

\$357,279,450



**Guaranteed REMIC Pass-Through Certificates
Fannie Mae REMIC Trust 1997-12**

The Guaranteed REMIC Pass-Through Certificates offered hereby (the "Certificates") will represent beneficial ownership interests in Fannie Mae REMIC Trust 1997-12 (the "Trust"). The assets of the Trust will consist of three groups of Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the "Group 1 MBS", "Group 2 MBS" and "Group 3 MBS" and, together, the "MBS"). Each MBS represents a beneficial interest in a pool (each, a "Pool") of first lien, single-family, fixed-rate residential mortgage loans (the "Mortgage Loans") having the characteristics described herein. The Certificates will be issued and guaranteed as to timely distribution of principal and interest by Fannie Mae.

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

See "Additional Risk Factors" on page S-6 hereof and "Risk Factors" beginning on page 8 of the REMIC Prospectus attached hereto for a discussion of certain risks that should be considered in connection with an investment in the Certificates.

(Cover continued on next page)

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

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

Class	Original Principal Balance	Principal Type (1)	Interest Rate	Interest Type (1)	CUSIP Number	Final Distribution Date	Class	Original Principal Balance	Principal Type (1)	Interest Rate	Interest Type (1)	CUSIP Number	Final Distribution Date
A	\$16,413,000	SEQ	6.100%	FIX	31359ND24	June 2007	H	\$30,471,000	SEQ	7.000%	FIX	31359ND99	January 2026
B	22,230,000	SEQ	6.300	FIX	31359ND32	December 2013	J	31,446,000	SEQ	7.000	FIX	31359NE23	April 2027
C	23,055,000	SEQ	6.500	FIX	31359ND40	August 2017	L	50,000,502	SEQ	7.000	FIX	31359NE31	April 2027
D	21,260,000	SEQ	6.650	FIX	31359ND57	January 2020	FA	43,732,298	PT	(2)	FLT	31359NE49	April 2027
E	21,148,000	SEQ	6.850	FIX	31359ND65	September 2021	SA	(3)	NTL	(2)	INV/IO	31359NE56	April 2027
K	34,979,000	SEQ	8.500	FIX	31359ND73	September 2021	KB	14,779,650	PT	9.500	FIX	31359NE64	April 2027
G	47,765,000	SEQ	7.000	FIX	31359ND81	July 2024	R	0	NPR	0	NPR	31359NE72	April 2027

- (1) See "Description of the Certificates—Class Definitions and Abbreviations" in the REMIC Prospectus and "Description of the Certificates—Distributions of Interest" and "—Distributions of Principal" herein.
- (2) The FA and SA Classes will bear interest based on "LIBOR" as described under "Description of the Certificates—Distributions of Interest" herein and "Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes" in the REMIC Prospectus.
- (3) The SA Class will be a Notional Class, will not have a principal balance and will bear interest on its notional principal balance (initially, \$43,732,298). The notional principal balance of the Notional Class will be calculated based upon the principal balance of the Class specified herein. See "Description of the Certificates—Distributions of Interest—Notional Class" 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 Certificates, except for the R Class, will be available through the book-entry facilities of The Depository Trust Company on or about March 27, 1997 (the "Settlement Date"). It is expected that the R Class in registered, certificated form will be available for delivery at the offices of the Dealer, 245 Park Avenue, New York, New York 10167, on or about the Settlement Date.

Bear, Stearns & Co. Inc.
January 28, 1997

(Cover continued from previous page)

The yields to investors in the Group 1 Classes (as described herein) will be sensitive in varying degrees to, among other things, the rate of principal distributions on the Group 1, Group 2 and Group 3 MBS, and the yields to investors in the Group 2 and Group 3 Classes (each as described herein) will be sensitive to, among other things, the rate of principal distributions on the Group 2 and Group 3 MBS, respectively. Such rates 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 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, 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 the 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 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:

- 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 or the MBS Prospectus (each as defined below). Any representation to the contrary is a criminal offense.

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

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

- Fannie Mae’s Prospectus for Guaranteed REMIC Pass-Through Certificates dated June 14, 1996 (the “REMIC Prospectus”), which is attached to this Prospectus Supplement;
- Fannie Mae’s Prospectus for Guaranteed Mortgage Pass-Through Certificates dated January 1, 1997 (the “MBS Prospectus”); and
- Fannie Mae’s Information Statement dated February 22, 1996 and any supplements thereto (collectively, the “Information Statement”).

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

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
Reference Sheet	S- 4	<i>Group 1 Principal Distribution</i>	
Additional Risk Factors	S- 6	<i>Amount</i>	S-12
Additional Yield and Prepayment Considerations	S- 6	<i>Group 2 Principal Distribution</i>	
		<i>Amount</i>	S-12
Description of the Certificates	S- 6	<i>Group 3 Principal Distribution</i>	
General	S- 6	<i>Amount</i>	S-13
<i>Structure</i>	S- 6	Structuring Assumptions	S-13
<i>Fannie Mae Guaranty</i>	S- 6	<i>Pricing Assumptions</i>	S-13
<i>Characteristics of Certificates</i>	S- 7	<i>Prepayment Assumptions</i>	S-13
<i>Authorized Denominations</i>	S- 7	Yield Tables	S-14
<i>Distribution Dates</i>	S- 7	<i>General</i>	S-14
<i>Record Date</i>	S- 7	<i>The Inverse Floating Rate</i>	
<i>REMIC Trust Factors</i>	S- 7	<i>Class</i>	S-14
<i>Optional Termination</i>	S- 7	Weighted Average Lives of the Certificates	S-15
Book-Entry Procedures	S- 8	Decrement Tables	S-16
<i>General</i>	S- 8	Characteristics of the R Class	S-18
<i>Method of Distribution</i>	S- 8	Certain Additional Federal Income Tax Consequences	S-18
The MBS	S- 8	REMIC Election and Special Tax Attributes	S-18
Distributions of Interest	S-10	Taxation of Beneficial Owners of Regular Certificates	S-18
<i>Categories of Classes</i>	S-10	Taxation of Beneficial Owners of Residual Certificates	S-19
<i>General</i>	S-10	Plan of Distribution	S-19
<i>Interest Accrual Periods</i>	S-10	<i>General</i>	S-19
<i>Notional Class</i>	S-10	<i>Increase in Certificates</i>	S-19
<i>Floating Rate and Inverse Floating Rate Classes</i>	S-11	Legal Matters	S-19
Calculation of LIBOR	S-11		
Distributions of Principal	S-11		
<i>Categories of Classes</i>	S-11		
<i>Principal Distribution Amount</i>	S-11		

REFERENCE SHEET

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

Assumed Characteristics of the Mortgage Loans (as of March 1, 1997)

Mortgage Loan Group	Approximate Principal Balance	Approximate Weighted Average Remaining Term to Maturity (in months)	Approximate Weighted Average Calculated Loan Age (in months)	Approximate Weighted Average Coupon
Group 1	\$93,556,879	358	2	7.84300%
	\$ 6,111,956	357	3	7.65194%
	\$ 2,000,000	359	1	7.82700%
Group 2	\$21,562,006	358	2	8.09191%
	\$68,073,138	354	6	8.20398%
	\$53,501,934	357	3	8.22579%
	\$ 4,984,544	347	13	8.05600%
	\$ 1,420,610	359	1	8.19500%
	\$60,369,139	356	4	8.11790%
	\$ 8,750,119	355	5	8.37500%
Group 3	\$ 3,301,168	358	2	8.60834%
	\$ 5,008,111	354	6	8.62500%
	\$ 2,680,499	349	11	8.44000%
	\$ 3,578,101	335	25	8.45200%
	\$ 5,828,721	356	4	8.56990%
	\$16,552,525	355	5	8.56582%

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.

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 specified below, and will bear interest during each Interest Accrual Period thereafter, subject to the applicable maximum and minimum interest rates, at rates determined as described below:

Class	Initial Interest Rate	Maximum Interest Rate	Minimum Interest Rate	Formula for Calculation of Interest Rate
FA.....	6.375%	9.50%	1.00%	LIBOR + 100 basis points
SA.....	3.125%	8.50%	0.00%	8.5% – LIBOR

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

Notional Class

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

<u>Class</u>	<u>Percentage of Principal Balance of Class</u>
SA	100% of FA Class

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

Distributions of Principal

Group 1 Principal Distribution Amount

- (a) On each Distribution Date, commencing in April 2002, to the L Class, in an amount calculated as described herein under “Description of the Certificates—Distributions of Principal,” to zero.
- (b) On each Distribution Date, to the Group 1 Classes in the following order of priority:
 - (i) to the A, B, C, D, E and K Classes, in the order and priority described herein under “Description of the Certificates—Distributions of Principal,” to zero;
 - (ii) to the G, H and J Classes, in that order, to zero; and
 - (iii) to the L Class, to zero.

Group 2 Principal Distribution Amount

To the FA Class, to zero.

Group 3 Principal Distribution Amount

To the KB Class, to zero.

Weighted Average Lives (years) *

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>195%</u>	<u>300%</u>	<u>500%</u>
A	5.7	1.3	0.9	0.7	0.5
B	13.7	3.0	2.0	1.6	1.2
C	18.6	4.8	3.0	2.3	1.7
D	21.6	6.7	4.0	3.0	2.1
E	23.6	8.9	5.0	3.6	2.5
K	14.3	3.8	2.4	1.8	1.3
G	25.9	13.0	7.0	4.8	3.2
H	28.0	18.9	10.9	6.6	4.1
J	29.4	25.5	18.7	11.9	5.2
L	22.5	16.0	13.0	11.1	8.5
FA and SA	21.6	11.6	7.7	5.5	3.6
KB	21.8	11.5	7.6	5.4	3.5

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

ADDITIONAL RISK FACTORS

Additional Yield and Prepayment Considerations

The rate of distributions of principal of the Group 1 Classes will be sensitive in varying degrees to the rate of principal distributions on the Group 1, Group 2 and Group 3 MBS, and the rate of distributions of principal of the Group 2 and Group 3 Classes will be sensitive to the rate of principal distributions on the Group 2 and Group 3 MBS, respectively. Such rates in turn will reflect the rate of amortization (including prepayments) of the related Mortgage Loans. There can be no assurance that such Mortgage Loans will have the characteristics assumed herein. Because the rate of principal distributions on the Group 1, Group 2 and Group 3 Classes will be related to the rate of amortization of the related Mortgage Loans, 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, Group 2 and Group 3 Classes is likely to differ from the rate anticipated by an investor, even if such Mortgage Loans prepay at the indicated constant percentages of PSA. In addition, it is highly unlikely that the Mortgage Loans underlying the Group 1, Group 2 or Group 3 MBS will prepay at any of the rates assumed herein, will prepay at a constant PSA rate until maturity or that all 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. See “Risk Factors—Prepayment Considerations” in the REMIC Prospectus and “Maturity and Prepayment Assumptions” in the MBS Prospectus.

The effective yields on the Delay Classes (as defined herein) will be reduced below the yields otherwise produced because principal and interest payable on a Distribution Date will not be distributed until the 18th day following the end of the related Interest Accrual Period and will not bear interest during such delay. No interest at all will be paid on any Class after its principal balance has been reduced to zero. As a result of the foregoing, the market values of the Delay Classes will be lower than would have been the case if there were no such delay.

DESCRIPTION OF THE CERTIFICATES

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

General

Structure. The Trust will be created pursuant to a trust agreement dated as of September 1, 1987, as supplemented by an issue supplement thereto dated as of March 1, 1997 (together, the “Trust Agreement”), executed by the Federal National Mortgage Association (“Fannie Mae”) in its corporate capacity and in its capacity as trustee (the “Trustee”), and the Certificates in the Classes and aggregate original principal balances set forth on the cover hereof will be issued by Fannie Mae pursuant thereto. A description of Fannie Mae and its business, together with certain financial statements and other financial information, is contained in the Information Statement.

The Certificates (other than the R Class) will be designated as the “regular interests,” and the R Class will be designated as the “residual interest,” in the REMIC constituted by the Trust. The assets of the Trust will consist of the 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. 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 and “Description of Certificates—The Corporation’s Guaranty” in the MBS Prospectus.

Characteristics of Certificates. The Certificates, other than the R Certificate, 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 a book-entry Certificate, the terms “Holders” or “Certificateholders” refer to the nominee of the Depository. A Holder is not necessarily the beneficial owner of any DTC 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—Book-Entry Procedures” herein.

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

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

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

Distribution Dates. Distributions on the Certificates will be made on the 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) (each, a “Distribution Date”), commencing in the month following the Settlement Date. See “Distributions of Interest—General” and “—Interest Accrual Periods” and “Distributions of Principal—Principal Distribution Amount” herein.

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

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

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

Book-Entry Procedures

General. The Certificates (other than the R Certificate) 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.

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.

The MBS

The Group 1, Group 2 and Group 3 MBS will have the aggregate unpaid principal balances and Pass-Through Rates set forth below and the general characteristics described in the MBS Prospectus. The 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 such MBS. The Mortgage Loans underlying the MBS will be conventional Level Payment Mortgage Loans secured by first mortgages or deeds of trust on one- to four-family (“single-family”) residential properties and having original maturities of up to 30 years. All but one of the Mortgage Loans underlying the MBS have original principal balances of less than or equal to \$100,000.00 and the current principal balances are all less than or equal to \$100,000.00. See “The Mortgage Pools” and “Yield Considerations” in the MBS Prospectus. The characteristics of the Group 1, Group 2 and

Group 3 MBS and the related Mortgage Loans as of March 1, 1997 (the “Issue Date”) are expected to be as follows:

Group 1 MBS

Aggregate Unpaid Principal Balance	\$101,668,835
MBS Pass-Through Rate	7.00%

Group 1 Mortgage Loans

Range of WACs (per annum percentages)	7.25% to 9.50%
Range of WAMs	241 months to 360 months
Approximate Weighted Average WAM	358 months
Approximate Weighted Average CAGE	2 months

Group 2 MBS

Aggregate Unpaid Principal Balance	\$218,661,490
MBS Pass-Through Rate	7.50%

Group 2 Mortgage Loans

Range of WACs (per annum percentages)	7.75% to 10.00%
Range of WAMs	241 months to 360 months
Approximate Weighted Average WAM	356 months
Approximate Weighted Average CAGE	4 months

Group 3 MBS

Aggregate Unpaid Principal Balance	\$36,949,125
MBS Pass-Through Rate	8.00%

Group 3 Mortgage Loans

Range of WACs (per annum percentages)	8.25% to 10.50%
Range of WAMs	241 months to 360 months
Approximate Weighted Average WAM	353 months
Approximate Weighted Average CAGE	7 months

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

Distributions of Interest

Categories of Classes

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

<u>Interest Type*</u>	<u>Classes</u>
Fixed Rate	A, B, C, D, E, K, G, H, J, L and KB
Floating Rate	FA
Inverse Floating Rate	SA
Interest Only	SA
No Payment Residual	R

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

General. The interest-bearing Certificates will bear interest at the applicable per annum interest rates set forth on the cover or described herein. Interest on the interest-bearing Certificates is calculated on the basis of a 360-day year consisting of twelve 30-day months and is distributable monthly on each Distribution Date, commencing in the month after the Settlement Date. Interest to be distributed on each interest-bearing Certificate on a Distribution Date will consist of one month’s interest on the outstanding principal balance of such Certificate immediately prior to such Distribution Date.

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

<u>Classes</u>	<u>Interest Accrual Periods</u>
FA and SA Classes	One month period beginning on the 18th day of the month preceding the month of the Distribution Date and ending on the 17th day of the month of the Distribution Date
All Fixed Rate Classes (collectively, the “Delay Classes”)	Calendar month preceding the month in which the Distribution Date occurs

See “Additional Risk Factors—Additional Yield and Prepayment Considerations” herein.

Notional Class. The SA Class will be a Notional Class, will have no principal balance and will bear interest at the applicable per annum interest rate described herein during each Interest Accrual Period on its notional principal balance. The notional principal balance of the Notional Class will be equal to the indicated percentage of the outstanding principal balance of the Class specified below immediately prior to the related Distribution Date:

<u>Class</u>	<u>Percentage of Principal Balance of Class</u>
SA	100% of FA Class

See “Yield Tables—*The Inverse Floating Rate Class*” herein.

The notional principal balance of the 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 MBS or the underlying Mortgage Loans. Although the 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 balance of the Notional Class.

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

<u>Class</u>	<u>Initial Interest Rate</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate</u>
FA.....	6.375%	9.50%	1.00%	LIBOR + 100 basis points
SA.....	3.125%	8.50%	0.00%	8.5% – LIBOR

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

The establishment of 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 balance and notional principal balance of the Floating Rate and Inverse Floating Rate Classes have been reduced to zero, Fannie Mae will establish LIBOR for the related Interest Accrual Period in the manner described in the REMIC Prospectus under “Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes—*LIBOR*.”

If on the initial Index Determination Date, Fannie Mae is unable to determine LIBOR in the manner specified in the REMIC Prospectus, LIBOR for the next succeeding Interest Accrual Period will be equal to 5.375%.

Distributions of Principal

Categories of Classes

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

<u>Principal Type*</u>	<u>Classes</u>
Group 1 Classes	
Sequential Pay	A, B, C, D, E, K, G, H, J and L
Group 2 Classes	
Pass-Through	FA
Notional	SA
Group 3 Class	
Pass-Through	KB
No Payment Residual	R

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

Principal Distribution Amount

Principal will be distributed monthly on the Certificates in an amount (the “Principal Distribution Amount”) equal to the sum of (i) the aggregate distributions of principal to be made on the Group 1 MBS in the month of such Distribution Date (the “Group 1 MBS Cash Flow Distribution

Amount”), (ii) the aggregate distributions of principal to be made on the Group 2 MBS in the month of such Distribution Date (the “Group 2 MBS Cash Flow Distribution Amount”) and (iii) the aggregate distributions of principal to be made on the Group 3 MBS in the month of such Distribution Date (the “Group 3 MBS Cash Flow Distribution Amount”).

Group 1 Principal Distribution Amount

On each Distribution Date, the sum of (i) the Group 1 MBS Cash Flow Distribution Amount, (ii) 80% of the Group 2 MBS Cash Flow Distribution Amount and (iii) 60% of the Group 3 MBS Cash Flow Distribution Amount (such sum, the “Group 1 Principal Distribution Amount”) will be distributed as principal of the Group 1 Classes as set forth below:

(a) On each Distribution Date, commencing in April 2002, the Allocation Percentage (as described below) of the Group 1 Principal Distribution Amount multiplied by a fraction, the numerator of which is the principal balance of the L Class and the denominator of which is the aggregate principal balance of all Group 1 Classes, in each case immediately prior to such Distribution Date, will be distributed as principal of the L Class, until the principal balance thereof is reduced to zero. } Sequential Pay Class

The “Allocation Percentage” for any applicable Distribution Date will be as follows:

<u>Distribution Date</u>	<u>Allocation Percentage</u>
April 2002 through March 2003	30%
April 2003 through March 2004	40%
April 2004 through March 2005	60%
April 2005 through March 2006	80%
April 2006 and thereafter	100%

(b) On each Distribution Date, the excess of the Group 1 Principal Distribution Amount over the amount, if any, distributed pursuant to paragraph (a) above will be distributed as principal of the Group 1 Classes in the following order of priority:

(i) to the A, B, C, D, E and K Classes, in the order and proportions set forth in the following table, until the respective principal balances thereof are reduced to zero:

	<u>Class listed in the preceding column</u>	<u>K Class</u>	
A	62.5019040366%	37.4980959634%	} Sequential Pay Classes
B	68.1839094562%	31.8160905438%	
C	75.0000000000%	25.0000000000%	
D	81.0831426392%	18.9168573608%	
E	90.9122173502%	9.0877826498%	

(ii) sequentially, to the G, H and J Classes, in that order, until the respective principal balances thereof are reduced to zero; and

(iii) to the L Class, to zero.

Group 2 Principal Distribution Amount

On each Distribution Date, an amount equal to 20% of the Group 2 MBS Cash Flow Distribution Amount (the “Group 2 Principal Distribution Amount”) will be distributed as principal of the FA Class, until the principal balance thereof is reduced to zero. } Pass-Through Class

Group 3 Principal Distribution Amount

On each Distribution Date, an amount equal to 40% of the Group 3 MBS Cash Flow Distribution Amount (the “Group 3 Principal Distribution Amount”) will be distributed as principal of the KB Class, until the principal balance thereof is reduced to zero. } Pass-Through Class

Structuring Assumptions

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

- the Mortgage Loans underlying the Group 1, Group 2 and Group 3 MBS have original terms to maturity of 360 months and the principal balances, remaining terms to maturity, CAGEs and interest rates, respectively, as specified:

Group 1	\$93,556,879	358 months	2 months	7.84300%
	\$ 6,111,956	357 months	3 months	7.65194%
	\$ 2,000,000	359 months	1 month	7.82700%
Group 2	\$21,562,006	358 months	2 months	8.09191%
	\$68,073,138	354 months	6 months	8.20398%
	\$53,501,934	357 months	3 months	8.22579%
	\$ 4,984,544	347 months	13 months	8.05600%
	\$ 1,420,610	359 months	1 month	8.19500%
	\$60,369,139	356 months	4 months	8.11790%
Group 3	\$ 8,750,119	355 months	5 months	8.37500%
	\$ 3,301,168	358 months	2 months	8.60834%
	\$ 5,008,111	354 months	6 months	8.62500%
	\$ 2,680,499	349 months	11 months	8.44000%
	\$ 3,578,101	335 months	25 months	8.45200%
	\$ 5,828,721	356 months	4 months	8.56990%
	\$16,552,525	355 months	5 months	8.56582%

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

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

Yield Tables

General. The table below indicates the sensitivity of the pre-tax corporate bond equivalent yields to maturity of the applicable Class to various constant percentages of PSA and to changes in the Index. 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. *There can be no assurance that the pre-tax yields on the Certificates will correspond to any of the pre-tax yields shown herein or that the aggregate purchase prices of the Certificates will be as assumed. In addition, there can be no assurance that the Index will correspond to the levels shown herein. Furthermore, because some of the Mortgage Loans will likely have remaining terms to maturity shorter or longer than those assumed and interest rates higher or lower than those assumed, the principal distributions on the Certificates are likely to differ from those assumed, even if all Mortgage Loans prepay at the indicated constant percentages of PSA. Moreover, it is not likely that the Mortgage Loans will prepay at a constant PSA rate until maturity, that all of such Mortgage Loans will prepay at the same rate or that the level of the Index will remain constant.*

The Inverse Floating Rate Class. The yield to investors in the Inverse Floating Rate Class will be sensitive to the level of the Index and to the rate of principal payments (including prepayments) of the Mortgage Loans underlying the Group 2 MBS. The Mortgage Loans generally can be prepaid at any time. As indicated in the table below, it is possible that, under certain Index and prepayment scenarios, investors in the Inverse Floating Rate Class would not fully recoup their initial investment.

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

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

<u>Class</u>	<u>Price*</u>
SA	8.125%

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

Sensitivity of the SA 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>195%</u>	<u>300%</u>	<u>500%</u>
3.375%	67.1%	64.6%	59.8%	54.4%	43.8%
5.375%	37.8%	35.2%	30.1%	24.4%	13.1%
7.375%	9.6%	6.8%	1.3%	(4.9)%	(17.2)%
8.500%	*	*	*	*	*

* The pre-tax yield to maturity will 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 and, in the case of the Group 1 Classes, the priority sequence of distributions of principal. See “—Distributions of Principal” herein.

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 each underlying Mortgage Loan has an original and remaining term to maturity and bears interest at the per annum rate specified below:

Mortgage Loans relating to the MBS specified below	Original and Remaining Terms to Maturity	Interest Rates
Group 1	360 months	9.5%
Group 2	360 months	10.0%
Group 3	360 months	10.5%

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

Percent of Original Principal Balances Outstanding

Date	A Class					B Class					C Class					D Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	195%	300%	500%	0%	100%	195%	300%	500%	0%	100%	195%	300%	500%	0%	100%	195%	300%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
March 1998	93	67	45	21	0	100	100	100	100	79	100	100	100	100	100	100	100	100	100	100
March 1999	86	8	0	0	0	100	100	54	0	0	100	100	100	96	0	100	100	100	100	83
March 2000	78	0	0	0	0	100	49	0	0	0	100	100	52	0	0	100	100	100	43	0
March 2001	70	0	0	0	0	100	0	0	0	0	100	93	0	0	0	100	100	52	0	0
March 2002	60	0	0	0	0	100	0	0	0	0	100	38	0	0	0	100	100	0	0	0
March 2003	50	0	0	0	0	100	0	0	0	0	100	0	0	0	0	100	88	0	0	0
March 2004	39	0	0	0	0	100	0	0	0	0	100	0	0	0	0	100	36	0	0	0
March 2005	27	0	0	0	0	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
March 2006	15	0	0	0	0	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
March 2007	2	0	0	0	0	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
March 2008	0	0	0	0	0	90	0	0	0	0	100	0	0	0	0	100	0	0	0	0
March 2009	0	0	0	0	0	78	0	0	0	0	100	0	0	0	0	100	0	0	0	0
March 2010	0	0	0	0	0	64	0	0	0	0	100	0	0	0	0	100	0	0	0	0
March 2011	0	0	0	0	0	48	0	0	0	0	100	0	0	0	0	100	0	0	0	0
March 2012	0	0	0	0	0	31	0	0	0	0	100	0	0	0	0	100	0	0	0	0
March 2013	0	0	0	0	0	12	0	0	0	0	100	0	0	0	0	100	0	0	0	0
March 2014	0	0	0	0	0	0	0	0	0	0	91	0	0	0	0	100	0	0	0	0
March 2015	0	0	0	0	0	0	0	0	0	0	67	0	0	0	0	100	0	0	0	0
March 2016	0	0	0	0	0	0	0	0	0	0	40	0	0	0	0	100	0	0	0	0
March 2017	0	0	0	0	0	0	0	0	0	0	10	0	0	0	0	100	0	0	0	0
March 2018	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	74	0	0	0	0
March 2019	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	32	0	0	0	0
March 2020	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2021	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2022	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2023	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2024	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2027	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	5.7	1.3	0.9	0.7	0.5	13.7	3.0	2.0	1.6	1.2	18.6	4.8	3.0	2.3	1.7	21.6	6.7	4.0	3.0	2.1

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

Date	E Class					K Class					G Class					H Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	195%	300%	500%	0%	100%	195%	300%	500%	0%	100%	195%	300%	500%	0%	100%	195%	300%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
March 1998	100	100	100	100	100	98	91	85	78	66	100	100	100	100	100	100	100	100	100	100
March 1999	100	100	100	100	100	96	74	58	41	18	100	100	100	100	100	100	100	100	100	100
March 2000	100	100	100	100	0	94	57	32	12	0	100	100	100	100	64	100	100	100	100	100
March 2001	100	100	100	0	0	91	41	13	0	0	100	100	100	95	0	100	100	100	100	56
March 2002	100	100	51	0	0	89	29	3	0	0	100	100	100	33	0	100	100	100	100	0
March 2003	100	100	0	0	0	86	18	0	0	0	100	100	83	0	0	100	100	100	81	0
March 2004	100	100	0	0	0	83	11	0	0	0	100	100	48	0	0	100	100	100	29	0
March 2005	100	88	0	0	0	80	5	0	0	0	100	100	20	0	0	100	100	100	0	0
March 2006	100	42	0	0	0	76	3	0	0	0	100	100	0	0	0	100	100	96	0	0
March 2007	100	2	0	0	0	72	*	0	0	0	100	100	0	0	0	100	100	69	0	0
March 2008	100	0	0	0	0	69	0	0	0	0	100	82	0	0	0	100	100	46	0	0
March 2009	100	0	0	0	0	65	0	0	0	0	100	65	0	0	0	100	100	25	0	0
March 2010	100	0	0	0	0	61	0	0	0	0	100	48	0	0	0	100	100	7	0	0
March 2011	100	0	0	0	0	56	0	0	0	0	100	33	0	0	0	100	100	0	0	0
March 2012	100	0	0	0	0	51	0	0	0	0	100	18	0	0	0	100	100	0	0	0
March 2013	100	0	0	0	0	46	0	0	0	0	100	4	0	0	0	100	100	0	0	0
March 2014	100	0	0	0	0	40	0	0	0	0	100	0	0	0	0	100	86	0	0	0
March 2015	100	0	0	0	0	35	0	0	0	0	100	0	0	0	0	100	66	0	0	0
March 2016	100	0	0	0	0	29	0	0	0	0	100	0	0	0	0	100	47	0	0	0
March 2017	100	0	0	0	0	22	0	0	0	0	100	0	0	0	0	100	29	0	0	0
March 2018	100	0	0	0	0	17	0	0	0	0	100	0	0	0	0	100	13	0	0	0
March 2019	100	0	0	0	0	11	0	0	0	0	100	0	0	0	0	100	0	0	0	0
March 2020	83	0	0	0	0	5	0	0	0	0	100	0	0	0	0	100	0	0	0	0
March 2021	25	0	0	0	0	2	0	0	0	0	100	0	0	0	0	100	0	0	0	0
March 2022	0	0	0	0	0	0	0	0	0	0	81	0	0	0	0	100	0	0	0	0
March 2023	0	0	0	0	0	0	0	0	0	0	47	0	0	0	0	100	0	0	0	0
March 2024	0	0	0	0	0	0	0	0	0	0	9	0	0	0	0	100	0	0	0	0
March 2025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	49	0	0	0	0
March 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2027	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	23.6	8.9	5.0	3.6	2.5	14.3	3.8	2.4	1.8	1.3	25.9	13.0	7.0	4.8	3.2	28.0	18.9	10.9	6.6	4.1

Date	J Class					L Class					FA and SA† Classes					KB Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	195%	300%	500%	0%	100%	195%	300%	500%	0%	100%	195%	300%	500%	0%	100%	195%	300%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
March 1998	100	100	100	100	100	100	100	100	100	100	99	97	95	93	88	99	97	94	91	86
March 1999	100	100	100	100	100	100	100	100	100	100	99	92	86	79	67	99	91	84	77	65
March 2000	100	100	100	100	100	100	100	100	100	100	98	85	75	64	47	98	85	74	63	45
March 2001	100	100	100	100	100	100	100	100	100	100	97	79	65	52	32	98	79	65	51	31
March 2002	100	100	100	100	58	100	100	100	100	100	97	74	57	42	22	97	73	56	41	22
March 2003	100	100	100	100	7	100	98	96	94	90	96	68	50	34	15	96	68	49	33	15
March 2004	100	100	100	100	0	99	95	91	86	65	95	63	43	28	11	95	63	43	27	10
March 2005	100	100	100	93	0	99	90	83	76	45	94	59	38	22	7	94	58	37	22	7
March 2006	100	100	100	71	0	97	85	74	64	31	92	54	33	18	5	93	54	32	18	5
March 2007	100	100	100	57	0	96	78	64	51	21	91	50	28	14	3	92	50	28	14	3
March 2008	100	100	100	46	0	94	72	56	41	14	89	46	24	12	2	90	46	24	11	2
March 2009	100	100	100	37	0	93	66	48	33	10	88	42	21	9	2	89	42	21	9	2
March 2010	100	100	100	29	0	91	60	41	26	7	86	39	18	7	1	87	38	18	7	1
March 2011	100	100	92	23	0	88	55	35	21	5	84	35	16	6	1	85	35	15	6	1
March 2012	100	100	78	18	0	86	50	30	17	3	82	32	13	5	1	83	32	13	5	*
March 2013	100	100	67	15	0	83	45	26	13	2	79	29	11	4	*	80	29	11	4	*
March 2014	100	100	56	11	0	81	41	22	10	1	76	26	10	3	*	78	26	9	3	*
March 2015	100	100	47	9	0	77	37	18	8	1	73	23	8	2	*	75	23	8	2	*
March 2016	100	100	40	7	0	74	33	15	6	1	70	21	7	2	*	71	21	7	2	*
March 2017	100	100	33	5	0	70	29	13	5	*	66	18	6	1	*	68	18	5	1	*
March 2018	100	100	27	4	0	66	25	10	4	*	62	16	5	1	*	64	16	5	1	*
March 2019	100	97	22	3	0	61	22	8	3	*	58	14	4	1	*	59	14	4	1	*
March 2020	100	82	17	2	0	56	18	7	2	*	53	12	3	1	*	54	12	3	1	*
March 2021	100	68	14	2	0	50	15	5	1	*	47	10	2	*	*	49	10	2	*	*
March 2022	100	55	10	1	0	43	12	4	1	*	41	8	2	*	*	43	8	2	*	*
March 2023	100	42	7	1	0	36	9	3	1	*	35	6	1	*	*	36	6	1	*	*
March 2024	100	30	5	*	0	29	7	2	*	*	27	4	1	*	*	28	4	1	*	*
March 2025	100	18	3	*	0	20	4	1	*	*	19	3	*	*	*	20	2	*	*	*
March 2026	77	7	1	*	0	10	2	*	*	*	10	1	*	*	*	10	1	*	*	*
March 2027	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	29.4	25.5	18.7	11.9	5.2	22.5	16.0	13.0	11.1	8.5	21.6	11.6	7.7	5.5	3.6	21.8	11.5	7.6	5.4	3.5

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

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

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

Characteristics of the R Class

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

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

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

CERTAIN ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES

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

REMIC Election and Special Tax Attributes

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

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

Taxation of Beneficial Owners of Regular Certificates

The Notional Class will be, and certain other Classes of Certificates may be, issued with original issue discount for federal income tax purposes, which generally will result in recognition of some taxable income in advance of the receipt of the cash attributable to such income. The Prepayment Assumption that will be used in determining the rate of accrual of original issue discount will be 195% PSA. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular

Certificates—*Original Issue Discount*” in the REMIC Prospectus. No representation is made as to whether the Mortgage Loans underlying the MBS will prepay at that rate or any other rate. See “Description of the Certificates—Weighted Average Lives of the Certificates” herein and “Description of the Certificates—Weighted Average Life and Final Distribution Dates” in the REMIC Prospectus. In addition, certain Classes of Certificates may be treated as having been issued at a premium for federal income tax purposes. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Certificates Purchased at a Premium*” in the REMIC Prospectus.

Taxation of Beneficial Owners of Residual Certificates

Under the Regulations, the R Class will not 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 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 February 20, 1997. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*” and “—Foreign Investors—*Residual Certificates*” in the REMIC Prospectus. The federal income tax consequences of any consideration paid to a transferee on the transfer of an R Certificate are unclear; any transferee receiving such consideration should consult its own tax advisors.

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 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 Certificates in addition to those contemplated as of the date hereof. In such event, the MBS in the related MBS Group 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.” The proportion that the original principal balance of each Group 1, Group 2 and Group 3 Class bears to the aggregate original principal balance of all the Group 1, Group 2 and Group 3 Classes, respectively, will remain the same.

LEGAL MATTERS

Certain legal matters will be passed upon for the Dealer by Stroock & Stroock & Lavan LLP, 180 Maiden Lane, New York, New York 10038-4982.

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.

\$357,279,450



FannieMae

**Guaranteed REMIC
Pass-Through Certificates
Fannie Mae REMIC Trust 1997-12**

TABLE OF CONTENTS

	<u>Page</u>
Prospectus Supplement	
Table of Contents	S- 3
Reference Sheet	S- 4
Additional Risk Factors	S- 6
Description of the Certificates	S- 6
Certain Additional Federal Income Tax Consequences	S-18
Plan of Distribution	S-19
Legal Matters	S-19
REMIC Prospectus	
Prospectus Supplement	2
Summary of Prospectus	3
Risk Factors	8
Description of the Certificates	10
The Trust Agreement	23
Certain Federal Income Tax Consequences	25
Legal Investment Considerations.....	37
Legal Opinion	37
ERISA Considerations	37
Glossary	39

PROSPECTUS SUPPLEMENT

Bear, Stearns & Co. Inc.

January 28, 1997