service ("IRS"). Investors should be aware, however, that such information need not be furnished before April 15 of any calendar year following a calendar year in which income accrues on a Certificate. See "Certain Federal Income Tax Consequences" herein.

Maturity

Unlike many other fixed income securities, the Callable Certificates do not have fixed principal redemption schedules or fixed principal distribution dates. Subject to the effect of a redemption, timing of principal distributions may vary considerably based upon a number of factors, including changes in prevailing interest rates. If prevailing interest rates decrease, principal distributions on the Certificates may accelerate, and any reinvestment of such distributions might be at such lower prevailing interest rates. Conversely, if prevailing interest rates increase, principal distributions on the Certificates may slow down, and investors might not be able to reinvest their principal at such higher prevailing interest rates. In such case, the market value of any such Certificates is likely to have declined. See "Risk Factors" herein.

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

Approximate Principal Balance	Approximate Weighted Average Remaining Term To Maturity (in months)	Approximate Calculated Loan Age (in months)	Approximate Weighted Average Coupon
$300,000,000	342	18	8.098%

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

Interest Rates

The Callable Class will bear interest at the per annum interest rate set forth on the cover.

The Call Class will bear no interest.

Distributions of Principal

Principal Distribution Amount

To the Callable Class, to zero.

The Call Class will receive no principal distributions.

Redemption

The Holder of the Call Class will have the right to direct Fannie Mae to redeem the Callable Class, in whole but not in part, on any Distribution Date commencing with the December 1997 Distribution Date. However, a redemption of the Callable Class will be effected only if, as of the date Fannie Mae receives notice from the Holder of the Call Class directing Fannie Mae to redeem, the Mega Certificate has market value in excess of its outstanding principal balance.

The price payable by Fannie Mae for the Callable Class upon redemption will be equal to its outstanding principal balance plus accrued and unpaid interest to the date of redemption, calculated as set forth herein. Fannie Mae will redeem the Callable Class only upon receipt of payment by the Holder of the Call Class of the Redemption Amount (as defined herein) for the Callable Class and an exchange fee (the "Exchange Fee") equal to the greater of (i) $5,000 or (ii) the lesser of $15,000 or 1/32 of 1% of the outstanding principal balance of the Callable Class. The holder of the Call Class will then be entitled to receive from Fannie Mae the Mega Certificate in exchange for the Call Class. See "Description of the Certificates—Redemption and Exchange" herein.

Weighted Average Life (years)*

	PSA Prepayment Assumption				
Class	**0%**	**100%**	**175%**	**300%**	**500%**
Callable	21.6	10.8	7.7	4.9	2.9

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

RISK FACTORS

Yield Considerations

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

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

The effective yield on the Callable Class will be reduced below the yield otherwise produced because principal and interest payable on a Distribution Date will not be distributed earlier than the 25th day following the end of the related Interest Accrual Period and will not bear interest during such delay. No interest at all will be paid on the Callable Class after its principal balance has been reduced to zero. As a result of the foregoing, the market value of the Callable Class will be lower than would have been the case if there were no such delay. Investors must make their own decisions as to the appropriate assumptions, including prepayment assumptions, to be used in deciding whether to purchase the Callable Class.

The value of the Call Class will depend primarily upon the market value of the MBS from time to time (which will depend on prevailing interest rates and other market and economic conditions), market expectations regarding their likely future values and the costs associated with any exercise of the right of redemption. In particular, the expectation of the likely increase in prepayments of the Mortgage Loans in a low interest rate environment may inhibit significantly the amount of any premium for the MBS and the corresponding value of the Call Class. Fannie Mae makes no representations regarding the value of an investment in the Call Class. An investor in the Call Class should consider the risk that it may suffer an actual loss of all of its initial investment.

Redemption Risk

The Callable Class will also be affected by an early redemption as described herein under "Description of the Certificates—Redemption and Exchange." There will be no reimbursement to investors for any premium paid by investors, or for any loss in an investor's yield if such investors receive early payments of principal (including early payments received as a result of an early redemption of the Callable Class). Moreover, at any time beginning in December 1997, the Callable Class is more likely to be redeemed to the extent that prevailing mortgage interest rates have declined or the MBS otherwise have a market value in excess of their aggregate principal balance. In addition, the Holder of any direct or indirect interest in a Callable Certificate (including any certificate representing beneficial ownership interests in Fannie Mae REMIC Trust 1996-58) may obtain the right to exercise (or otherwise seek to influence the exercise of) a redemption of the Callable Class, and such Holder's decision may depend, in part, on whether such interest was purchased at a discount or at a premium. Finally, the existence of the Call Class may inhibit significantly the ability of the Callable Class to sell at a premium in the market.

Reinvestment Risk

Because the Mortgage Loans may be prepaid at any time, it is not possible to predict the rate at which distributions of principal of the Callable Class will be received. Since prevailing interest rates are subject to fluctuation, there can be no assurance that investors in the Callable Class will be able to reinvest the distributions thereon at a yield equalling or exceeding the yield on the Callable Class. It is possible that yields on such reinvestments will be lower, and may be significantly lower, than the yield on the Callable Class. Prospective investors in the Callable Class should carefully consider the related reinvestment risk in light of other investments that may be available to such investors.

Prepayment Considerations and Risks

Subject to the effect of any redemption, the rate of distributions of principal of the Callable Class 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 Fannie Mae, 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 and homeowner mobility. See "Maturity and Prepayment Assumptions" in the MBS Prospectus.

Acceleration of mortgage payments as a result of transfers of the mortgaged property is another factor affecting prepayment rates. The Mortgage Loans generally 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. As set forth under "Description of Certificates—Collection and Other Servicing Procedures" in the MBS Prospectus, Fannie Mae 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.

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

DESCRIPTION OF THE CERTIFICATES

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

General

Structure. The Certificates will be 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 of the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.). The Trust will be created pursuant to a trust agreement dated as of December 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 balance set forth on the cover hereof will be issued by Fannie Mae pursuant thereto. The assets of the Trust will consist primarily of the MBS (held in the form of a Mega Certificate). A description of Fannie Mae and its business, together with certain financial statements and other financial information, is contained in the Information Statement.

Fannie Mae Guaranty. Fannie Mae guarantees to each holder of an MBS the timely payment of scheduled installments of principal of and interest on the underlying Mortgage Loans, whether or not received, together with the full principal balance of any foreclosed Mortgage Loan, whether or not such balance is actually recovered. The guarantee obligations of Fannie Mae with respect to the Mega Certificate are described in the Mega Prospectus. In addition, Fannie Mae will be obligated to distribute on a timely basis to the Callable Class required installments of principal and interest and to distribute the principal balance of the Callable Class in full no later than the Final Distribution Date. Fannie Mae will guarantee to the Call Class all proceeds due to such Class in exchange for the Redemption Amount as described herein. See "Description of Certificates—The Corporation's Guaranty" in the MBS Prospectus and "The Certificates—Fannie Mae's Guaranty" in the Mega Prospectus. The guaranties of Fannie Mae are not backed by the full faith and credit of the United States.

Characteristics of Certificates. The Callable Certificates will be issued and maintained and may be transferred by Holders only on the book-entry system of the Federal Reserve Banks. Such entities whose names appear on the book-entry records of a Federal Reserve Bank as the entities for whose accounts such Certificates have been deposited are herein referred to as "Holders" or "Certificate-holders." The Callable 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 Callable 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 Callable 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 Callable 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 Callable Certificate that is not also the Holder of such Certificate. The Federal Reserve Banks will act only upon the instructions of the Holder in recording transfers of a Callable Certificate. Fannie Mae's fiscal agent for the Callable Certificates is the Federal Reserve Bank of New York. The Federal Reserve Banks will make distributions on the Callable Certificates on behalf of Fannie Mae on the applicable Distribution Dates by crediting Holders' accounts at the Federal Reserve Banks.

The Call Certificate will not be issued in book-entry form but will be issued in fully registered, certificated form. As to the Call Certificate, "Holder" or "Certificateholder" refers to the registered owner thereof. The Call Certificate will be transferable at the corporate trust office of the Transfer Agent, or at the agency of the Transfer Agent in New York, New York. The Transfer Agent initially will be State Street Bank and Trust Company in Boston, Massachusetts ("State Street"). A service charge may be imposed for any registration of transfer of the Call Certificate and Fannie Mae may require payment of a sum sufficient to cover any tax or other governmental charge. The distribution to the Holder of the Call Certificate of the Mega Certificate in a redemption and exchange transaction will be made only upon presentation and surrender of the Call Certificate at the office of the Paying Agent. The Paying Agent initially will be State Street.

Authorized Denominations. The Callable Class will be issued in minimum denominations of $1,000 and integral multiples of $1 in excess thereof. The Call Class will be issued as a single Certificate and will not have a principal balance. The Call Class must be maintained and transferred in a denomination equal to the total notional principal balance of such Class, which will be equal at any time to the principal balance of the Callable Class.

Distribution Dates. Distributions on the Callable Class 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 (each, a "Distribution Date").

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

Trust Factors. As soon as practicable following the eleventh calendar day of each month, Fannie Mae will publish or otherwise make available for the Callable Class 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. The factor for the Call Class will be the same as that for the Callable Class.

Redemption. A redemption of the Callable Class may be effected as described herein under "—Redemption and Exchange."

Optional Termination. Consistent with its policy described under "Description of Certificates—Termination" in the MBS Prospectus, Fannie Mae will agree not to effect indirectly an early termination of the Trust 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.

The MBS

The MBS will have the aggregate unpaid principal balance and Pass-Through Rate set forth below and the general characteristics described in the MBS Prospectus. The MBS are held in the form of a Mega Certificate, the general characteristics of which are described in the Mega Prospectus. The MBS will provide that principal and interest on the underlying Mortgage Loans will be passed through monthly, commencing on the 25th day of the month following the month of the initial issuance of the MBS (or, if such 25th day is not a business day, on the first business day next succeeding such 25th day). The Mortgage Loans will be conventional Level Payment Mortgage Loans secured by a first mortgage or deed of trust on a one- to four-family ("single-family") residential property and having an original maturity of up to 30 years, as described under "The Mortgage Pools" and "Yield Considerations" in the MBS Prospectus. The characteristics of the MBS and the Mortgage Loans as of December 1, 1996 (the "Issue Date") are expected to be as follows:

MBS (Mega Certificate CL-313275)	
Aggregate Unpaid Principal Balance	$300,000,000
MBS Pass-Through Rate	7.50%
Mortgage Loans	
Range of WACs (per annum percentages)(1)	7.75% to 10.00%
Range of WAMs(2)	241 months to 360 months
Approximate Weighted Average WAM	342 months
Approximate Weighted Average CAGE(3)	18 months

(1) "WAC" is defined as the weighted average coupon of the Mortgage Loans in each Pool.
(2) "WAM" is defined as the weighted average remaining term to maturity (in months) of the Mortgage Loans in each Pool. "Adjusted WAM" is defined as the WAM of the Mortgage Loans in each Pool at the issue date of the related MBS, less the number of months elapsed from such issue date through the Issue Date.
(3) "CAGE" is defined as the weighted average calculated loan age of the Mortgage Loans in each Pool. The CAGE of such Mortgage Loans is determined by subtracting the original WAM for a 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.

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

Distributions of Interest

Category of Class

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

Interest Type*	Class
Fixed Rate	A

* See "—Certain Definitions and Abbreviations" herein. The B Class will bear no interest.

General. The Callable Class will bear interest at the per annum interest rate set forth on the cover. The Call Class will bear no interest. Interest on the Callable Class will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be distributable monthly on each Distribution Date, commencing in the month after the Settlement Date. Interest to be distributed on each interest-bearing Certificate on a Distribution Date will consist of one month's interest on the outstanding principal balance of such Certificate immediately prior to such Distribution Date. In addition, in the event the Callable Class is redeemed, the final distribution on such Class will include an amount representing interest accrued and unpaid to the date of redemption. See "—Redemption and Exchange" below.

Interest Accrual Period. Interest to be distributed on a Distribution Date will accrue on the Callable Class during the calendar month preceding the month in which the Distribution Date occurs (an "Interest Accrual Period"). See "Risk Factors—Yield Considerations" herein.

Distributions of Principal

Categories of Classes

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

Principal Type*	Classes
Callable/Pass-Through	A
Call	B

* See "—Certain Definitions and Abbreviations" herein.

Principal Distribution Amount

Principal will be distributed monthly on the Callable Class in an amount (the "Principal Distribution Amount") equal to the aggregate distributions of principal concurrently made on the MBS (the "Principal Distribution Amount").

On each Distribution Date, the Principal Distribution Amount will be distributed as principal of the Callable Class, until the principal balance thereof is reduced to zero. **Callable/ Pass-Through Class**

The Call Class

The Call Class will receive no principal distributions. For convenience in effecting a redemption and exchange transaction, the Call Class will have a notional principal balance equal at all times to the principal balance of the Callable Class. See "—Redemption and Exchange" below.

Redemption and Exchange

The Holder of the Call Class will have the right to direct Fannie Mae to redeem the Callable Class, in whole but not in part, on any Distribution Date commencing with the December 1997 Distribution Date. However, a redemption of the Callable Class will be effected only if, as of the date Fannie Mae receives notice from the Holder of the related Call Class directing Fannie Mae to redeem, the Mega Certificate has a market value in excess of its outstanding principal balance. For this purpose, the "market value" of the Mega Certificate will be determined by reference to bid quotations obtained by Fannie Mae as of the date Fannie Mae receives notice of the intention to direct a redemption. The determination by Fannie Mae of the market value as described above will (in the absence of manifest error) be final and binding.

The price payable by Fannie Mae for the Callable Class upon redemption will be equal to its outstanding principal balance plus accrued and unpaid interest to the date of redemption, calculated as set forth below. Fannie Mae will redeem the Callable Class only upon receipt of payment by the Holder of the Call Class of the Redemption Amount (as defined below) for the Callable Class and an exchange fee (the "Exchange Fee") equal to the greater of (i) $5,000 or (ii) the lesser of $15,000 or $^1/_{32}$ of 1% of the outstanding principal balance of the Callable Class.

The Holder of the Call Class proposing to effect a redemption and exchange as of any applicable Distribution Date must so notify Fannie Mae no sooner than the first business day and no later than 11:00 a.m. on the fifth business day occurring in the month of such Distribution Date. Not later than the fifth business day in the month of redemption, the Holder of the Call Class must deposit with Fannie Mae the Redemption Amount, which shall equal the sum of (i) 100% of the outstanding principal balance of the Callable Class based on the Trust Factor published for the Callable Class for the month prior to the month of redemption and (ii) an amount equal to interest on the Callable Class, for the period from the first day of the month of redemption through the 24th day of the month in which the redemption will occur (that is, 24 days' interest), calculated based on the Trust Factor published for the Callable Class for the month prior to the month of redemption. Upon delivery of the Redemption Amount and the Exchange Fee and determination of a satisfactory market value for the

Mega Certificate as described above, the notice of redemption and exchange will become irrevocable and redemption of the Callable Class will be made on the Distribution Date.

The Trust Factor for the month of redemption for the Callable Class and the Call Class will be zero. The redemption of the Callable Class will be at a redemption price (the "Redemption Price") equal to the sum of:

(a) 100% of the outstanding principal balance of the Callable Class;

(b) accrued interest at the applicable rate per annum for the Callable Class for the related Interest Accrual Period; and

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

Distribution of the Redemption Price will be in lieu of any distribution of principal and interest that would otherwise be made on that Distribution Date.

On the day Fannie Mae receives the Redemption Amount, subject to the conditions described above, Fannie Mae will exchange the Mega Certificate for the Call Class and the Exchange Fee. On the Distribution Date in the month of redemption, Fannie Mae will remit to the Holder of the Call Class (a) the excess of (i) the Redemption Amount paid to Fannie Mae by the Holder of the Call Class and the distributions received on the MBS in the month of redemption over (ii) the Redemption Price for the Callable Class and (b) interest on the Redemption Amount from the date the Redemption Amount is received by Fannie Mae through the 24th day of the month in which the redemption of the Callable Class occurs. Such interest will be calculated for each day at a per annum rate equal to the prevailing daily Federal Funds rate determined as of the close of business, less 25 basis points. Fannie Mae will provide instructions for delivery of the Call Class and the Exchange Fee to the Dealer through which delivery will be made.

The first distribution on the MBS delivered in an exchange for the Call Class will be made on the distribution date therefor in the month following the month of 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 exchange.

Certain Definitions and Abbreviations

The following chart identifies and generally defines the categories specified on the cover page of the Prospectus.

Abbreviation	Category	Definition
		PRINCIPAL TYPE
PT	Pass-Through	Certificates that are designed to receive principal payments based on actual or scheduled payments on the underlying mortgage loans or actual or scheduled distributions on the underlying securities.
		INTEREST TYPE
FIX	Fixed Rate	Certificates whose interest rate is fixed throughout the life of the Certificates.
		OTHER TYPE
CALL	Call	Certificates whose Holder has the right upon the satisfaction of certain conditions (i) to cause Fannie Mae to redeem a related Callable Class and (ii) upon payment of the Redemption Amount and any exchange fee, to receive the securities underlying such Callable Class. Such Certificates do not represent beneficial ownership interests in such underlying securities.
CALLABLE	Callable	Certificates that are redeemable by Fannie Mae at the direction of the Holder of the related Call Class.

Structuring Assumptions

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

- the Mortgage Loans bear interest at a rate of 8.098% per annum and have an original term to maturity of 360 months, a CAGE of 18 months and a remaining term to maturity of 342 months;
- the Mortgage Loans prepay at the constant percentages of PSA specified in the related table;
- the closing date for the sale of the Certificates is the Settlement Date; and
- the first Distribution Date for the Certificates occurs in the month following the Settlement Date.

Prepayment Assumptions. Prepayments of mortgage loans commonly are measured relative to a prepayment standard or model. The model used in this Prospectus Supplement is the Public Securities Association's standard prepayment model ("PSA"), 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, 175% PSA assumes prepayment rates will be 0.35% per annum in month one, 0.7% per annum in month two, and increasing by 0.35% in each succeeding month until reaching a rate of 10.5% per annum in month 30 and remaining constant at 10.5% per annum thereafter. 0% PSA assumes no prepayments. It is highly unlikely that prepayments will occur at any *constant* PSA rate or at any other *constant* rate.

Weighted Average Lives and Yield Table

There can be no assurance that the Mortgage Loans will have the characteristics assumed herein or will prepay at any of the rates assumed herein or at any other particular rate, that the pre-tax yield on the Callable Class will correspond to any of the pre-tax yields shown herein or that the aggregate purchase price of the Callable Class will be as assumed. In addition, 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 Callable Class are likely to differ from those assumed, even if all Mortgage Loans prepay at the indicated constant percentages of PSA. Furthermore, it is not likely that the Mortgage Loans will prepay at a constant PSA rate until maturity or that all of such Mortgage Loans will prepay at the same rate. Finally, it is uncertain whether and, if so, when a redemption of the Callable Class will occur.

The table below indicates the pre-tax corporate bond equivalent yields to maturity of the Callable Class at various constant percentages of PSA. The yields set forth in the table were calculated by determining the monthly discount rates that, when applied to the assumed streams of cash flows to be paid on the applicable Class, would cause the discounted present value of such assumed streams of cash flows to equal the assumed aggregate purchase price of such Class 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. See "Risk Factors" herein.

The information set forth in the following table was prepared on the basis of the Pricing Assumptions and the assumptions that (i) a redemption of the Callable Class either does not occur or occurs on the Distribution Date shown, (ii) interest is paid through the 24th day of the month in which a redemption occurs and (iii) the aggregate purchase price of the Callable Class (expressed as a percentage of original principal balance) is as follows:

Class	Price*
Callable	100.90625%

* The price does not include accrued interest. Accrued interest has been added to such price in calculating the yields set forth in the table below.

Callable Class
(Pre-Tax Yields to Maturity)

Distribution Date On Which Assumed Redemption Occurs	50% PSA	100% PSA	175% PSA	300% PSA	500% PSA
December 1997	6.6%	6.6%	6.5%	6.5%	6.3%
No Redemption	7.4%	7.4%	7.3%	7.2%	7.0%

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).

In general, the weighted average life of the Callable Class will be shortened if the level of prepayments of principal of the Mortgage Loans increases. However, the weighted average life will depend upon a variety of other factors, including the timing of changes in such rate of principal payments and whether and, if so, when a redemption of that Class occurs. See "Risk Factors" herein.

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

Final Distribution Date

The Final Distribution Date for the Callable Class is the date by which the principal balance of such Class is required to be fully paid, assuming no prepayments on the Mortgage Loans and no redemption of the Callable Class, and is specified on the cover page hereof. The Final Distribution Date has been determined so that distributions on the MBS will be sufficient to retire the Callable Class on or before such Final Distribution Date without the necessity of any call on Fannie Mae under its guaranty of the Certificates.

Decrement Table

The following table indicates the percentages of original principal balance of the Callable Class that would be outstanding after each of the dates shown at various constant PSA levels and the corresponding weighted average life of such Class. The table has been prepared on the basis of the Pricing Assumptions (except that with respect to the information set forth for such Class under 0% PSA it has been assumed that (a) each Mortgage Loan has an original and remaining term to maturity of 360 months and (b) each Mortgage Loan bears a per annum interest rate of 10.0%) and the assumption that no redemption is made on such Class. It is not likely that (i) all of the Mortgage Loans will have the interest rates, CAGEs or remaining terms to maturity assumed or (ii) the Mortgage Loans will prepay at a constant PSA level. Moreover, the diverse remaining terms to maturity of the Mortgage Loans could produce slower or faster principal distributions than indicated in the tables at the specified constant PSA levels, even if the weighted average remaining term to maturity and the weighted average CAGE of the Mortgage Loans are identical to the remaining term to maturity and CAGE specified in the Pricing Assumptions. Finally, it is uncertain whether and, if so, when a redemption of the Callable Class will occur.

Percent of Original Principal Balance Outstanding
(Assuming No Redemption of Callable Certificates)

	A Class				
	PSA Prepayment Assumption				
Date	0%	100%	175%	300%	500%
Initial Percent	100	100	100	100	100
December 1997	99	94	91	84	75
December 1998	99	88	80	69	52
December 1999	98	81	71	56	36
December 2000	97	76	63	45	25
December 2001	97	70	55	36	17
December 2002	96	65	49	29	12
December 2003	95	60	43	24	8
December 2004	94	55	38	19	6
December 2005	92	51	33	15	4
December 2006	91	47	29	12	3
December 2007	89	43	25	10	2
December 2008	88	39	22	8	1
December 2009	86	36	19	6	1
December 2010	84	33	17	5	1
December 2011	82	29	14	4	*
December 2012	79	27	12	3	*
December 2013	76	24	10	2	*
December 2014	73	21	9	2	*
December 2015	70	19	7	1	*
December 2016	66	16	6	1	*
December 2017	62	14	5	1	*
December 2018	58	12	4	1	*
December 2019	53	10	3	*	*
December 2020	47	8	2	*	*
December 2021	41	6	2	*	*
December 2022	35	4	1	*	*
December 2023	27	2	1	*	*
December 2024	19	1	*	*	*
December 2025	10	0	0	0	0
December 2026	0	0	0	0	0
Weighted Average Life (years)**	21.6	10.8	7.7	4.9	2.9

* Indicates an outstanding balance greater than 0% and less than 0.5% of the original principal balance.
** Determined as specified under "Weighted Average Lives and Yield Table" herein.

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.

Reports to Certificateholders

As soon as practicable following the eleventh calendar day of each month, Fannie Mae will publish or otherwise make available the Trust Factor (carried to eight decimal places) for the Callable Class after giving effect to the distribution of principal, if any, to be made on the following Distribution Date. 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 Code (as defined below).

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.

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.

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 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.

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 Callable Certificates representing principal balances aggregating not less than five percent of the aggregate principal balances of all Certificates of such Class and by the Holder of the Call Certificate affected thereby, (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 Callable Certificates representing principal balances aggregating not less than 25 percent of the aggregate principal balance of all of the Certificates of such Class and by the Holder of any Call Certificate affected thereby; 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 remains unremedied, the Holders of Callable Certificates representing principal balances aggregating not less than 25 percent of the aggregate of the principal balances of all Certificates of such Class and the Holder of any Call Certificate affected thereby may, in writing, terminate all of the obligations and duties of Fannie Mae as Trustee and in its corporate capacity under the Trust Agreement (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 of the Mega Certificate and other assets held in the Trust.

Amendment

The Trust Agreement 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 any provision in the Trust Agreement; or (v) to make provisions for supplementing any provision in the Trust Agreement, provided such provisions do not adversely affect the interest of any Certificateholder.

The Trust Agreement also may be amended by Fannie Mae with the consent of the Holders of Callable Certificates representing principal balances aggregating not less than 66 percent of the aggregate principal balance of all Certificates of such Class and the Holder of the Call 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 the Mega Certificate or other assets in the Trust that are required to be distributed on the Certificates.

Termination

The Trust Agreement will terminate upon the distribution to Certificateholders of all required distributions on the Certificates. The Trust Agreement will terminate also upon repurchase by Fannie Mae, at its option, of the Mortgage Loans underlying the MBS, provided that Fannie Mae will not exercise such option 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 principal balance thereof as of the Issue Date. The exercise of such repurchase option will effect retirement of the Certificates.

In no event, however, will the Trust continue beyond the expiration of 21 years from the death of the last survivor of the persons named in the Trust Agreement. Fannie Mae will give written notice of termination of the Trust Agreement as it relates to each affected Certificateholder, and the final distribution will be made to the person entitled thereto.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

General

The following is a general discussion of the anticipated material federal income tax consequences to beneficial owners of the purchase, ownership and disposition of the Certificates. The discussion is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change. The discussion 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 Certificates, evidencing interests in the Trust, will be issued under a book-entry system to Holders acting on behalf of beneficial owners ("Owners"). The arrangement pursuant to which the Trust will be administered by Fannie Mae and the Certificates will be issued will be classified as a grantor trust under subpart E, Part I of subchapter J of the Internal Revenue Code of 1986, as amended (the "Code"), and not as an association taxable as a corporation. The Certificates will be issued in a pair of classes. The A Class will be the Callable Class, representing the beneficial ownership interest in the MBS, and the B Class will be the Call Class, representing the right (the "Call Right") to direct Fannie Mae to redeem the Callable Class and to acquire the MBS.

Because of the existence of the Call Right, a thrift, REMIC, real estate investment trust or regulated investment company is particularly advised to consult its own tax advisor before purchasing an interest in either a Callable Class or a Call Class.

The Callable Class

Status. An Owner of an interest in the Callable Class will be treated as (i) owning an undivided interest in the MBS and (ii) writing a call option on such undivided interest at the time of the purchase of the interest in the Callable Class. Such call option is represented by a proportionate part of the Call Right. The Owner will be treated as having written such call option in exchange for an option premium in an amount equal to the fair market value of the call option.

Allocations. An Owner should be considered to have purchased its interest in the Callable Class for an amount equal to the cost of such interest plus the option premium it is deemed to have received. Accordingly, such Owner's basis in its interest in the MBS will be greater than the amount such Owner paid directly for its interest in the Callable Class.

When an Owner sells an interest in the Callable Class, such Owner will be deemed to have sold its interest in the MBS for a price equal to the sales price for its interest in the Callable Class plus an amount equal to the fair market value, at the time of such sale, of the call option, which amount the Owner is deemed to have paid to be relieved from the obligation under the call option. Accordingly, the amount realized by the Owner upon the sale of its interest in the MBS will be greater than the amount received directly for its interest in the Callable Class.

Taxation of an Interest in the MBS. Except as described below under "Application of the Straddle Rules," the anticipated material federal income tax consequences to an Owner of the purchase, ownership and disposition of an interest in the MBS are as described under "Certain Federal Income Tax Consequences" in the MBS Prospectus.

Taxation of Call Option Premium. An Owner of an interest in the Callable Class will not be required to include immediately in income the option premium that it is deemed to receive when it purchases such interest. Instead, the Owner must account for such premium when the Call Right lapses, is exercised or is otherwise terminated with respect to such Owner. As discussed under "Allocations," an Owner's basis in the MBS includes the option premium such Owner is deemed to have received. An Owner's recovery of such basis will not occur at the same rate as its inclusion in income of the option premium.

An Owner of an interest in the Callable Class will include the option premium in income as short-term capital gain when the Call Right lapses. It is expected that the MBS subject to the Call Right will be reduced over time through principal payments prior to the expiration of the Call Right. Under existing authorities, it is not entirely clear whether the Call Right would thus be deemed to lapse as the MBS pay down, and if so, at what rate. Fannie Mae intends to assume that the Call Right lapses, and the related premium is recognized by the Owner proportionately as principal (including both scheduled and unscheduled payments) is paid on the MBS after the first date on which the Call Right may be exercised. There is no assurance that the Service would agree with this method of determining income from the lapse of the Call Right. Each Owner is urged to consult its own tax advisor regarding these matters.

If the Call Right is exercised, an Owner of an interest in the Callable Class will include in its amount realized from the sale of the MBS an amount equal to the unamortized portion of the option premium. If an Owner transfers its interest in the Callable Class, such transfer will be treated as a "closing transaction" with respect to the call option the Owner is deemed to have written. Accordingly, such Owner will recognize a short-term capital gain or loss equal to the difference between the unamortized amount of option premium and the amount such Owner is deemed to pay to be relieved from the obligation under the call option.

The Call Class

Status. The Owner of the Call Class will be treated as having purchased a call option on all of the MBS for an option premium in an amount equal to the price paid for the Call Class. It would appear that if the Owner of the Call Class acquired an interest in the Callable Class, such call option would be proportionately extinguished for at least as long as the Owner of the Call Class held such interest, and the Owner would be treated as holding solely its proportionate share of the MBS.

Taxation of Call Option Premium. Because the price paid by the Owner of the Call Class to purchase such Class will be treated as an option premium for the Call Right, it will be added to the purchase price of the MBS (in addition to the exchange fee, as discussed under "Description of the Certificates—Redemption and Exchange") if the MBS are purchased upon exercise of the Call Right, and will be treated as a loss as the Call Right lapses. For a discussion of when the Call Right may be deemed to lapse, see "The Callable Classes—*Taxation of Call Option Premium*" above. If the MBS, if acquired, would be a capital asset in the hands of the Owner, then loss recognized with respect to such lapse will be a capital loss.

Application of the Straddle Rules

With respect to an Owner of an interest in the Callable Class, the IRS might take the position that the Owner's interest in the MBS and call option constitute positions in a straddle. If this position were sustained, the straddle rules of section 1092 of the Code would apply. Under those rules, an Owner selling its interest in the Callable Class would be treated as selling its interest in the MBS at a gain or loss. Such gain or loss would be short-term because the Owner's holding period would be tolled. In addition, the straddle rules might require an Owner to capitalize, rather than deduct, a portion of any interest and carrying charges allocable to such Owner's interest in the Callable Class. Further, if the IRS were to take the position that an Owner's interest in the MBS and the call option constituted a "conversion transaction" as well as a straddle, then a portion of the gain with respect to the MBS or the call option might be characterized as ordinary income. Each Owner of an interest in the Callable Class is advised to consult its own tax advisor regarding these issues.

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 the Certificates. 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. 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.

Pursuant to the Secondary Mortgage Market Enhancement Act of 1984 ("SMMEA"), securities issued or guaranteed by Fannie Mae (such as the Certificates) will be legal investments for such entities created under the laws of the United States or any state whose authorized investments are subject to state regulation to the same extent as obligations issued or guaranteed as to principal and interest by the United States or any agency or instrumentality thereof. Under SMMEA, if a state enacted legislation prior to October 4, 1991 specifically limiting the legal investment authority of any such entities with respect to securities issued or guaranteed by Fannie Mae, such securities will constitute legal investments for such entities only to the extent provided in such legislation. Certain states have adopted such legislation prior to the October 4, 1991 deadline. Investors should consult their own legal advisors in determining whether and to what extent the Certificates 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

A Department of Labor regulation provides that, if an employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), acquires a "guaranteed governmental mortgage pool certificate," then, for purposes of the fiduciary responsibility and prohibited transaction provisions of ERISA and the Code, the plan's assets include the certificate and all of its rights with respect to the certificate, but do not, solely by reason of the plan's holding of the certificate, include any of the mortgages underlying the certificate. Under this regulation, the term "guaranteed governmental mortgage pool certificate" includes a certificate "backed by, or evidencing an interest in, specified mortgages or participation interests therein" if interest and principal payable on 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 pool, in this case Fannie Mae) and other persons, in providing services with respect to the assets in the pool, would not be subject to the fiduciary responsibility provisions of Title 1 of ERISA, or the prohibited transaction provisions of Section 406 of ERISA or Code Section 4975, merely by reason of the plan's investment in a certificate.

The Callable Class would appear to qualify as "guaranteed governmental mortgage pool certificates" as defined in the Department of Labor regulation. However, the acquisition of the Call Right (as defined in "Certain Federal Income Tax Consequences") by the beneficial owner of the Call Class, as well as the consequences of the exercise of the Call Right by such a beneficial owner, might be treated under ERISA as principal transactions between the beneficial owners of the Callable Class and the beneficial owner of the Call Class. Thus, in theory, the acquisition or exercise of the Call Right could be characterized under certain circumstances as an ERISA prohibited transaction between a plan and a "party in interest" (assuming that such plan holds the Callable or Call Class and such "party in interest" holds the Call or Callable Class), unless an ERISA prohibited transaction exemption, such as PTE 84-14 (for Transactions by Independent Qualified Professional Asset Managers), is applicable. The Call Class may be deemed to be an option to acquire a guaranteed governmental mortgage pool certificate rather than such a certificate. ERISA plan fiduciaries should consult with their counsel concerning these issues.

PLAN OF DISTRIBUTION

General. The Dealer will receive the Certificates in exchange for the MBS pursuant to a Fannie Mae commitment. The Dealer proposes to offer the Callable Class from time to time in negotiated transactions at varying prices to be determined at the time of sale. The Dealer proposes to offer the Call Class in a negotiated transaction with a single purchaser at a price 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 Certificates in addition to those contemplated as of the date hereof. In such event, the MBS will be increased in principal balance, but it is expected that all additional MBS will have the same characteristics as described herein under "Description of the Certificates—The MBS."

LEGAL MATTERS

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

No dealer, salesman or other person has been authorized to give any information or to make any representations in connection with this offering, other than those contained in this Prospectus 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 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 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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FannieMae[SM]

Guaranteed Grantor Trust
Callable / Call Certificates
Fannie Mae Grantor Trust 1996-C6

PROSPECTUS

Bear, Stearns & Co. Inc.

October 25, 1996