

\$1,151,267,753



FannieMae

## Guaranteed REMIC Pass-Through Certificates Fannie Mae REMIC Trust 1997-59

The Guaranteed REMIC Pass-Through Certificates offered hereby (the “REMIC Certificates”) will represent beneficial ownership interests in one of three trust funds. The Certificates, other than the RL and RB Classes, will represent beneficial ownership interests in Fannie Mae REMIC Trust 1997-59 (the “Trust”). The assets of the Trust will consist of the “regular interests” in two separate trust funds (the “Lower Tier REMICs”). The assets of the first Lower Tier REMIC will consist of (i) certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates described herein (the “Trust MBS”) and (ii) certain previously issued REMIC Certificates specified herein (the “Underlying REMIC Certificates”) evidencing beneficial ownership interests in the related Fannie Mae REMIC Trusts (the “Underlying REMIC Trusts”) as further described in Exhibit A hereto. The assets of the second Lower Tier REMIC will include the A Class Guaranteed Grantor Trust Redeemable Certificate (the “Underlying Redeemable Certificate”) evidencing a beneficial ownership interest

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-10 hereof, “Risk Factors” beginning on page 8 of the REMIC Prospectus attached hereto and “Risk Factors” beginning on page 6 of the Trust 1997-R3 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, REDEMPTION, YIELD, LIQUIDITY AND OTHER RISKS ASSOCIATED WITH SUCH CERTIFICATES.

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

Class(1)	Group	Original Class Balance	Principal Type(2)	Interest Rate	Interest Type(2)	CUSIP Number	Final Distribution Date	Class(1)	Group	Original Class Balance	Principal Type(2)	Interest Rate	Interest Type(2)	CUSIP Number	Final Distribution Date								
K(3)	..	1	\$	3,200,000	RDM/SEQ	7.50%	FIX	31359QPK4	December 2000	F	..	2	\$	30,687,470	TAC/AD	(4)	FLT	31359QQR8	September 2027				
FA(3)	..	1		19,792,000	RDM/SEQ	(4)	FLT	31359QPL2	March 2025	S	..	2		30,687,470(5)	NTL	(4)	INV/IO	31359QQS6	September 2027				
SA(3)	..	1		19,792,000(5)	RDM/NTL	(4)	INV/IO	31359QPM0	March 2025	A	..	2		184,124,824	TAC/AD	7.25%	FIX	31359QQT4	September 2027				
M(3)	..	1		78,960,000	RDM/SEQ	7.20	FIX	31359QPN8	March 2025	B	..	2		45,000,000	TAC/AD	7.50	FIX	31359QQU1	September 2027				
MA(3)	..	1		10,000,000	RDM/SEQ	7.30	FIX	31359QPP3	March 2025	ZA	..	2		22,630,998	SUP	7.50	FIX/Z	31359QQV9	September 2027				
MB(3)	..	1		10,000,000	RDM/SEQ	7.10	FIX	31359QPQ1	March 2025	Z	..	2		24,999,361	SUP	7.50	FIX/Z	31359QQW7	September 2027				
N(3)	..	1		8,117,000	RDM/SEQ	7.50	FIX	31359QPR9	January 2027	U	..	3		73,464,000	SEQ	6.50	FIX	31359QQX5	December 2023				
NK(3)	..	1		1,000,000	RDM/SEQ	8.00	FIX	31359QPS7	January 2027	V	..	3		15,959,000	SEQ	6.50	FIX	31359QQY3	December 2025				
NL(3)	..	1		2,000,000	RDM/SEQ	7.25	FIX	31359QPT5	January 2027	Y	..	3		17,277,000	SEQ	6.50	FIX	31359QQZ0	September 2027				
NI(3)	..	1		1,050,000	RDM/SEQ	7.50	FIX	31359QPU2	February 2026	FY	..	4		17,400,975	SC/PT	(4)	FLT	31359QRA4	July 2023				
NJ(3)	..	1		1,050,000	RDM/SEQ	7.50	FIX	31359QPV0	January 2027	SY	..	4		17,400,975(5)	NTL	(4)	INV/IO	31359QRB2	July 2023				
NA(3)	..	1		2,000,000	RDM/SEQ	7.50	FIX	31359QPW8	June 2025	C	..	5		2,241,150	SC/PT	(7)	PO	31359QRC0	August 2023				
ND(3)	..	1		2,000,000	RDM/SEQ	7.50	FIX	31359QPX6	October 2025	SC	..	5		2,241,150(5)	NTL	(4)	INV/IO	31359QRD8	August 2023				
NG(3)	..	1		1,500,000	RDM/SEQ	7.50	FIX	31359QPY4	December 2025	H	..	6		21,968,749	SC/PT	8.00	FIX	31359QRE6	April 2023				
NB(3)	..	1		2,220,000	RDM/SEQ	7.50	FIX	31359QPZ1	April 2026	SH	..	6		18,443,539(5)	NTL	(4)	INV/IO	31359QRF3	April 2023				
NH(3)	..	1		1,500,000	RDM/SEQ	7.50	FIX	31359QQA5	July 2026	HA	..	6		23,513,251	SC/PT	(7)	PO	31359QRG1	April 2023				
NE(3)	..	1		1,000,000	RDM/SEQ	(6)	DRB	31359QQB3	October 2026	G	..	7		8,626,121	SC/PT	(7)	PO	31359QRH9	June 2023				
NF(3)	..	1		1,000,000	RDM/SEQ	7.50	FIX	31359QQC1	October 2026	SG	..	7		8,626,121(5)	NTL	(4)	INV/IO	31359QRJ5	June 2023				
NC(3)	..	1		2,000,000	RDM/SEQ	(6)	DRB	31359QQD9	January 2027	J	..	8		25,176,000(5)	NTL	8.00	FIX/IO	31359QRK2	July 2027				
O(3)	..	1		9,611,000	RDM/SEQ	7.50	FIX	31359QQE7	September 2027	JA	..	8		16,821,750(5)	NTL	8.00	FIX/IO	31359QRL0	July 2027				
OA(3)	..	1		2,000,000	RDM/SEQ	(6)	DRB	31359QQF4	September 2027	SE	..	9		6,227,009(5)	NTL	(4)	INV/IO	31359QRM8	August 2023				
PI	..	2		2,192,926(5)	NTL	7.50	FIX/IO	31359QQG2	May 2010	SF	..	9		7,725,133(5)	NTL	(4)	INV/IO	31359QRN6	August 2023				
PA	..	2		13,157,556	PAC	6.25	FIX	31359QQH0	May 2010	E	..	9		4,675,451	SC/PT	(7)	PO	31359QRP1	August 2023				
PB	..	2		412,008,803	PAC	7.50	FIX	31359QQJ6	September 2027	FM	..	10		11,056,149	SC/PT	(4)	FLT	31359QRQ9	September 2023				
PC	..	2		12,143,000	PAC	6.50	FIX	31359QQK3	April 2017	SM	..	10		4,252,365(5)	NTL	(4)	INV/IO	31359QRR7	September 2023				
PD	..	2		16,708,000	PAC	6.75	FIX	31359QQK1	July 2022	SW	..	10		1,380,120(5)	NTL	(4)	INV/IO	31359QRS5	September 2023				
PE	..	2		6,428,000	PAC	7.00	FIX	31359QQM9	December 2023	W	..	10		5,632,486	SC/PT	(7)	PO	31359QRT3	September 2023				
PF	..	2		11,789,000	PAC	7.00	FIX	31359QQN7	March 2026	R	..	0		0	NPR	0	NPR	31359QRU0	September 2027				
PG	..	2		4,504,332(5)	NTL	7.50	FIX/IO	31359QQP2	March 2026	RL	..	0		0	NPR	0	NPR	31359QRV8	September 2027				
PH	..	2		9,776,409	PAC	7.50	FIX	31359QQQ0	September 2027	RB	..	0		0	NPR	0	NPR	31359QRW6	September 2027				

- (1) The SN, HB, SU, SV, PK and MD Classes are RCR Classes. See “Description of the Certificates—Combination and Recombination” herein and Schedule 1 for a description of the RCR Classes.
- (2) See “Description of the Certificates—Class Definitions and Abbreviations” in the REMIC Prospectus and the Trust 1997-R3 Prospectus and “Description of the Certificates—Distributions of Interest” and “—Distributions of Principal” herein.
- (3) These Classes represent beneficial ownership interests in the Underlying Redeemable Certificate. See “Description of the Certificates—Effect of Redemption of the Underlying Redeemable Certificate on the Group 1 Classes” herein.
- (4) The FA, SA, F, S, FY, SY, SC, SG, SE, SF, FM and SM Classes will bear interest based on “LIBOR,” the SW Class will bear interest based on “COFI” and the SH Class will bear interest based on the “10-Year Treasury Index” 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.
- (5) These Classes will be Notional Classes, will not have principal balances and will bear interest on their respective notional principal balances. The notional principal balances of the Notional Classes initially will be as set forth above and thereafter will be calculated as specified herein. See “Description of the Certificates—Distributions of Interest—Notional Classes” herein.
- (6) The NE, NC and OA Classes will each bear interest during the initial twelve Interest Accrual Periods at a rate of 8.0% per annum; thereafter, such Classes will each bear interest at a rate of 7.5% per annum.
- (7) These Classes will be Principal Only Classes and will bear no interest.

The Certificates will be offered by PaineWebber Incorporated (the “Dealer”) from time to time in negotiated transactions, at varying prices to be determined at the time of sale.

The Certificates will be offered by the Dealer, subject to issuance by Fannie Mae and to prior sale or to withdrawal or modification of the offer without notice, when, as and if delivered to and accepted by the Dealer, subject to approval of certain legal matters by counsel. It is expected that the Group 1, Group 3, Group 4, Group 5, Group 7, Group 8 and Group 9 Classes and the PI, PA, PB, F, S, A, B, ZA and Z Classes will be available through the book-entry system of the Federal Reserve Banks and that the PC, PD, PE, PF, PG, PH, H, SH, HA, FM, SM, SW and W Classes and the RCR Certificates will be available through the book-entry facilities of The Depository Trust Company on or about August 29, 1997 (the “Settlement Date”). It is expected that the R, RL and RB Classes in registered, certificated form will be available for delivery at the offices of PaineWebber Incorporated, New York, New York, on or about the Settlement Date.

PaineWebber Incorporated

The date of this Prospectus Supplement is July 16, 1997

(Cover continued from previous page)

in Fannie Mae Grantor Trust 1997-R3 (the "Underlying Grantor Trust") as further described in the Trust 1997-R3 Prospectus (as defined herein), which is attached hereto. Under certain circumstances, the Underlying Redeemable Certificate is subject to redemption in full on any Distribution Date commencing with the Distribution Date in August 1998, as further described in the Trust 1997-R3 Prospectus. Upon such redemption, Holders of the Group 1 Classes will receive the unpaid principal balances of their Certificates plus interest through the 24th day of the month in which such redemption occurs, as described herein under "Description of the Certificates—Effect of Redemption of the Underlying Redeemable Certificate on the Group 1 Classes." The assets of the Underlying Grantor Trust and Underlying REMIC Trusts in each case evidence either (i) direct or indirect beneficial ownership interests in certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (together with the Trust MBS, the "MBS") or (ii) direct beneficial ownership interests in certain "fully modified pass-through" mortgage-backed securities (the "GNMA Certificates") guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("GNMA"). Each MBS represents a beneficial interest in a pool of first lien, single-family, fixed-rate residential mortgage loans having the characteristics described herein. Each GNMA Certificate is based on and backed by a pool of mortgage loans (together with the pools and mortgage loans underlying the MBS, the "Pools" and "Mortgage Loans," respectively) which are either insured or guaranteed by the Federal Housing Administration ("FHA"), the Department of Veterans Affairs ("VA") or the Rural Housing Service ("FmHA"). The Certificates (defined below) will be issued and guaranteed as to timely distribution of principal and interest by Fannie Mae.

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

The yields to investors in the Group 1 Classes (as described herein) will be sensitive to, among other things, whether and, if so, when a redemption of the Underlying Redeemable Certificate occurs, as well as to the rate of distributions on the Underlying Redeemable Certificate, which in turn will be sensitive to the rate of principal payments of the related Mortgage Loans and the actual characteristics of such Mortgage Loans. The yields to investors in the Group 2 and Group 3 Classes (as described herein) will be sensitive in varying degrees to, among other things, the rate of principal distributions on the Group 2 and Group 3 MBS, respectively, which in turn will be determined by the rate of principal payments of the related Mortgage Loans and the characteristics of such Mortgage Loans. The yields to investors in the Group 4, Group 5, Group 6, Group 7, Group 8, Group 9 and Group 10 Classes (as described herein) will be sensitive to, among other things, the rate of principal distributions (or notional balance reductions) on the related Underlying REMIC Certificates, which in turn will be sensitive to the rate of principal payments of the related Mortgage Loans, the characteristics of the Mortgage Loans included in the related Pools and the priority sequences affecting principal distributions for the Underlying REMIC Trusts. The yield to investors in each Class will also be sensitive to the purchase price paid for such Class and, in the case of the Floating Rate and Inverse Floating Rate Classes, fluctuations in the level of the applicable Index (as defined herein). Accordingly, investors should consider the following risks:

- The Mortgage Loans generally may be prepaid at any time without penalty, and, accordingly, the rate of principal payments thereon is likely to vary considerably from time to time.
- Slight variations in Mortgage Loan characteristics could substantially affect the weighted average lives and yields of some or all of the Classes.
- In the case of any Certificates purchased at a discount to their principal amounts (including any Principal Only Class), a slower than anticipated rate of principal payments is likely to result in a lower than anticipated yield.
- In the case of any Certificates purchased at a premium to their principal amounts, a faster than anticipated rate of principal payments (or, in the case of any such Group 1 Class, a redemption of the Underlying Redeemable Certificate) is likely to result in a lower than anticipated yield.
- In the case of any Interest Only Class, a faster than anticipated rate of principal payments is likely to result in a lower than anticipated yield and, in certain cases, an actual loss on the investment.
- The yield on any Floating Rate or Inverse Floating Rate Class will be sensitive to the level of the applicable Index. See "Description of the Certificates—Distributions of Interest—Floating Rate and Inverse Floating Rate Classes" herein.
- Under certain circumstances, the Underlying Redeemable Certificate is subject to redemption in full on any Distribution Date commencing with the Distribution Date in August 1998. Such a redemption is more likely to occur to the extent that prevailing mortgage interest rates have declined or the related MBS otherwise have a market value in excess of their aggregate principal balance. In addition, the Holder of any Group 1 Certificate may obtain the right to exercise (or otherwise seek to influence the exercise of) such redemption of the Underlying Redeemable Certificate, and such Holder's decision may depend, in part, on whether such Group 1 Certificate was purchased at a discount or at a premium. Upon any such redemption, Holders of the Group 1 Classes will receive the unpaid principal balance of their Certificates plus interest thereon to the date of redemption, as described herein under "Description of the Certificates—Effect of Redemption of the Underlying Redeemable Certificate on the Group 1 Classes."

See "Risk Factors—Yield Considerations" in the REMIC Prospectus, "Additional Risk Factors—Additional Yield and Prepayment Considerations" herein and "Risk Factors" in the Trust 1997-R3 Prospectus.

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

- The actual final payment of any Class will likely occur earlier, and could occur much earlier, than the Final Distribution Date for such Class specified on the cover page. See "Description of the Certificates—Weighted Average Lives of the Certificates" herein and "Description of the Certificates—Weighted Average Life and Final Distribution Dates" in the REMIC Prospectus.
- The rate of principal distributions of the Certificates is uncertain and investors may be unable to reinvest the distributions thereon at yields equaling the yields on the Certificates. See "Risk Factors—Suitability and Reinvestment Considerations" in the REMIC Prospectus.
- The existence of the redemption feature described herein may inhibit significantly the ability of the Group 1 Certificates to sell at a premium in the market.
- Investors whose investment activities are subject to legal investment laws and regulations or to review by regulatory authorities may be subject to restrictions on investment in certain Classes of the Certificates. Investors should consult their legal advisors to determine whether and to what extent the Certificates constitute legal investments or are subject to restrictions on investment. See "Legal Investment Considerations" in the REMIC Prospectus.
- The Dealer intends to make a market for the related Certificates but is not obligated to do so. There can be no assurance that such a secondary market will develop or, if developed, that it will continue. Thus, investors may not be able to sell their Certificates readily or at prices that will enable them to realize their anticipated yield. No investor should purchase Certificates unless such investor understands and is able to bear the risk that the value of the Certificates will fluctuate over time and that the Certificates may not be readily salable.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of this Prospectus Supplement, the REMIC Prospectus, the Trust 1997-R3 Prospectus, the Underlying Prospectus Supplements, the Mega Prospectus, the MBS Prospectus or the GNMA Prospectus (each as defined herein). Any representation to the contrary is a criminal offense.

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

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

- Fannie Mae's Prospectus for Guaranteed REMIC Pass-Through Certificates dated June 14, 1996 (the "REMIC Prospectus"), which is attached to this Prospectus Supplement;
- Fannie Mae's Prospectus for Guaranteed Mortgage Pass-Through Certificates dated January 1, 1997 (the "MBS Prospectus");
- Fannie Mae's Prospectus for Guaranteed REMIC Pass-Through Certificates (backed by GNMA Certificates) dated June 14, 1996 (the "GNMA Prospectus");
- Fannie Mae's Information Statement dated March 31, 1997 and any supplements thereto (collectively, the "Information Statement");
- Fannie Mae's Prospectus for Guaranteed Grantor Trust Redeemable/Redemption Certificates dated July 16, 1997 (the "Trust 1997-R3 Prospectus"), which is attached to this Prospectus Supplement;
- Fannie Mae's Prospectus for Guaranteed MBS Pass-Through Certificates dated October 1, 1996 (the "Mega Prospectus"); and
- The Prospectus Supplements for the Underlying REMIC Trusts (the "Underlying Prospectus Supplements").

The MBS Prospectus and the Information Statement are incorporated herein by reference and, together with the Underlying Prospectus Supplements, may be obtained from Fannie Mae by writing or calling its MBS Helpline at 3900 Wisconsin Avenue, N.W., Area 2H-3S, Washington, D.C. 20016 (telephone 1-800-BEST-MBS or 202-752-6547). Such documents, other than the Underlying Prospectus Supplements, may also be obtained from PaineWebber Incorporated by writing or calling its Prospectus Department at 1000 Harbor Boulevard, Weehawken, New Jersey 07087 (telephone 201-902-6858).

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## REFERENCE SHEET

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

### Assumed Characteristics of the Mortgage Loans Underlying the Underlying Redeemable Certificate and the Trust MBS (as of August 1, 1997)

Class Group	Approximate Principal Balance	Original Term to Maturity (in months)	Approximate Weighted Average Remaining Term to Maturity (in months)	Approximate Weighted Average Calculated Loan Age (in months)	Approximate Weighted Average Coupon
Group 1	\$ 80,000,000	360	356	4	8.10%
	80,000,000	360	354	5	8.10
Group 2	\$ 78,945,360	360	360	0	8.10%
	263,151,133	360	358	1	8.10
	263,151,133	360	357	2	8.10
	184,205,795	360	354	5	8.10
Group 3	\$ 26,675,000	360	334	21	7.15%
	26,675,000	360	332	23	7.15
	26,675,000	360	330	25	7.15
	26,675,000	360	328	27	7.15

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

### Characteristics of the Underlying REMIC Certificates

The table contained in Exhibit A hereto sets forth information with respect to the Underlying REMIC Certificates underlying the Group 4, Group 5, Group 6, Group 7, Group 8, Group 9 and Group 10 Classes, including certain information regarding the underlying Mortgage Loans. Certain additional information as to the Underlying REMIC Certificates may be obtained by performing an analysis of current Fannie Mae principal factors in the context of applicable information contained in the Underlying Prospectus Supplements, which may be obtained from Fannie Mae as described herein.

See “Description of the Certificates—The Underlying REMIC Certificates” herein.

### Combination and Recombination

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

### Interest Rates

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

The Descending Rate Classes will bear interest at the following per annum interest rates:

<u>Class</u>	<u>Initial 12 Interest Accrual Periods</u>	<u>Thereafter</u>
NC	8.00%	7.50%
NE	8.00%	7.50%
OA	8.00%	7.50%

See “Description of the Certificates—Distributions of Interest—*Descending Rate Classes*” herein.

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

<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 .....	6.17500%	9.00000%	0.55%	LIBOR + 55 basis points
SA .....	2.82500%	8.45000%	0.00%	8.45% – LIBOR
F .....	6.13750%	9.00000%	0.45%	LIBOR + 45 basis points
S .....	2.86250%	8.55000%	0.00%	8.55% – LIBOR
FY .....	6.15625%(1)	9.50000%	0.50%	LIBOR + 50 basis points
SY .....	0.40000%(1)	0.40000%	0.00%	9.00% – LIBOR
SC .....	12.50000%(1)	12.50000%	0.00%	68.95161% – (8.0645161 × LIBOR)
SH .....	8.12497%(1)	20.58332%	0.00%	21.99166% – (2.16667 × 10-Year Treasury Index)
SN .....	8.12497%(1)	20.58332%	0.00%	21.99166% – (2.16667 × 10-Year Treasury Index)
SG .....	10.62518%(1)	10.62518%	0.00%	53.124275% – (6.0713 × LIBOR)
SF .....	5.82357%(1)	30.33680%	0.00%	30.3368% – (4.33383 × LIBOR)
SE .....	12.50000%(1)	12.50000%	0.00%	67.87974% – (7.9113924 × LIBOR)
FM .....	6.18280%	9.00000%	0.55%	LIBOR + 55 basis points
SM .....	7.32472%	21.97000%	0.00%	21.97% – (2.6 × LIBOR)
SV .....	7.32472%	21.97000%	0.00%	21.97% – (2.6 × LIBOR)
SW .....	7.87799%	18.41666%	0.00%	18.41666% – (2.166667 × COFI)
SU .....	7.87799%	18.41666%	0.00%	18.41666% – (2.166667 × COFI)

(1) The initial interest rates for these Classes are assumed rates. The actual initial interest rate for these Classes will be calculated on the basis of the applicable formulas for the calculation of such interest rates on the Index Determination Date occurring on August 21, 1997.

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

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



## Notional Classes

The notional principal balances of the Notional Classes will be equal to the indicated percentages of the outstanding balances specified below immediately prior to the related Distribution Date:

### Classes

SA .....	100% of FA Class
PI .....	16.6666666666% of PA Class
PG .....	13.3333278432% of PC Class
	10.0000000000% of PD Class
	6.6666614810% of PE Class
	6.6666638392% of PF Class
S .....	100% of F Class
SY .....	100% of FY Class
SC .....	100% of C Class
SH .....	78.4389151462% of HA Class
SG .....	100% of G Class
J and JA(1) .....	100% of Class 1997-48-PD REMIC Certificate
SE .....	133.1852050209% of E Class
SF .....	165.2275470324% of E Class
SM .....	38.4615384615% of FM Class
SW .....	24.5028571753% of W Class

- (1) In the aggregate. On each Distribution Date, reductions in the notional principal balances of the J and JA Classes will be made in the following order of priority:
- (i) to the J Class, until the notional principal balance thereof is reduced to zero; and
  - (ii) to the JA Class, until the notional principal balance thereof is reduced to zero.

See “Description of the Certificates—Distributions of Interest—*Notional Classes*” and “—Yield Tables—*The Interest Only Classes (other than the SA Class) and the SN, SU and SV Classes*” and “—*The Group 1 Classes*” herein.

## Distributions of Principal

### *Group 1 Principal Distribution Amount*

1. To the K Class, to zero.
2. To the FA, M, MA and MB Classes, in proportion to their original principal balances, to zero.
3. 49.9943261338% of the remaining amount in the following order:
  - a. to the N, NK, NL and NI Classes, in the proportions of 61.4133313157%, 7.5660134675%, 15.1320269350% and 15.8886282818%, respectively, until the NI Class is reduced to zero; and
  - b. to the N, NK, NL and NJ Classes, in the proportions of 61.4133313157%, 7.5660134675%, 15.1320269350% and 15.8886282818%, respectively, to zero.
- 50.0056738662% of such remaining amount in the following order:
  - a. To the NA, ND, NG, NB and NH Classes, in that order, to zero.
  - b. To the NF and NE Classes, in proportion to their original principal balances, to zero.
  - c. To the NC Class, to zero.
4. To the O and OA Classes, in proportion to their original principal balances, to zero.

### *Group 2 Principal Distribution Amount*

#### *ZA Accrual Amount*

To the Segment II Group, until the Segment II Balance is reduced to its Targeted Balance, and then to the ZA Class.

*Z Accrual Amount*

To the Segment III Group, until the Segment III Balance is reduced to its Targeted Balance, and then to the Z Class.

*Group 2 Cash Flow Distribution Amount*

1. To the Segment I Group, until the Segment I Balance is reduced to its Planned Balance.
2. To the PA Class, to its Planned Balance.
3. a. 87.8758623072% of the remaining amount to the PB Class, to its Planned Balance.  
b. 12.1241376928% of such remaining amount to the PC, PD, PE, PF and PH Classes, in that order, to their Planned Balances.
4. To the Segment III Group, until the Segment III Balance is reduced to its Targeted Balance.
5. To the Z Class, to zero.
6. To the Segment III Group, until the Segment III Balance is reduced to zero.
7. To the Segment I Group, until the Segment I Balance is reduced to zero.
8. To the PA Class, to zero.
  - a. 87.8758623072% of the remaining amount to the PB Class, to zero.
  - b. 12.1241376928% of such remaining amount to the PC, PD, PE, PF and PH Classes, in that order, to zero.

For a description of the “Segment I Group”, “Segment II Group”, “Segment III Group”, “Segment I Balance”, “Segment II Balance” and “Segment III Balance” see “Description of the Certificates—Distribution of Principal” herein.

*Group 3 Principal Distribution Amount*

To the U, V and Y Classes, in that order, to zero.

*Group 4 Principal Distribution Amount*

To the FY Class, to zero.

*Group 5 Principal Distribution Amount*

To the C Class, to zero.

*Group 6 Principal Distribution Amount*

To the H and HA Classes, in proportion to their original principal balances, to zero.

*Group 7 Principal Distribution Amount*

To the G Class, to zero.

*Group 9 Principal Distribution Amount*

To the E Class, to zero.

*Group 10 Principal Distribution Amount*

To the FM and W Classes, in proportion to their original principal balances, to zero.

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

### Effect of Redemption of the Underlying Redeemable Certificate on the Group 1 Classes

Under certain circumstances, the Underlying Redeemable Certificate is subject to redemption in full on any Distribution Date commencing with the Distribution Date in August 1998, as further described in the Trust 1997-R3 Prospectus. Upon such redemption, Holders of the Group 1 Classes will receive the unpaid principal balances of their Certificates plus interest through the 24th day of the month in which such redemption occurs, as described herein under “Description of the Certificates—Effect of Redemption of the Underlying Redeemable Certificate on the Group 1 Classes.”

### Weighted Average Lives (years) \*

<u>Group 1 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>200%</u>	<u>300%</u>	<u>500%</u>
K .....	1.7	0.4	0.3	0.2	0.2
FA, SA, M, MA and MB .....	19.8	8.1	4.9	3.6	2.4
N, NK and NL .....	28.4	21.3	14.0	9.9	6.1
NI .....	28.0	19.4	12.2	8.6	5.4
NJ .....	28.9	23.1	15.7	11.2	6.9
NA .....	27.6	18.3	11.3	8.0	5.0
ND .....	27.9	19.3	12.1	8.5	5.3
NG .....	28.2	20.2	12.8	9.0	5.6
NB .....	28.4	21.2	13.7	9.7	6.0
NH .....	28.7	22.2	14.7	10.4	6.5
NE and NF .....	28.9	23.3	15.8	11.3	6.9
NC .....	29.2	24.6	17.3	12.4	7.6
O and OA .....	29.7	27.4	22.4	17.1	10.7

<u>Group 2 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>194%</u>	<u>260%</u>	<u>500%</u>
PI and PA .....	9.6	2.2	2.2	2.2	2.2
PB .....	20.4	8.7	8.7	8.7	5.2
PC .....	13.6	3.3	3.3	3.3	2.8
PD .....	19.1	6.0	6.0	6.0	3.8
PE .....	22.1	8.4	8.4	8.4	4.8
PF .....	23.9	11.0	11.0	11.0	6.1
PG .....	18.3	6.1	6.1	6.1	3.9
PH .....	25.8	17.7	17.7	17.7	9.9
F, S, A and B .....	11.9	9.3	4.5	3.2	1.7
ZA .....	25.8	18.9	1.1	1.1	0.8
Z .....	28.7	25.1	19.9	1.3	0.5
PK .....	20.4	8.7	8.7	8.7	5.2

<u>Group 3 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>145%</u>	<u>300%</u>	<u>500%</u>
U .....	17.8	6.0	4.5	2.3	1.3
V .....	27.2	16.3	12.9	6.9	4.0
Y .....	29.1	23.0	20.4	12.7	7.6



<u>Group 4 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>185%</u>	<u>300%</u>	<u>500%</u>
FY and SY .....	23.6	15.7	10.6	3.1	1.2
<u>Group 5 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>145%</u>	<u>300%</u>	<u>500%</u>
C and SC .....	24.5	17.5	13.1	2.0	0.7
<u>Group 6 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>175%</u>	<u>300%</u>	<u>500%</u>
H, SH, HA, SN and HB Classes .....	23.3	16.9	13.0	8.5	5.1
<u>Group 7 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>145%</u>	<u>300%</u>	<u>500%</u>
G and SG .....	24.6	18.4	14.4	2.3	0.8
<u>Group 8 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>285%</u>	<u>300%</u>	<u>500%</u>
J .....	21.0	7.3	7.3	7.3	4.7
JA .....	24.7	14.2	14.2	14.1	8.8
<u>Group 9 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>145%</u>	<u>300%</u>	<u>500%</u>
SE, SF and E .....	24.8	18.7	14.9	2.3	0.8
<u>Group 10 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>140%</u>	<u>300%</u>	<u>500%</u>
FM, SM, SW, W, SU, SV and MD .....	22.5	11.4	6.8	1.2	0.8

\* Determined as specified under “Description of the Certificates—Weighted Average Lives of the Certificates” and “Decrement Tables” herein, and subject to the assumptions and qualifications in those sections, including the assumption that no redemption of the Underlying Redeemable Certificate occurs.

## ADDITIONAL RISK FACTORS

### Additional Yield and Prepayment Considerations

The yields to investors in the Group 1 Classes will be sensitive to, among other things, whether and, if so, when a redemption of the Underlying Redeemable Certificate occurs, as well as to the rate of distributions on the Underlying Redeemable Certificate, which in turn will be sensitive to the rate of principal payments of the related Mortgage Loans and the actual characteristics of such Mortgage Loans. The yields to investors in the Group 2 and Group 3 Classes will be sensitive in varying degrees to, among other things, the rate of principal distributions on the Group 2 and Group 3 MBS, respectively, which in turn will be determined by the rate of principal payments of the related Mortgage Loans and the characteristics of such 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 Underlying Redeemable Certificate or Trust MBS will prepay at a constant PSA rate until maturity or that all such Mortgage Loans will prepay at the same rate.

The rate of principal distributions on certain of the Group 4, Group 5, Group 6, Group 7, Group 8, Group 9 and Group 10 Classes will be directly related to the rate of principal distributions on the related Underlying REMIC Certificates, which in turn will be sensitive to the amortization (including prepayments) of the related Mortgage Loans and the priority sequences affecting principal distributions for the Underlying REMIC Trusts. As described in the Underlying Prospectus Supplements, certain of the Underlying REMIC Certificates are subordinate in priority of principal distributions to certain other classes of certificates evidencing beneficial ownership interests in the Underlying REMIC Trusts and, accordingly, there is no assurance that principal distributions will be made on such Underlying REMIC Certificates on any particular Distribution Date. Further, certain of the Underlying REMIC Certificates are Support classes that are entitled to receive principal distributions on any Distribution Date only if scheduled payments have been made on other specified classes of certificates evidencing beneficial ownership interests in the related Underlying REMIC Trusts. Accordingly, such Underlying REMIC Certificates may receive no principal distributions for extended periods of time or may receive principal payments that vary widely from period to period. In addition, certain of the Underlying REMIC Certificates have Principal Balance Schedules and, as a result, may receive distributions of principal during certain periods at a rate faster or slower than would otherwise have been the case (and, in one case, may receive no distributions of principal for an extended period). Further, prepayments on the related Mortgage Loans may have occurred at a rate faster or slower than that initially assumed. This Prospectus Supplement contains no information as to whether such Underlying REMIC Certificates have adhered to their Principal Balance Schedules, whether any related Support classes remain outstanding or whether such Underlying REMIC Certificates otherwise have performed as originally anticipated. Moreover, certain of the Underlying REMIC Certificates have notional principal balances that are based on the principal balances of other classes in the related Underlying REMIC Trusts which themselves either are Support classes or have Principal Balance Schedules. Additional information as to the Underlying REMIC Certificates may be obtained by performing an analysis of current Fannie Mae principal factors in the context of applicable information contained in the related Underlying Prospectus Supplements, which may be obtained from Fannie Mae as described herein.

Investors must make their own decisions as to the appropriate assumptions, including prepayment assumptions and, in the case of the Group 1 Classes, the likelihood and timing of an early redemption of the Underlying Redeemable Certificate, 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 or 25th day, as applicable, following the end of the related Interest Accrual Period and will not bear interest during such delay (except, in the case of the Group 1 Classes, upon a redemption of the Underlying Redeemable Certificate). No interest at all will be paid on any Class after its principal balance has been reduced to zero. As a result of the foregoing, the market values of the Delay Classes will be lower than would have been the case if there were no such delay.

### **Redemption Risk**

The Group 1 Classes will be affected by an early redemption of the Underlying Redeemable Certificate as described in the Trust 1997-R3 Prospectus under “Description of the Certificates—Redemption and Exchange.” There will be no reimbursement to investors for any premium paid by investors or for any losses in investors’ yield if such investors receive early distributions of principal (including early distributions received as a result of any early redemption of the Underlying Redeemable Certificate). Moreover, at any time beginning in August 1998, the Underlying Redeemable Certificate is more likely to be redeemed to the extent that prevailing mortgage interest rates have declined or the related MBS otherwise have a market value in excess of their aggregate principal balance. In addition, the Holder of any Group 1 Certificate may obtain the right to exercise (or otherwise seek to influence the exercise of) such redemption of the Underlying Redeemable Certificate, and such Holder’s decision may depend, in part, on whether such Group 1 Certificate was purchased at a discount or at a premium. Finally, the existence of the redemption feature may inhibit significantly the ability of the Group 1 Certificates to sell at a premium in the market.

## **DESCRIPTION OF THE CERTIFICATES**

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

### **General**

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

The REMIC Certificates (other than the R, RL and RB Classes) will be designated as the “regular interests,” and the R Class will be designated as the “residual interest,” in the REMIC constituted by the Trust. The interests in the Lower Tier REMICs other than the RL and RB Classes (the “Lower Tier Regular Interests”) will be designated as the “regular interests,” and the RL and RB Classes will be designated as the “residual interests,” in the respective Lower Tier REMICs.

The assets of the first Lower Tier REMIC will consist of the Trust MBS and the Underlying REMIC Certificates (evidencing beneficial ownership interests in the related Underlying REMIC Trusts), and the assets of the second Lower Tier REMIC will consist of the Underlying Redeemable

Certificate (evidencing a beneficial ownership interest in the Underlying Grantor Trust). The assets of the Trust will consist of the Lower Tier Regular Interests of both Lower Tier REMICs.

*Fannie Mae Guaranty.* Fannie Mae guarantees to each holder of an MBS the timely payment of scheduled installments of principal of and interest on the underlying Mortgage Loans, whether or not received, together with the full principal balance of any foreclosed Mortgage Loan, whether or not such balance is actually recovered. The guaranty obligations of Fannie Mae with respect to the Underlying Redeemable Certificate and the Underlying REMIC Certificates are described in the Trust 1997-R3 Prospectus and the Underlying Prospectus Supplements, respectively. In addition, Fannie Mae will be obligated to distribute on a timely basis to the Holders of Certificates required installments of principal and interest and to distribute the principal balance of each Class of Certificates in full no later than the applicable Final Distribution Date, whether or not sufficient funds are available in the Trust Account. The guaranties of Fannie Mae are not backed by the full faith and credit of the United States. See “Description of the Certificates—Fannie Mae’s Guaranty” in the REMIC Prospectus, “Description of Certificates—The Corporation’s Guaranty” in the MBS Prospectus, “Description of the Certificates—General—*Fannie Mae Guaranty*” in the Trust 1997-R3 Prospectus and “Description of the Certificates—General—*Fannie Mae Guaranty*” in the Underlying Prospectus Supplements.

*Characteristics of Certificates.* The Group 1, Group 3, Group 4, Group 5, Group 7, Group 8 and Group 9 Classes and the PI, PA, PB, F, S, A, B, ZA and Z Classes will be issued and maintained and may be transferred by Holders only on the book-entry system of the Federal Reserve Banks. Such entities whose names appear on the book-entry records of a Federal Reserve Bank as the entities for whose accounts such Certificates have been deposited are herein referred to as “Holders” or “Certificateholders.”

The PC, PD, PE, PF, PG, PH, H, SH, HA, FM, SM, SW and W Classes and the RCR Certificates will be represented by one or more certificates (the “DTC Certificates”) to be registered at all times in the name of the nominee of the Depository (as defined herein), which Depository will maintain such Certificates through its book-entry facilities. When used herein with respect to any DTC Certificate, the terms “Holders” and “Certificateholders” refer to the nominee of the Depository.

A Holder is not necessarily the beneficial owner of a book-entry Certificate. Beneficial owners will ordinarily hold book-entry Certificates through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. See “Description of the Certificates—Denominations, Certificate Form” in the REMIC Prospectus.

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

The distribution to the Holders of the R, RL and RB Certificates of the proceeds of any remaining assets of the Trust, the first Lower Tier REMIC and second Lower Tier REMIC, respectively, will be made only upon presentation and surrender of the related Certificate at the office of the Paying Agent. The Paying Agent initially will be State Street.

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

*Distribution Dates.* Distributions on the Group 1, Group 4, Group 5, Group 6, Group 7, Group 9 and Group 10 Classes will be made on the 25th day of each month (or, if such 25th day is not a

business day, on the first business day next succeeding such 25th day) and distributions on the Group 2, Group 3 and Group 8 Classes will be made on the 18th day of each month (or, if such 18th day is not a business day, on the first business day next succeeding such 18th day) (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 and any interest to be added as principal to the principal balances of the Accrual Classes on such Distribution Date.

*Redemption.* A redemption of the Underlying Redeemable Certificate may be effected as described in the Trust 1997-R3 Prospectus under “Description of the Certificates—Redemption and Exchange.”

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

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

## **Combination and Recombination**

*General.* Subject to the rules, regulations and procedures of the Depository, all or a portion of the PC, PD, PE, PF, PG, PH, H, SH, HA, FM, SM, SW and W Classes of REMIC Certificates may be exchanged for a proportionate interest in the related RCR Classes as reflected on Schedule 1 hereto. Similarly, all or a portion of the related RCR Classes may be exchanged, as reflected on Schedule 1, for the related Classes of REMIC Certificates. This process may occur repeatedly.

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

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



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

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

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

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

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

## **Book-Entry Procedures**

*General.* The Group 1, Group 3, Group 4, Group 5, Group 7, Group 8 and Group 9 Classes and the PI, PA, PB, F, S, A, B, ZA and Z Classes will be issued and maintained only on the book-entry system of the Federal Reserve Banks. Such Certificates may be held of record only by entities eligible to maintain book-entry accounts with the Federal Reserve Banks. Beneficial owners ordinarily will hold such Certificates through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. A Holder that is not the beneficial owner of such a Certificate, and each other financial intermediary in the chain to the beneficial owner, will have the responsibility of establishing and maintaining accounts for their respective customers. The rights of the beneficial owner of such a Certificate with respect to Fannie Mae and the Federal Reserve Banks may be exercised only through the Holder of such Certificate. Fannie Mae and the Federal Reserve Banks will have no direct obligation to a beneficial owner of such a Certificate that is not also the Holder of the Certificate. The Federal Reserve Banks will act only upon the instructions of the Holder in recording transfers of such a Certificate. See "Description of the Certificates—Denominations, Certificate Form" in the REMIC Prospectus.

The DTC Certificates will 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.* Fannie Mae’s fiscal agent for the Group 1, Group 3, Group 4, Group 5, Group 7, Group 8 and Group 9 Classes and the PI, PA, PB, F, S, A, B, ZA and Z Classes is the Federal Reserve Bank of New York. The Federal Reserve Banks will make distributions on such Certificates on behalf of Fannie Mae on the applicable Distribution Dates by crediting Holders’ accounts at the Federal Reserve Banks.

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 Underlying Redeemable Certificate**

The Underlying Redeemable Certificate, which has the characteristics set forth in the Trust 1997-R3 Prospectus attached hereto, represents beneficial ownership interests in the Underlying Grantor Trust, the assets of which evidence indirect beneficial ownership interest in certain MBS. The Underlying Redeemable Certificate provides that principal and interest payments thereon will be passed through monthly, commencing in the month following the initial issuance thereof.

The MBS underlying the Underlying Grantor Trust have the aggregate unpaid principal balance and Pass-Through Rate set forth below and the general characteristics described in the MBS Prospectus. Such MBS are held in the form of a Mega Certificate, the general characteristics of which are described in the Mega Prospectus. Each MBS evidences beneficial ownership interests in a Pool of conventional Level Payment Mortgage Loans secured by first-mortgages or deeds of trust on single-family residential properties and have original maturities of up to 30 years, as described under “The Mortgage Pools” and “Yield Considerations” in the MBS Prospectus.

The characteristics of the MBS underlying the Underlying Grantor Trust and the related Mortgage Loans as of August 1, 1997 (the “Issue Date”) are expected to be as follows:

**MBS (Mega Certificate CL-313711)**

Aggregate Unpaid Principal Balance .....	\$160,000,000
MBS Pass-Through Rate .....	7.50%

**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 .....	355 months
Approximate Weighted Average CAGE .....	5 months

**The Trust MBS**

The Trust 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 Trust MBS will provide that principal and interest on the related Mortgage Loans will be passed through monthly, commencing in the month following the month of the initial issuance thereof. The Mortgage Loans underlying the Group 2 and Group 3 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. See “The Mortgage Pools” and “Yield Considerations” in the MBS Prospectus. The characteristics of the Trust MBS and the related Mortgage Loans as of the Issue Date are expected to be as follows:

**Group 2 MBS**

Aggregate Unpaid Principal Balance .....	\$789,453,421
MBS Pass-Through Rate .....	7.50%

**Related 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 .....	357 months
Approximate Weighted Average CAGE .....	2 months

**Group 3 MBS**

Aggregate Unpaid Principal Balance .....	\$106,700,000
MBS Pass-Through Rate .....	6.50%

**Related Mortgage Loans**

Range of WACs (per annum percentages) .....	6.75% to 9.00%
Range of WAMs .....	241 months to 360 months
Approximate Weighted Average WAM .....	331 months
Approximate Weighted Average CAGE .....	24 months

**The Underlying REMIC Certificates**

The Underlying REMIC Certificates underlying the Group 4 through Group 10 Classes represent beneficial ownership interests in the related Underlying REMIC Trusts, the assets of which evidence direct or indirect beneficial ownership interests in certain MBS having the general characteristics set forth in the MBS Prospectus and direct beneficial ownership interests in certain GNMA Certificates having the general characteristics set forth in the GNMA Prospectus.

The Underlying REMIC Certificates provide that distributions thereon will be passed through monthly, commencing in the month following the initial issuance thereof. The general characteristics of the Underlying REMIC Certificates are described in the related Underlying Prospectus Supplements. Each MBS evidences beneficial ownership interests in a Pool of conventional Level Payment Mortgage Loans secured by first mortgages or deeds of trust on single-family residential properties, as described under “The Mortgage Pools” and “Yield Considerations” in the MBS Prospectus. Each GNMA Certificate is based on and backed by a pool of mortgage loans that are either insured or guaranteed by the FHA, the VA or the FmHA.

The table contained in Exhibit A hereto sets forth certain information with respect to each of the Underlying REMIC Certificates, including the numerical designation of the Underlying REMIC Trust, the class designation, the date of issue, the CUSIP number, the interest rate, the interest type, the final distribution date, the principal type, the original principal balance or notional principal balance of the entire class, the current principal factor for such class and the principal balance or notional principal balance of such class contained in the related Lower Tier REMIC as of the Issue Date. The table also sets forth the approximate weighted average WAC, approximate weighted average WAM or WARM and approximate weighted average CAGE or WALA of the Mortgage Loans underlying the related MBS or GNMA Certificates as of the Issue Date, the underlying security type and the related Class Group.

To request further information regarding the Underlying REMIC Certificates, telephone Fannie Mae at 1-800-BEST-MBS or 202-752-8547. Other data specific to the Certificates is available in electronic form by calling Fannie Mae at 1-800-752-6440 or 202-752-6000. It should be noted that there may have been material changes in facts and circumstances since the dates the Underlying Prospectus Supplements were prepared, including, but not limited to, changes in prepayment speeds and prevailing interest rates and other economic factors, which may limit the usefulness of the information set forth in such documents.

### **Final Data Statement**

Following the issuance of the Certificates, Fannie Mae will prepare a Final Data Statement setting forth, among other information, (a) the current principal balances of the Underlying Redeemable Certificate, the Trust MBS and the Underlying REMIC Certificates as of the Issue Date and (b) with respect to the Trust MBS and the MBS underlying the Underlying Grantor Trust, 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 such MBS, along with the weighted average of the current or original WACs and the weighted average of the current or Adjusted WAMs, based on the current unpaid principal balances of the Mortgage Loans underlying such 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>
<b>Group 1 Classes</b>	
Fixed Rate	K, M, MA, MB, N, NK, NL, NI, NJ, NA, ND, NG, NB, NH, NF and O
Descending Rate**	NC, NE and OA
Floating Rate	FA
Inverse Floating Rate	SA
Interest Only	SA
<b>Group 2 Classes</b>	
Fixed Rate	PI, PA, PB, PC, PD, PE, PF, PG, PH, A, B, ZA and Z
Accrual	ZA and Z
Floating Rate	F
Inverse Floating Rate	S
Interest Only	PI, PG and S
RCR***	PK
<b>Group 3 Classes</b>	
Fixed Rate	U, V and Y
<b>Group 4 Classes</b>	
Floating Rate	FY
Inverse Floating Rate	SY
Interest Only	SY
<b>Group 5 Classes</b>	
Inverse Floating Rate	SC
Interest Only	SC
Principal Only	C
<b>Group 6 Classes</b>	
Fixed Rate	H
Inverse Floating Rate	SH
Interest Only	SH
Principal Only	HA
RCR***	SN and HB
<b>Group 7 Classes</b>	
Inverse Floating Rate	SG
Interest Only	SG
Principal Only	G
<b>Group 8 Classes</b>	
Fixed Rate	J and JA
Interest Only	J and JA
<b>Group 9 Classes</b>	
Inverse Floating Rate	SE and SF
Interest Only	SE and SF
Principal Only	E
<b>Group 10 Classes</b>	
Floating Rate	FM
Inverse Floating Rate	SM and SW
Interest Only	SM and SW
Principal Only	W
RCR***	SU, SV and MD
<b>No Payment Residual</b>	R, RL and RB

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

\*\* A Descending Rate Class (“DRB”) is a Class that has a predetermined interest rate that decreases one or more times on dates determined before issuance.

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



*General.* The interest-bearing Certificates will bear interest at the applicable per annum interest rates set forth on the cover or described herein. Interest on the interest-bearing Certificates is calculated on the basis of a 360-day year consisting of twelve 30-day months and is distributable monthly on each Distribution Date, commencing (except with respect to the Accrual Classes) in the month after the Settlement Date. Interest to be distributed or, in the case of the Accrual Classes, added to principal on each interest-bearing Certificate on a Distribution Date will consist of one month's interest on the outstanding principal balance of such Certificate immediately prior to such Distribution Date. In addition, in the event the Underlying Redeemable Certificate is redeemed, the final distribution on certain of the Group 1 Classes will include an amount representing interest accrued to the date of redemption. See “—Effect of Redemption of the Underlying Redeemable Certificate on the Group 1 Classes” below.

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

*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, SA, F, S, FY, SY, SC, SE, SF, SH, SN, SG, FM, SM and SV Classes	One month period ending on the day preceding the Distribution Date
All Fixed Rate Classes and the PK, SW, HB, SU and MD 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.

*Accrual Classes.* The ZA and Z Classes are Accrual Classes. Interest will accrue on the Accrual Classes at the per annum rate set forth on the cover hereof; however, such interest will not be distributed thereon for so long as such respective Classes remain outstanding. Interest so accrued and unpaid on the Accrual Classes will be added as principal to the respective principal balances thereof on each Distribution Date. Distributions of principal of the Accrual Classes will be made as described herein.

*Notional Classes.* The Notional Classes will not have principal balances and will bear interest at the applicable per annum interest rates set forth on the cover or as described herein during each Interest Accrual Period on their respective notional principal balances. The notional principal balances of the Notional Classes will be calculated as specified herein under “Reference Sheet—Notional Classes.”

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

*Descending Rate Classes.* The NC, NE and OA Classes will bear interest at the following per annum interest rates:

<u>Class</u>	<u>Initial 12 Interest Accrual Periods</u>	<u>Thereafter</u>
NC	8.00%	7.50%
NE	8.00%	7.50%
OA	8.00%	7.50%

A \$25,000 initial cash deposit will be applied as necessary to the distributions of interest on the NE, NC and OA Classes through the twelfth Distribution Date. As of any Distribution Date, to the extent that the remaining portion of the cash deposit exceeds the amount necessary to distribute interest on the NE, NC and OA Classes on subsequent Distribution Dates, such excess will be paid to the Holder of the RB Class.

*Floating Rate and Inverse Floating Rate Classes.* The Floating Rate and Inverse Floating Rate Classes will bear interest during each Interest Accrual Period, subject to the applicable maximum and minimum interest rates, at rates determined as described herein under “Reference Sheet—Interest Rates.”

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

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

### **Calculation of LIBOR**

On each Index Determination Date, until the principal balances and notional principal balances of the FA, SA, F, S, FY, SY, SC, SE, SF, SG, FM, SM and SV 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 5.6875% in the case of the F and S Classes, 5.6250% in the case of the FA and SA Classes and 5.6328% in the case of the FM and SM Classes, and will be equal to LIBOR for such Interest Accrual Period for the related Underlying REMIC Certificates in the case of the FY, SY, SC, SE, SF, SG and SV Classes.

### **Calculation of COFI**

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

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

The value of the Eleventh District Cost of Funds Index as reported by the FHLBSF for June 1997 was 4.853%.

## Calculation of 10-Year Treasury Index

On each Index Determination Date, until the notional principal balance and principal balance of the SH and SN Classes have been reduced to zero, Fannie Mae will ascertain the average yield on U.S. Treasury securities, adjusted to a constant maturity of ten years, in effect for the week ending on the last Friday immediately preceding the related Index Determination Date in the manner described in the REMIC Prospectus under “Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes—*Treasury Index*” with respect to yields on U.S. Treasury securities at “constant maturity.”

## 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>
<b>Group 1 Classes</b>	
Redeemable/Sequential Pay	K, FA, M, MA, MB, N, NK, NL, NI, NJ, NA, ND, NG, NB, NH, NF, NE, NC, O and OA
Redeemable/Notional	SA
<b>Group 2 Classes</b>	
PAC**	PA, PB, PC, PD, PE, PF and PH
TAC**	A, B and F
Support	ZA and Z
Accretion Directed	A, B and F
Notional	PI, PG and S
RCR***	PK
<b>Group 3 Classes</b>	
Sequential Pay	U, V and Y
<b>Group 4 Classes</b>	
Structured Collateral/Pass-Through	FY
Notional	SY
<b>Group 5 Classes</b>	
Structured Collateral/Pass-Through	C
Notional	SC
<b>Group 6 Classes</b>	
Structured Collateral/Pass-Through	H and HA
Notional	SH
RCR***	SN and HB
<b>Group 7 Classes</b>	
Structured Collateral/Pass-Through	G
Notional	SG
<b>Group 8 Classes</b>	
Notional	J(1) and JA(1)
<b>Group 9 Classes</b>	
Structured Collateral/Pass-Through	E
Notional	SE and SF

**Principal Type\*****Classes****Group 10 Classes**

Structured Collateral/Pass-Through  
 Notional  
 RCR\*\*\*

FM and W  
 SM and SW  
 SU, SV, MD

**No Payment Residual**

R, RL and RB

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

\*\* The Principal Balance Schedules are set forth herein beginning on page B-1.

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

(1) The J and JA Classes are Notional Classes whose notional principal balances will be reduced sequentially. See “Reference Sheet—Notional Classes.”

***Principal Distribution Amount***

On each Distribution Date, principal will be distributed on the Certificates in an amount (the “Principal Distribution Amount”) equal to the sum of (i) the distribution of principal concurrently made on the Underlying Redeemable Certificate (the “Group 1 Principal 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 Cash Flow Distribution Amount”) and any interest accrued and added on such Distribution Date to the principal balances of the ZA and Z Classes (the “ZA Accrual Amount” and “Z Accrual Amount,” respectively, and together with the Group 2 Cash Flow Distribution Amount, the “Group 2 Principal Distribution Amount”), (iii) the aggregate distributions of principal to be made on the Group 3 MBS in the month of such Distribution Date (the “Group 3 Principal Distribution Amount”), (iv) the distribution of principal concurrently made on the Class 1993-115-FB REMIC Certificate (the “Group 4 Principal Distribution Amount”), (v) the distribution of principal concurrently made on the Class 1993-139-SK REMIC Certificate (the “Group 5 Principal Distribution Amount”), (vi) the aggregate distributions of principal concurrently made on the Class 1993-G19-FD and Class 1993-G19-SD REMIC Certificates on such Distribution Date (the “Group 6 Principal Distribution Amount”), (vii) the distribution of principal concurrently made on the Class 1993-87-SB REMIC Certificate on such Distribution Date (the “Group 7 Principal Distribution Amount”), (viii) the aggregate distributions of principal concurrently made on the Class 1993-139-SH and Class 1993-139-SG REMIC Certificates on such Distribution Date (the “Group 9 Principal Distribution Amount”) and (ix) the aggregate distributions of principal concurrently made on the Class 1993-160-FC, Class 1993-160-SC and Class 1993-160-SD REMIC Certificates (the “Group 10 Principal Distribution Amount”). The portion of each class of Underlying REMIC Certificates to be held in the Lower Tier REMIC is set forth on Exhibit A hereto.

*Group 1 Principal Distribution Amount*

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

- (i) to the K Class, until the principal balance thereof is reduced to zero;
- (ii) concurrently, to the FA, M, MA and MB Classes, in proportion to their original principal balances (or 16.6666666667%, 66.4915117219%, 8.4209108057% and 8.4209108057%, respectively), until the principal balances thereof are reduced to zero;
- (iii) (a) 49.9943261338% of the remaining amount as follows:
  - first*, concurrently, to the N, NK, NL and NI Classes, in the proportions of 61.4133313157%, 7.5660134675%, 15.1320269350% and 15.8886282818%, respectively, until the principal balance of the NI Class is reduced to zero; and
  - second*, concurrently, to the N, NK, NL and NJ Classes, in the proportions of 61.4133313157%, 7.5660134675%, 15.1320269350% and 15.8886282818%, respectively, until the principal balances thereof are reduced to zero; and
- (b) 50.0056738662% of such remaining amount as follows:
  - first*, sequentially, to the NA, ND, NG, NB and NH Classes, in that order, until the respective principal balances thereof are reduced to zero;
  - second*, concurrently, to the NF and NE Classes, in equal proportions, until the principal balances thereof are reduced to zero; and
  - third*, to the NC Class, until the principal balance thereof is reduced to zero; and
- (iv) concurrently, to the O and OA Classes, in proportion to their original principal balances (or 82.7749547843% and 17.2250452157%, respectively), until the principal balances thereof are reduced to zero.

Sequential  
Pay  
Classes

*Group 2 Principal Distribution Amount*

*ZA Accrual Amount*

On each Distribution Date, the ZA Accrual Amount will be distributed as principal of the Segment II Group (as described below), until the Segment II Balance (as described below) is reduced to its Targeted Balance for such Distribution Date, and thereafter will be distributed as principal of the ZA Class.

*Z Accrual Amount*

On each Distribution Date, the Z Accrual Amount will be distributed as principal of the Segment III Group (as described below), until the Segment III Balance (as described below) is reduced to its Targeted Balance for such Distribution Date, and thereafter will be distributed as principal of the Z Class.

Segment  
Group  
and  
Accrual  
Classes

*Group 2 Cash Flow Distribution Amount*

On each Distribution Date, the Group 2 Cash Flow Distribution Amount will be distributed as principal of the Group 2 Classes in the following order of priority:

- (i) to the Segment I Group (as described below), until the Segment I Balance (as described below) is reduced to its Planned Balance for such Distribution Date;

Segment  
Group



- |   |                  |
|---|------------------|
| (ii) to the PA Class, until the principal balance thereof is reduced to its Planned Balance for such Distribution Date;   | } PAC Classes    |
| (iii) (a) 87.8758623072% of the remaining amount to the PB Class, until the principal balance thereof is reduced to its Planned Balance for such Distribution Date;   |                  |
| (b) 12.1241376928% of such remaining amount, sequentially, to the PC, PD PE, PF and PH Classes, in that order, until the principal balances thereof are reduced to their respective Planned Balances for such Distribution Date;  |                  |
| (iv) to the Segment III Group, until the Segment III Balance is reduced to its Targeted Balance for such Distribution Date;   | } Segment Group  |
| (v) to the Z Class, until the principal balance thereof is reduced to zero;   | } Support Class  |
| (vi) to the Segment III Group, without regard to its Targeted Balance and until the Segment III Balance is reduced to zero;   | } Segment Groups |
| (vii) to the Segment I Group, without regard to its Planned Balance and until the Segment I Balance is reduced to zero;   |                  |
| (viii) to the PA Class, without regard to its Planned Balance and until the principal balance thereof is reduced to zero;   | } PAC Classes    |
| (ix) (a) 87.8758623072% of the remaining amount to the PB Class, without regard to its Planned Balance and until the principal balance thereof is reduced to zero; and  |                  |
| (b) 12.1241376928% of such remaining amount, sequentially, to the PC, PD, PE, PF and PH Classes, in that order, without regard to their Planned Balances and until the respective principal balances thereof are reduced to zero. |                  |

The “Segment I Group” and “Segment II Group” each consists of the A, B and F Classes, and any distribution of principal of the Segment I Group or Segment II Group will be made, concurrently, to the A, B and F Classes, in proportion to their original principal balances (or 70.8684031711%, 17.3201965570% and 11.8114002719%, respectively), until the principal balances thereof are reduced to zero.

The “Segment I Balance” for any Distribution Date is equal to \$59,999,529 minus the sum of all amounts previously applied pursuant to clauses (i) and (vii) above.

The “Segment II Balance” for any Distribution Date is equal to \$199,812,765 minus the sum of all amounts previously applied under “*The ZA Accrual Amount*” in respect of the Segment II Balance and under clauses (a) and (c) of the immediately following paragraph.

The “Segment III Group” consists of the Segment II Group and the ZA Class, and any distribution of principal of the Segment III Group will be made in the following order of priority:

- (a) to the Segment II Group, until the Segment II Balance is reduced to its Targeted Balance for such Distribution Date;
- (b) to the ZA Class, until the principal balance thereof is reduced to zero; and
- (c) to the Segment II Group, without regard to its Targeted Balance and until the Segment II Balance is reduced to zero.

The “Segment III Balance” for any Distribution Date is equal to \$222,443,763 minus the sum of all amounts previously applied under “*The Z Accrual Amount*” in respect of the Segment III Balance and under clauses (iv) and (vi) above.

### *Group 3 Principal Distribution Amount*

On each Distribution Date, the Group 3 Principal Distribution Amount will be distributed, sequentially, as principal of the U, V and Y Classes, in that order, until the respective principal balances thereof are reduced to zero.

Sequential  
Pay  
Classes

### *Group 4 Principal Distribution Amount*

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

### *Group 5 Principal Distribution Amount*

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

### *Group 6 Principal Distribution Amount*

On each Distribution Date, the Group 6 Principal Distribution Amount will be distributed concurrently, as principal of the H and HA Classes, in proportion to their original principal balances (or 48.3020733477% and 51.6979266523%, respectively), until the principal balances thereof are reduced to zero.

### *Group 7 Principal Distribution Amount*

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

Structured  
Collateral/  
Pass-Through  
Classes

### *Group 9 Principal Distribution Amount*

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

### *Group 10 Principal Distribution Amount*

On each Distribution Date, the Group 10 Principal Distribution Amount will be distributed as principal of the FM and W Classes, in proportion to their original principal balances (or 66.2495704412% and 33.7504295588%, respectively), until the principal balances thereof are reduced to zero.

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

## **Effect of Redemption of the Underlying Redeemable Certificate on the Group 1 Classes**

Under certain conditions, the Underlying Redeemable Certificate is subject to redemption in full on any Distribution Date commencing with the Distribution Date in August 1998, as further described in the Trust 1997-R3 Prospectus under “Description of the Certificates—Redemption and Exchange.” The REMIC Trust Factors for the Group 1 Classes for the month in which the Underlying Redeemable Certificate is to be redeemed will be zero. Upon such redemption, each Holder of a Group 1 Certificate will receive an amount (the “Redemption Distribution Amount”) equal to the sum of:

- (i) 100% of the outstanding principal balance of such Certificate;
- (ii) accrued interest at the applicable rate per annum for such Certificate for the related Interest Accrual Period; and

(iii) except in the case of the FA Class, accrued interest at the applicable rate per annum for such Certificate (or at the rate of 9.0% per annum in the case of the SA 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 immediately after such Distribution Date if such redemption were not to occur (that is, 24 days' interest on such reduced principal balance).

As indicated above, the amount specified in clause (iii) above will not be paid to Holders of the FA Class.

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

## Structuring Assumptions

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

- the Mortgage Loans underlying the Underlying Redeemable Certificate and the Trust MBS have the original term to maturity, remaining terms to maturity, CAGEs and interest rates, respectively, as specified herein under “Reference Sheet—Assumed Characteristics of the Mortgage Loans Underlying the Underlying Redeemable Certificate and the Trust MBS”;
- all payments (including prepayments) on the Mortgage Loans underlying the GNMA Certificates are distributed on the related Certificates in the month in which such payments are received;
- the Mortgage Loans prepay at the *constant* percentages of PSA specified in the related table; and
- the closing date for the sale of the Certificates is August 29, 1997.

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

*Structuring Ranges and Rates.* The Principal Balance Schedules have been prepared on the basis of the Pricing Assumptions and the assumption that the Mortgage Loans underlying the Group 2 MBS prepay at a constant PSA rate within the applicable Structuring Range or at the applicable rates set forth below. The Principal Balance Schedules are set forth herein beginning on page B-1.

<u>Principal Balance Schedule Reference</u>	<u>Related Classes</u>	<u>Structuring Ranges and Rates</u>
Planned Balances	PA, PB, PC, PD, PE, PF and PH	Between 100% and 260%
Planned Balance	(1)	Between 100% and 260%
Targeted Balance	(2)	110%
Targeted Balance	(3)	190%

- (1) The Structuring Range for the Segment I Group is associated with the Segment I Balance but not with the individual balances of the A, B and F Classes.
- (2) The Structuring Rate for the Segment II Group is associated with the Segment II Balance but not with the individual balances of the A, B and F Classes.
- (3) The Structuring Rate for the Segment III Group is associated with the Segment III Balance but not with the individual balances of the A, B, F and ZA Classes.

**There is no assurance that the principal balance or aggregate principal balance of any Class or group of Classes listed above will conform on any Distribution Date to the balance specified for such Distribution Date in the applicable Principal Balance Schedule herein, or that distributions of principal on any such Class or group of Classes will begin or end on the respective Distribution Dates specified therein.** Because any excess of the principal distribution on any Distribution Date over the amount necessary to reduce any such Class or group of Classes to its scheduled balance will be distributed, the ability to so reduce such Class or group of Classes will not be enhanced by the averaging of high and low principal payments from month to month. In addition, even if prepayments occur at rates falling within the applicable Structuring Range specified above, principal distributions may be insufficient to reduce any such Class or group of Classes to its scheduled balance if such prepayments do not occur at a constant PSA rate. Moreover, because of the diverse remaining terms to maturity of the related Mortgage Loans (which may include recently originated Mortgage Loans), the Classes or group of Classes specified above may not be reduced to their scheduled balances, even if prepayments occur at a constant rate within the applicable Structuring Range or at either of the rates specified above.

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

<u>Related Classes</u>	<u>Initial Effective Ranges</u>
Segment I	Between 100% and 699%
PA	Between 100% and 597%
PB	Between 100% and 260%
PC	Between 100% and 329%
PD	Between 100% and 263%
PE	Between 100% and 260%
PF	Between 100% and 260%
PH	Between 89% and 260%

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

## Yield Tables

*General.* The tables below indicate the sensitivity of the pre-tax corporate bond equivalent yields to maturity of the applicable Classes to various constant percentages of PSA and, where specified, to changes in the applicable Index. The yields set forth in the tables were calculated by determining the monthly discount rates that, when applied to the assumed streams of cash flows to be paid on the applicable Classes, would cause the discounted present value of such assumed streams of cash flows to equal the assumed aggregate purchase prices of such Classes and converting such monthly rates to corporate bond equivalent rates. Such calculations do not take into account variations that may occur in the interest rates at which investors may be able to reinvest funds received by them as distributions on the Certificates and consequently do not purport to reflect the return on any investment in the Certificates when such reinvestment rates are considered. *There can be no assurance that the pre-tax yields on the Certificates will correspond to any of the pre-tax yields shown herein or that the aggregate purchase prices of the Certificates will be as assumed. In addition, there can be no assurance that the applicable Index will correspond to the levels shown herein. Furthermore, because some of the Mortgage Loans will likely have remaining terms to maturity shorter or longer than those assumed and interest rates higher or lower than those assumed, the principal distributions on the Certificates are likely to differ from those assumed, even if all such Mortgage Loans prepay at the indicated constant percentages of PSA. Moreover, it is not likely that the Mortgage Loans will prepay at a constant PSA rate until maturity, that all of such Mortgage Loans will prepay at the same rate or that the level of the applicable Index will remain constant.*

*The Interest Only Classes (other than the SA Class) and the SN, SU and SV Classes.* **The yields to investors in the Classes specified in the following tables will be sensitive, in varying degrees, to the rate of principal payments (including prepayments) of the applicable Mortgage Loans, and in the case of the Inverse Floating Rate Classes specified below and the SN, SU and SV Classes, to the level of the applicable Index. The Mortgage Loans generally can be prepaid at any time. In addition, the rate of principal payments (including prepayments) of the Mortgage Loans is likely to vary, and may vary considerably, from Pool to Pool. As indicated in the tables below, it is possible that, under certain prepayment and, where applicable, Index scenarios, investors in certain Interest Only Classes specified below would not fully recoup their initial investments. Moreover, on the basis of the assumptions described below, the yield to maturity on the PI, PG, J and JA Classes would be 0% if prepayments were to occur at constant rates of approximately 705% PSA, 481% PSA, 570% PSA and 572% PSA, respectively. If the actual prepayment rate of the related Mortgage Loans were to exceed any of these levels for as little as one month while equaling such level for the remaining months, the investors in the PI, PG, J and JA Classes would not fully recoup their initial investments.**

Changes in the applicable 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 applicable Index.

The information set forth in the following tables was prepared on the basis of the Pricing Assumptions and the assumptions that (i) the interest rates applicable to the Classes specified in the following tables for each Interest Accrual Period subsequent to the initial Interest Accrual Period will be based on the indicated level of the applicable Index and (ii) the aggregate purchase prices of the



Classes listed below (expressed in each case as a percentage of original principal balance) are as follows:

<u>Class</u>	<u>Price*</u>
PI .....	15.000%
PG .....	30.000%
S .....	5.000%
SY .....	1.375%
SC .....	51.000%
SH .....	39.000%
SN .....	92.000%
SG .....	48.000%
J .....	33.000%
JA .....	61.000%
SE .....	18.000%
SF .....	48.000%
SM .....	20.000%
SW .....	22.000%
SU .....	84.000%
SV .....	80.000%

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

#### Sensitivity of the PI and PG Classes to Prepayments (Pre-Tax Yields to Maturity)

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>194%</u>	<u>260%</u>	<u>500%</u>
PI .....	28.9%	5.4%	5.4%	5.4%	5.4%
PG .....	19.9%	12.8%	12.8%	12.8%	(1.3)%

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>194%</u>	<u>260%</u>	<u>500%</u>
3.6875% .....	104.3%	101.1%	94.7%	91.6%	60.9%
5.6875% .....	54.2%	52.5%	42.9%	36.5%	(4.0)%
7.6875% .....	10.3%	8.7%	(5.6)%	(21.8)%	(80.8)%
8.5500% .....	*	*	*	*	*

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

#### Sensitivity of the SY 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>185%</u>	<u>300%</u>	<u>500%</u>
8.6% .....	30.8%	30.5%	29.0%	(5.4)%	(73.4)%
8.8% .....	14.0%	13.0%	9.2%	(34.8)%	(97.8)%
9.0% .....	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>145%</u>	<u>300%</u>	<u>500%</u>
7.00% .....	25.6%	25.3%	24.0%	(33.3)%	*
7.75% .....	11.9%	11.0%	8.4%	(51.5)%	*
8.55% .....	*	*	*	*	*

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

**Sensitivity of the SH Class to Prepayments and 10-Year Treasury Index  
(Pre-Tax Yields to Maturity)**

<u>10-Year Treasury Index</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>175%</u>	<u>300%</u>	<u>500%</u>
4.40% .....	33.8%	33.5%	32.5%	28.8%	12.8%
6.40% .....	21.3%	20.7%	19.0%	14.0%	1.2%
8.40% .....	7.7%	6.4%	3.6%	(3.5)%	(12.6)%
10.15% .....	*	*	*	*	*

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

**Sensitivity of the SN Class to Prepayments and 10-Year Treasury Index  
(Pre-Tax Yields to Maturity)**

<u>10-Year Treasury Index</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>175%</u>	<u>300%</u>	<u>500%</u>
4.40% .....	14.0%	14.0%	14.2%	14.5%	15.6%
6.40% .....	9.2%	9.2%	9.4%	9.8%	10.7%
8.40% .....	4.5%	4.5%	4.7%	5.1%	6.0%
10.15% .....	0.5%	0.5%	0.7%	1.1%	1.8%

**Sensitivity of the SG 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>145%</u>	<u>300%</u>	<u>500%</u>
7.00% .....	22.9%	22.6%	21.0%	(33.8)%	*
7.75% .....	11.9%	11.1%	8.9%	(51.9)%	*
8.76% .....	*	*	*	*	*

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

**Sensitivity of the J and JA Classes to Prepayments  
(Pre-Tax Yields to Maturity)**

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>285%</u>	<u>300%</u>	<u>500%</u>
J .....	22.7%	17.2%	17.1%	17.1%	5.0%
JA .....	11.3%	9.5%	9.5%	9.5%	2.9%

**Sensitivity of the SF 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>145%</u>	<u>300%</u>	<u>500%</u>
3.65625% .....	31.7%	31.5%	30.8%	(20.1)%	*
5.65625% .....	11.2%	10.5%	8.5%	(50.4)%	*
7.00000% and above .....	*	*	*	*	*

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

**Sensitivity of the SE 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>145%</u>	<u>300%</u>	<u>500%</u>
7.00% and below .....	80.3%	80.3%	80.2%	36.2%	(81.7)%
7.80% .....	37.8%	37.7%	37.2%	(12.2)%	*
8.58% .....	*	*	*	*	*

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

**Sensitivity of the SM 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>140%</u>	<u>300%</u>	<u>500%</u>
3.6328% .....	70.0%	69.8%	67.8%	(28.7)%	(67.2)%
5.6328% .....	39.4%	38.7%	33.9%	(58.4)%	(92.2)%
7.6328% .....	8.1%	3.8%	(7.9)%	(95.5)%	*
8.4500% .....	*	*	*	*	*

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

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

<u>COFI</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>140%</u>	<u>300%</u>	<u>500%</u>
2.864% .....	59.8%	59.6%	56.9%	(38.3)%	(74.9)%
4.864% .....	37.5%	36.7%	31.6%	(60.4)%	(94.1)%
6.864% .....	15.0%	11.9%	2.3%	(86.3)%	*
8.500% .....	*	*	*	*	*

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

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

<u>COFI</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>140%</u>	<u>300%</u>	<u>500%</u>
2.864% .....	15.1%	15.5%	16.5%	30.1%	41.0%
4.864% .....	10.0%	10.4%	11.4%	25.0%	35.7%
6.864% .....	5.0%	5.5%	6.5%	20.0%	30.6%
8.500% .....	1.0%	1.5%	2.6%	16.0%	26.4%

**Sensitivity of the SV 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>140%</u>	<u>300%</u>	<u>500%</u>
3.6328% .....	16.4%	16.9%	18.2%	36.9%	52.6%
5.6328% .....	10.0%	10.6%	11.9%	30.4%	45.8%
7.6328% .....	3.8%	4.5%	5.9%	24.1%	39.0%
8.4500% .....	1.4%	2.0%	3.4%	21.5%	36.3%

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

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

<u>Class</u>	<u>Price</u>
C .....	53.0%
HA .....	53.0%
G .....	53.0%
E .....	55.0%
W .....	60.0%

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

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>145%</u>	<u>300%</u>	<u>500%</u>
C .....	3.0%	3.7%	5.0%	41.0%	120.9%

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>175%</u>	<u>300%</u>	<u>500%</u>
HA .....	3.3%	3.8%	5.1%	8.0%	17.8%

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>145%</u>	<u>300%</u>	<u>500%</u>
G .....	3.0%	3.5%	4.7%	34.2%	108.0%

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>145%</u>	<u>300%</u>	<u>500%</u>
E .....	2.8%	3.2%	4.2%	31.8%	101.6%

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>140%</u>	<u>300%</u>	<u>500%</u>
W .....	3.1%	4.6%	7.8%	54.4%	105.1%

*The Group 1 Classes.* **The yields to investors in the Group 1 Classes will be sensitive to the rate of principal payments (including prepayments) of the Mortgage Loans underlying the Underlying Redeemable Certificate and to any redemption of the Underlying Redeemable Certificate. The Mortgage Loans generally can be prepaid at any time. In addition, the yields to investors in the FA and SA Classes will be sensitive to the level of the applicable Index. As indicated in the applicable tables below, it is possible that, under**

**certain Index and prepayment scenarios, investors in the SA Class would not fully recoup their initial investments.**

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

The information set forth in the following tables was prepared on the basis of the Pricing Assumptions and the assumptions that (i) a redemption of the Underlying Redeemable Certificate either does not occur or occurs on the August 1998 Distribution Date, as specified in the applicable tables, (ii) interest is paid through the 24th day of the month in which the redemption, if any, is assumed to occur, as described under “—Effect of Redemption of the Underlying Redeemable Certificates on the Group 1 Classes” herein, (iii) the interest rate applicable to the FA and SA Classes for each Interest Accrual Period subsequent to the initial Interest Accrual Period will be based on the indicated level of the applicable Index and (iv) the aggregate purchase prices of the Group 1 Classes (expressed in each case as a percentage of the original principal balance) are as follows:

<u>Class</u>	<u>Price*</u>
K .....	95.00%
FA .....	100.00%
SA .....	3.00%
M .....	100.00%
MA .....	99.00%
MB .....	98.00%
N .....	97.00%
NK .....	97.00%
NL .....	97.00%
NI .....	97.00%
NJ .....	97.00%
NA .....	97.00%
ND .....	97.00%
NG .....	97.00%
NB .....	97.00%
NH .....	97.00%
NE .....	97.00%
NF .....	97.00%
NC .....	97.00%
O .....	96.00%
OA .....	97.00%

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



**Pre-Tax Yields of the K, M, MA, MB, N, NK, NL, NI, NJ, NA, ND, NG, NB, NH, NE,  
NF, NC, O and OA Classes  
(Assuming Redemption of Underlying Redeemable Certificate  
on the August 1998 Distribution Date)**

<u>Class</u>	<u>50% PSA</u>	<u>100% PSA</u>	<u>200% PSA</u>	<u>300% PSA</u>	<u>500% PSA</u>
K .....	16.1%	19.1%	24.3%	28.8%	37.4%
M .....	7.3%	7.3%	7.3%	7.2%	7.2%
MA .....	8.5%	8.5%	8.4%	8.4%	8.4%
MB .....	9.4%	9.4%	9.4%	9.4%	9.4%
N .....	10.9%	10.9%	10.9%	10.9%	10.9%
NK .....	11.4%	11.4%	11.4%	11.4%	11.4%
NL .....	10.6%	10.6%	10.6%	10.6%	10.6%
NI .....	10.9%	10.9%	10.9%	10.9%	10.9%
NJ .....	10.9%	10.9%	10.9%	10.9%	10.9%
NA .....	10.9%	10.9%	10.9%	10.9%	10.9%
ND .....	10.9%	10.9%	10.9%	10.9%	10.9%
NG .....	10.9%	10.9%	10.9%	10.9%	10.9%
NB .....	10.9%	10.9%	10.9%	10.9%	10.9%
NH .....	10.9%	10.9%	10.9%	10.9%	10.9%
NE .....	11.4%	11.4%	11.4%	11.4%	11.4%
NF .....	10.9%	10.9%	10.9%	10.9%	10.9%
NC .....	11.4%	11.4%	11.4%	11.4%	11.4%
O .....	12.0%	12.0%	12.0%	12.0%	12.0%
OA .....	11.4%	11.4%	11.4%	11.4%	11.4%

**Pre-Tax Yield and Sensitivity of the FA Class to LIBOR  
(Assuming Redemption of Underlying Redeemable Certificate  
on the August 1998 Distribution Date)**

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>200%</u>	<u>300%</u>	<u>500%</u>
3.625% .....	4.4%	4.4%	4.4%	4.4%	4.4%
5.625% .....	6.3%	6.3%	6.3%	6.3%	6.3%
7.625% .....	8.2%	8.2%	8.2%	8.2%	8.2%
8.450% .....	8.9%	8.9%	8.9%	8.9%	8.9%

**Pre-Tax Yield and Sensitivity of the SA Class to LIBOR  
(Assuming No Redemption of Underlying Redeemable Certificate)**

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>200%</u>	<u>300%</u>	<u>500%</u>
3.625% .....	211.1%	208.6%	202.8%	196.5%	182.9%
5.625% .....	111.9%	109.0%	102.6%	95.6%	80.6%
7.625% .....	25.8%	21.7%	12.1%	1.3%	(20.7)%
8.450% .....	*	*	*	*	*

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

**(Assuming Redemption of Underlying Redeemable Certificate  
on the August 1998 Distribution Date)**

<b>LIBOR</b>	<b>PSA Prepayment Assumption</b>				
	<b>50%</b>	<b>100%</b>	<b>200%</b>	<b>300%</b>	<b>500%</b>
3.625% .....	129.1%	128.5%	126.2%	123.3%	116.8%
5.625% .....	21.4%	20.8%	18.8%	16.5%	11.5%
7.625% .....	(73.0)%	(73.6)%	(75.2)%	(76.9)%	(80.4)%
8.450% .....	*	*	*	*	*

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

### **Weighted Average Lives of the Certificates**

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

In general, the weighted average lives of the Certificates will be shortened if the level of prepayments of principal of the related Mortgage Loans increases. However, the weighted average lives will depend upon a variety of other factors, including the timing of changes in such rate of principal payments, the priority sequences of distributions of principal of the Group 1, Group 2 and Group 3 Classes, the priority sequences of distributions of principal of the related Underlying REMIC Certificates in the case of the Group 4, Group 5, Group 6, Group 7, Group 8, Group 9 and Group 10 Classes, and, in the case of the Group 1 Classes, whether and, if so, when a redemption of the Underlying Redeemable Certificate occurs. The weighted average lives of the Group 2 Classes will also depend on the distribution of principal of certain Classes in accordance with the Principal Balance Schedules herein. See “—Distributions of Principal” herein and “Description of the Certificates—Distributions of Principal” in the Trust 1997-R3 Prospectus.

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

### **Decrement Tables**

The following tables indicate the percentages of original principal balances of the specified Classes that would be outstanding after each of the dates shown at various *constant* PSA levels and the corresponding weighted average lives of such Classes. The tables have been prepared on the basis of (a) the assumption that no redemption is made on the Underlying Redeemable Certificate and (b) the Pricing Assumptions, except that with respect to the information set forth for each such

Class under 0% PSA it has been assumed that the underlying Mortgage Loans have the original and remaining terms to maturity and bear interest at the per annum rates specified below:

<b>Mortgage Loans relating to Underlying Grantor Trust, Trust MBS and Underlying REMIC Trusts specified below</b>	<b>Original Terms to Maturity</b>	<b>Remaining Terms to Maturity</b>	<b>Interest Rates</b>	<b>Related Groups</b>
Underlying Grantor Trust	360 months	360 months	10.0%	Group 1
Group 2 MBS	360 months	360 months	10.0%	Group 2
Group 3 MBS	360 months	360 months	9.0%	Group 3
1993-115	360 months	311 months	10.0%	Group 4
1993-139	360 months	312 months	9.5%	Group 5
1993-G19	360 months	308 months	9.5%	Group 6
1993-87	360 months	310 months	9.5%	Group 7
1997-48	360 months	358 months	10.5%	Group 8
1993-139 and 1996-72	360 months	312 months	9.5%	Group 9
1993-160	360 months	313 months	9.0%	Group 10

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

## Percent of Original Principal Balances Outstanding

Date	K Class					FA, SA†, M, MA and MB Classes					N, NK and NL Classes					NI Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	200%	300%	500%	0%	100%	200%	300%	500%	0%	100%	200%	300%	500%	0%	100%	200%	300%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 1998	72	0	0	0	0	100	99	96	93	87	100	100	100	100	100	100	100	100	100	100
August 1999	42	0	0	0	0	100	91	83	74	59	100	100	100	100	100	100	100	100	100	100
August 2000	8	0	0	0	0	100	83	68	54	31	100	100	100	100	100	100	100	100	100	100
August 2001	0	0	0	0	0	99	75	55	38	11	100	100	100	100	100	100	100	100	100	100
August 2002	0	0	0	0	0	98	67	44	25	0	100	100	100	100	91	100	100	100	100	82
August 2003	0	0	0	0	0	97	60	34	14	0	100	100	100	100	49	100	100	100	100	0
August 2004	0	0	0	0	0	95	53	25	5	0	100	100	100	100	20	100	100	100	100	0
August 2005	0	0	0	0	0	94	47	17	0	0	100	100	100	91	*	100	100	100	81	0
August 2006	0	0	0	0	0	92	41	11	0	0	100	100	100	64	0	100	100	100	29	0
August 2007	0	0	0	0	0	90	35	5	0	0	100	100	100	43	0	100	100	100	0	0
August 2008	0	0	0	0	0	88	30	0	0	0	100	100	98	26	0	100	100	97	0	0
August 2009	0	0	0	0	0	86	24	0	0	0	100	100	78	12	0	100	100	56	0	0
August 2010	0	0	0	0	0	84	20	0	0	0	100	100	61	1	0	100	100	21	0	0
August 2011	0	0	0	0	0	81	15	0	0	0	100	100	45	0	0	100	100	0	0	0
August 2012	0	0	0	0	0	78	11	0	0	0	100	100	32	0	0	100	100	0	0	0
August 2013	0	0	0	0	0	75	7	0	0	0	100	100	20	0	0	100	100	0	0	0
August 2014	0	0	0	0	0	71	3	0	0	0	100	100	10	0	0	100	100	0	0	0
August 2015	0	0	0	0	0	67	0	0	0	0	100	96	2	0	0	100	93	0	0	0
August 2016	0	0	0	0	0	62	0	0	0	0	100	81	0	0	0	100	62	0	0	0
August 2017	0	0	0	0	0	57	0	0	0	0	100	66	0	0	0	100	32	0	0	0
August 2018	0	0	0	0	0	52	0	0	0	0	100	52	0	0	0	100	4	0	0	0
August 2019	0	0	0	0	0	46	0	0	0	0	100	39	0	0	0	100	0	0	0	0
August 2020	0	0	0	0	0	39	0	0	0	0	100	26	0	0	0	100	0	0	0	0
August 2021	0	0	0	0	0	32	0	0	0	0	100	14	0	0	0	100	0	0	0	0
August 2022	0	0	0	0	0	24	0	0	0	0	100	2	0	0	0	100	0	0	0	0
August 2023	0	0	0	0	0	15	0	0	0	0	100	0	0	0	0	100	0	0	0	0
August 2024	0	0	0	0	0	5	0	0	0	0	100	0	0	0	0	100	0	0	0	0
August 2025	0	0	0	0	0	0	0	0	0	0	71	0	0	0	0	42	0	0	0	0
August 2026	0	0	0	0	0	0	0	0	0	0	16	0	0	0	0	0	0	0	0	0
August 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)**	1.7	0.4	0.3	0.2	0.2	19.8	8.1	4.9	3.6	2.4	28.4	21.3	14.0	9.9	6.1	28.0	19.4	12.2	8.6	5.4

Date	NJ Class					NA Class					ND Class					NG Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	200%	300%	500%	0%	100%	200%	300%	500%	0%	100%	200%	300%	500%	0%	100%	200%	300%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 1998	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 1999	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 2000	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 2001	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 2002	100	100	100	100	100	100	100	100	100	41	100	100	100	100	100	100	100	100	100	100
August 2003	100	100	100	100	99	100	100	100	100	0	100	100	100	100	0	100	100	100	100	0
August 2004	100	100	100	100	41	100	100	100	100	0	100	100	100	100	0	100	100	100	100	0
August 2005	100	100	100	100	1	100	100	100	38	0	100	100	100	100	0	100	100	100	100	0
August 2006	100	100	100	100	0	100	100	100	0	0	100	100	100	0	0	100	100	100	53	0
August 2007	100	100	100	86	0	100	100	100	0	0	100	100	100	0	0	100	100	100	0	0
August 2008	100	100	100	52	0	100	100	89	0	0	100	100	100	0	0	100	100	100	0	0
August 2009	100	100	100	24	0	100	100	0	0	0	100	100	56	0	0	100	100	100	0	0
August 2010	100	100	100	1	0	100	100	0	0	0	100	100	0	0	0	100	100	20	0	0
August 2011	100	100	91	0	0	100	100	0	0	0	100	100	0	0	0	100	100	0	0	0
August 2012	100	100	64	0	0	100	100	0	0	0	100	100	0	0	0	100	100	0	0	0
August 2013	100	100	41	0	0	100	100	0	0	0	100	100	0	0	0	100	100	0	0	0
August 2014	100	100	21	0	0	100	100	0	0	0	100	100	0	0	0	100	100	0	0	0
August 2015	100	100	3	0	0	100	76	0	0	0	100	100	0	0	0	100	100	0	0	0
August 2016	100	100	0	0	0	100	0	0	0	0	100	73	0	0	0	100	100	0	0	0
August 2017	100	100	0	0	0	100	0	0	0	0	100	0	0	0	0	100	67	0	0	0
August 2018	100	100	0	0	0	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
August 2019	100	77	0	0	0	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
August 2020	100	52	0	0	0	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
August 2021	100	28	0	0	0	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
August 2022	100	5	0	0	0	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
August 2023	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
August 2024	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
August 2025	100	0	0	0	0	0	0	0	0	0	9	0	0	0	0	100	0	0	0	0
August 2026	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 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)**	28.9	23.1	15.7	11.2	6.9	27.6	18.3	11.3	8.0	5.0	27.9	19.3	12.1	8.5	5.3	28.2	20.2	12.8	9.0	5.6

\* 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.

Date	NB Class					NH Class					NE and NF Classes					NC Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	200%	300%	500%	0%	100%	200%	300%	500%	0%	100%	200%	300%	500%	0%	100%	200%	300%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 1998	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 1999	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 2000	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 2001	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 2002	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 2003	100	100	100	100	46	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 2004	100	100	100	100	0	100	100	100	100	0	100	100	100	100	35	100	100	100	100	100
August 2005	100	100	100	100	0	100	100	100	100	0	100	100	100	100	0	100	100	100	100	2
August 2006	100	100	100	100	0	100	100	100	100	0	100	100	100	100	0	100	100	100	100	0
August 2007	100	100	100	9	0	100	100	100	100	0	100	100	100	100	0	100	100	100	100	0
August 2008	100	100	100	0	0	100	100	100	0	0	100	100	100	71	0	100	100	100	100	0
August 2009	100	100	100	0	0	100	100	100	0	0	100	100	100	0	0	100	100	100	79	0
August 2010	100	100	100	0	0	100	100	100	0	0	100	100	100	0	0	100	100	100	5	0
August 2011	100	100	22	0	0	100	100	100	0	0	100	100	100	0	0	100	100	100	0	0
August 2012	100	100	0	0	0	100	100	16	0	0	100	100	100	0	0	100	100	100	0	0
August 2013	100	100	0	0	0	100	100	0	0	0	100	100	35	0	0	100	100	100	0	0
August 2014	100	100	0	0	0	100	100	0	0	0	100	100	0	0	0	100	100	68	0	0
August 2015	100	100	0	0	0	100	100	0	0	0	100	100	0	0	0	100	100	10	0	0
August 2016	100	100	0	0	0	100	100	0	0	0	100	100	0	0	0	100	100	0	0	0
August 2017	100	100	0	0	0	100	100	0	0	0	100	100	0	0	0	100	100	0	0	0
August 2018	100	62	0	0	0	100	100	0	0	0	100	100	0	0	0	100	100	0	0	0
August 2019	100	0	0	0	0	100	74	0	0	0	100	100	0	0	0	100	100	0	0	0
August 2020	100	0	0	0	0	100	0	0	0	0	100	72	0	0	0	100	100	0	0	0
August 2021	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0	100	92	0	0	0
August 2022	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0	100	16	0	0	0
August 2023	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
August 2024	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
August 2025	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
August 2026	0	0	0	0	0	0	0	0	0	0	9	0	0	0	0	100	0	0	0	0
August 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)**	28.4	21.2	13.7	9.7	6.0	28.7	22.2	14.7	10.4	6.5	28.9	23.3	15.8	11.3	6.9	29.2	24.6	17.3	12.4	7.6

Date	O and OA Classes					PI† and PA Classes					PB Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	200%	300%	500%	0%	100%	194%	260%	500%	0%	100%	194%	260%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 1998	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 1999	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 2000	100	100	100	100	100	100	0	0	0	0	100	92	92	92	84
August 2001	100	100	100	100	100	100	0	0	0	0	100	82	82	82	58
August 2002	100	100	100	100	100	100	0	0	0	0	100	73	73	73	40
August 2003	100	100	100	100	100	100	0	0	0	0	100	64	64	64	28
August 2004	100	100	100	100	100	100	0	0	0	0	100	55	55	55	19
August 2005	100	100	100	100	100	100	0	0	0	0	100	47	47	47	13
August 2006	100	100	100	100	69	94	0	0	0	0	100	39	39	39	9
August 2007	100	100	100	100	48	12	0	0	0	0	100	32	32	32	6
August 2008	100	100	100	100	33	0	0	0	0	0	98	27	27	27	4
August 2009	100	100	100	100	22	0	0	0	0	0	95	22	22	22	3
August 2010	100	100	100	100	15	0	0	0	0	0	92	18	18	18	2
August 2011	100	100	100	81	10	0	0	0	0	0	89	15	15	15	1
August 2012	100	100	100	64	7	0	0	0	0	0	85	12	12	12	1
August 2013	100	100	100	51	5	0	0	0	0	0	81	10	10	10	1
August 2014	100	100	100	40	3	0	0	0	0	0	76	8	8	8	*
August 2015	100	100	100	31	2	0	0	0	0	0	71	6	6	6	*
August 2016	100	100	86	24	1	0	0	0	0	0	65	5	5	5	*
August 2017	100	100	71	18	1	0	0	0	0	0	59	4	4	4	*
August 2018	100	100	58	14	1	0	0	0	0	0	52	3	3	3	*
August 2019	100	100	47	11	*	0	0	0	0	0	45	2	2	2	*
August 2020	100	100	37	8	*	0	0	0	0	0	36	2	2	2	*
August 2021	100	100	29	6	*	0	0	0	0	0	27	1	1	1	*
August 2022	100	100	22	4	*	0	0	0	0	0	17	1	1	1	*
August 2023	100	81	15	3	*	0	0	0	0	0	5	1	1	1	*
August 2024	100	57	10	2	*	0	0	0	0	0	*	*	*	*	*
August 2025	100	34	6	1	*	0	0	0	0	0	*	*	*	*	*
August 2026	100	12	2	*	*	0	0	0	0	0	*	*	*	*	*
August 2027	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	29.7	27.4	22.4	17.1	10.7	9.6	2.2	2.2	2.2	2.2	20.4	8.7	8.7	8.7	5.2

\* 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.



Date	PC Class					PD Class					PE Class					PF Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	194%	260%	500%	0%	100%	194%	260%	500%	0%	100%	194%	260%	500%	0%	100%	194%	260%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 1998	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 1999	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 2000	100	65	65	65	23	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 2001	100	17	17	17	0	100	100	100	100	29	100	100	100	100	100	100	100	100	100	100
August 2002	100	0	0	0	0	100	79	79	79	0	100	100	100	100	19	100	100	100	100	100
August 2003	100	0	0	0	0	100	49	49	49	0	100	100	100	100	0	100	100	100	100	50
August 2004	100	0	0	0	0	100	19	19	19	0	100	100	100	100	0	100	100	100	100	9
August 2005	100	0	0	0	0	100	0	0	0	0	100	79	79	79	0	100	100	100	100	0
August 2006	100	0	0	0	0	100	0	0	0	0	100	12	12	12	0	100	100	100	100	0
August 2007	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0	100	74	74	74	0
August 2008	90	0	0	0	0	100	0	0	0	0	100	0	0	0	0	100	46	46	46	0
August 2009	77	0	0	0	0	100	0	0	0	0	100	0	0	0	0	100	24	24	24	0
August 2010	62	0	0	0	0	100	0	0	0	0	100	0	0	0	0	100	5	5	5	0
August 2011	46	0	0	0	0	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
August 2012	29	0	0	0	0	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
August 2013	9	0	0	0	0	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
August 2014	0	0	0	0	0	91	0	0	0	0	100	0	0	0	0	100	0	0	0	0
August 2015	0	0	0	0	0	74	0	0	0	0	100	0	0	0	0	100	0	0	0	0
August 2016	0	0	0	0	0	54	0	0	0	0	100	0	0	0	0	100	0	0	0	0
August 2017	0	0	0	0	0	33	0	0	0	0	100	0	0	0	0	100	0	0	0	0
August 2018	0	0	0	0	0	10	0	0	0	0	100	0	0	0	0	100	0	0	0	0
August 2019	0	0	0	0	0	0	0	0	0	0	59	0	0	0	0	100	0	0	0	0
August 2020	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	92	0	0	0	0
August 2021	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	47	0	0	0	0
August 2022	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2023	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2024	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 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)**	13.6	3.3	3.3	3.3	2.8	19.1	6.0	6.0	6.0	3.8	22.1	8.4	8.4	8.4	4.8	23.9	11.0	11.0	11.0	6.1

Date	PG† Class					PH Class					F, S†, A and B Classes					ZA Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	194%	260%	500%	0%	100%	194%	260%	500%	0%	100%	194%	260%	500%	0%	100%	194%	260%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 1998	100	100	100	100	100	100	100	100	100	100	97	91	90	90	89	108	108	60	60	0
August 1999	100	100	100	100	100	100	100	100	100	100	93	74	69	69	31	116	116	0	0	0
August 2000	100	87	87	87	72	100	100	100	100	100	90	72	55	47	0	125	125	0	0	0
August 2001	100	70	70	70	38	100	100	100	100	100	86	71	44	30	0	135	135	0	0	0
August 2002	100	56	56	56	19	100	100	100	100	100	81	69	34	17	0	145	145	0	0	0
August 2003	100	45	45	45	9	100	100	100	100	100	76	67	27	9	0	157	157	0	0	0
August 2004	100	34	34	34	2	100	100	100	100	100	71	64	22	4	0	169	169	0	0	0
August 2005	100	25	25	25	0	100	100	100	100	76	65	62	18	1	0	182	182	0	0	0
August 2006	100	19	19	19	0	100	100	100	100	53	59	59	15	0	0	196	196	0	0	0
August 2007	100	13	13	13	0	100	100	100	100	36	57	56	12	0	0	211	211	0	0	0
August 2008	96	8	8	8	0	100	100	100	100	25	54	51	9	0	0	228	228	0	0	0
August 2009	92	4	4	4	0	100	100	100	100	17	50	44	6	0	0	245	245	0	0	0
August 2010	86	1	1	1	0	100	100	100	100	12	47	37	2	0	0	264	264	0	0	0
August 2011	81	0	0	0	0	100	87	87	87	8	43	29	0	0	0	285	285	0	0	0
August 2012	74	0	0	0	0	100	71	71	71	5	39	20	0	0	0	307	307	0	0	0
August 2013	67	0	0	0	0	100	57	57	57	4	35	10	0	0	0	331	331	0	0	0
August 2014	61	0	0	0	0	100	46	46	46	2	30	*	0	0	0	356	356	0	0	0
August 2015	54	0	0	0	0	100	37	37	37	2	25	0	0	0	0	384	266	0	0	0
August 2016	47	0	0	0	0	100	30	30	30	1	19	0	0	0	0	414	169	0	0	0
August 2017	39	0	0	0	0	100	24	24	24	1	13	0	0	0	0	446	70	0	0	0
August 2018	31	0	0	0	0	100	19	19	19	*	7	0	0	0	0	481	0	0	0	0
August 2019	23	0	0	0	0	100	14	14	14	*	*	0	0	0	0	518	0	0	0	0
August 2020	16	0	0	0	0	100	11	11	11	*	0	0	0	0	0	477	0	0	0	0
August 2021	8	0	0	0	0	100	8	8	8	*	0	0	0	0	0	429	0	0	0	0
August 2022	0	0	0	0	0	98	6	6	6	*	0	0	0	0	0	377	0	0	0	0
August 2023	0	0	0	0	0	32	4	4	4	*	0	0	0	0	0	322	0	0	0	0
August 2024	0	0	0	0	0	3	3	3	3	*	0	0	0	0	0	108	0	0	0	0
August 2025	0	0	0	0	0	1	1	1	1	*	0	0	0	0	0	0	0	0	0	0
August 2026	0	0	0	0	0	1	1	1	1	*	0	0	0	0	0	0	0	0	0	0
August 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)**	18.3	6.1	6.1	6.1	3.9	25.8	17.7	17.7	17.7	9.9	11.9	9.3	4.5	3.2	1.7	25.8	18.9	1.1	1.1	0.8

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

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

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

Date	Z Class					PK Class					U Class					V Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	194%	260%	500%	0%	100%	194%	260%	500%	0%	100%	145%	300%	500%	0%	100%	145%	300%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 1998	108	108	106	70	0	100	100	100	100	100	99	90	86	74	57	100	100	100	100	100
August 1999	116	116	109	0	0	100	100	100	100	100	98	80	73	51	26	100	100	100	100	100
August 2000	125	125	113	0	0	100	92	92	92	84	97	71	61	33	4	100	100	100	100	100
August 2001	135	135	118	0	0	100	82	82	82	58	95	62	51	18	0	100	100	100	100	47
August 2002	145	145	126	0	0	100	73	73	73	40	94	54	41	5	0	100	100	100	100	0
August 2003	157	157	135	0	0	100	64	64	64	28	92	47	32	0	0	100	100	100	79	0
August 2004	169	169	146	0	0	100	55	55	55	19	91	39	24	0	0	100	100	100	42	0
August 2005	182	182	157	0	0	100	47	47	47	13	89	32	16	0	0	100	100	100	13	0
August 2006	196	196	169	0	0	100	39	39	39	9	87	26	10	0	0	100	100	100	0	0
August 2007	211	211	182	0	0	100	32	32	32	6	85	20	4	0	0	100	100	100	0	0
August 2008	228	228	196	0	0	98	27	27	27	4	82	14	0	0	0	100	100	91	0	0
August 2009	245	245	211	0	0	95	22	22	22	3	80	9	0	0	0	100	100	67	0	0
August 2010	264	264	228	0	0	92	18	18	18	2	77	4	0	0	0	100	100	46	0	0
August 2011	285	285	225	0	0	89	15	15	15	1	73	0	0	0	0	100	95	27	0	0
August 2012	307	307	203	0	0	85	12	12	12	1	70	0	0	0	0	100	74	10	0	0
August 2013	331	331	182	0	0	81	10	10	10	1	66	0	0	0	0	100	55	0	0	0
August 2014	356	356	161	0	0	76	8	8	8	*	62	0	0	0	0	100	36	0	0	0
August 2015	384	384	141	0	0	71	6	6	6	*	57	0	0	0	0	100	18	0	0	0
August 2016	414	414	123	0	0	65	5	5	5	*	52	0	0	0	0	100	2	0	0	0
August 2017	446	446	105	0	0	59	4	4	4	*	47	0	0	0	0	100	0	0	0	0
August 2018	481	452	89	0	0	52	3	3	3	*	41	0	0	0	0	100	0	0	0	0
August 2019	518	395	75	0	0	45	2	2	2	*	35	0	0	0	0	100	0	0	0	0
August 2020	558	340	61	0	0	36	2	2	2	*	27	0	0	0	0	100	0	0	0	0
August 2021	602	285	49	0	0	27	1	1	1	*	20	0	0	0	0	100	0	0	0	0
August 2022	648	232	38	0	0	17	1	1	1	*	11	0	0	0	0	100	0	0	0	0
August 2023	699	180	28	0	0	5	1	1	1	*	2	0	0	0	0	100	0	0	0	0
August 2024	753	130	19	0	0	*	*	*	*	*	0	0	0	0	0	61	0	0	0	0
August 2025	596	81	12	0	0	*	*	*	*	*	0	0	0	0	0	9	0	0	0	0
August 2026	313	34	5	0	0	*	*	*	*	*	0	0	0	0	0	0	0	0	0	0
August 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)**	28.7	25.1	19.9	1.3	0.5	20.4	8.7	8.7	8.7	5.2	17.8	6.0	4.5	2.3	1.3	27.2	16.3	12.9	6.9	4.0

Date	Y Class					FY and SY† Classes					C and SC† Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	145%	300%	500%	0%	100%	185%	300%	500%	0%	100%	145%	300%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 1998	100	100	100	100	100	100	100	100	100	37	100	100	100	74	29
August 1999	100	100	100	100	100	100	100	100	85	16	100	100	100	33	0
August 2000	100	100	100	100	100	100	100	100	46	3	100	100	100	15	0
August 2001	100	100	100	100	100	100	100	100	22	0	100	100	100	12	0
August 2002	100	100	100	100	99	100	100	100	5	0	100	100	100	9	0
August 2003	100	100	100	100	68	100	100	100	0	0	100	100	100	2	0
August 2004	100	100	100	100	46	100	100	100	0	0	100	100	100	0	0
August 2005	100	100	100	100	32	100	100	100	0	0	100	100	97	0	0
August 2006	100	100	100	89	22	100	100	97	0	0	100	100	88	0	0
August 2007	100	100	100	71	15	100	100	68	0	0	100	100	79	0	0
August 2008	100	100	100	57	10	100	100	36	0	0	100	100	69	0	0
August 2009	100	100	100	45	7	100	100	7	0	0	100	100	59	0	0
August 2010	100	100	100	36	5	100	100	0	0	0	100	100	50	0	0
August 2011	100	100	100	28	3	100	98	0	0	0	100	95	40	0	0
August 2012	100	100	100	22	2	100	68	0	0	0	100	82	31	0	0
August 2013	100	100	95	17	1	100	40	0	0	0	100	69	22	0	0
August 2014	100	100	81	13	1	100	13	0	0	0	100	56	13	0	0
August 2015	100	100	69	10	1	100	0	0	0	0	100	43	5	0	0
August 2016	100	100	59	8	*	100	0	0	0	0	100	31	0	0	0
August 2017	100	87	49	6	*	100	0	0	0	0	100	18	0	0	0
August 2018	100	74	40	4	*	100	0	0	0	0	100	6	0	0	0
August 2019	100	61	32	3	*	100	0	0	0	0	100	0	0	0	0
August 2020	100	48	25	2	*	91	0	0	0	0	100	0	0	0	0
August 2021	100	37	18	1	*	14	0	0	0	0	74	0	0	0	0
August 2022	100	26	12	1	*	0	0	0	0	0	22	0	0	0	0
August 2023	100	15	7	*	*	0	0	0	0	0	0	0	0	0	0
August 2024	100	6	3	*	*	0	0	0	0	0	0	0	0	0	0
August 2025	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2026	57	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2027	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	29.1	23.0	20.4	12.7	7.6	23.6	15.7	10.6	3.1	1.2	24.5	17.5	13.1	2.0	0.7

\* 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.

Date	H, SH†, HA, SN and HB Classes					G and SG† Classes					J† Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	175%	300%	500%	0%	100%	145%	300%	500%	0%	100%	285%	300%	500%
Initial Percent . . . . .	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 1998 . . . . .	100	100	100	100	75	100	100	100	78	30	100	100	100	100	100
August 1999 . . . . .	100	100	100	100	57	100	100	100	49	0	100	100	100	100	100
August 2000 . . . . .	100	100	100	100	50	100	100	100	29	0	100	100	100	100	100
August 2001 . . . . .	100	100	100	100	50	100	100	100	13	0	100	100	100	100	79
August 2002 . . . . .	100	100	100	92	47	100	100	100	4	0	100	100	100	100	34
August 2003 . . . . .	100	100	100	59	40	100	100	98	0	0	100	77	77	77	3
August 2004 . . . . .	100	100	100	52	35	100	100	93	0	0	100	55	54	54	0
August 2005 . . . . .	100	100	99	45	32	100	100	88	0	0	100	34	33	33	0
August 2006 . . . . .	100	100	69	40	22	100	100	82	0	0	100	14	14	14	0
August 2007 . . . . .	100	100	58	36	15	100	100	76	0	0	100	0	0	0	0
August 2008 . . . . .	100	100	53	33	10	100	100	69	0	0	100	0	0	0	0
August 2009 . . . . .	100	99	48	23	7	100	100	63	0	0	100	0	0	0	0
August 2010 . . . . .	100	75	44	14	4	100	96	56	0	0	100	0	0	0	0
August 2011 . . . . .	100	60	41	6	3	100	87	50	0	0	100	0	0	0	0
August 2012 . . . . .	100	55	37	0	2	100	79	44	0	0	100	0	0	0	0
August 2013 . . . . .	100	51	34	0	1	100	70	38	0	0	100	0	0	0	0
August 2014 . . . . .	100	47	31	0	1	100	61	33	0	0	100	0	0	0	0
August 2015 . . . . .	100	43	20	0	*	100	53	27	0	0	100	0	0	0	0
August 2016 . . . . .	100	39	12	0	*	100	44	22	0	0	87	0	0	0	0
August 2017 . . . . .	100	35	4	0	*	100	36	18	0	0	71	0	0	0	0
August 2018 . . . . .	100	28	0	0	*	100	28	13	0	0	53	0	0	0	0
August 2019 . . . . .	67	13	0	0	*	100	20	9	0	0	32	0	0	0	0
August 2020 . . . . .	53	0	0	0	*	100	12	5	0	0	10	0	0	0	0
August 2021 . . . . .	42	0	0	0	*	70	5	2	0	0	0	0	0	0	0
August 2022 . . . . .	19	0	0	0	*	33	*	0	0	0	0	0	0	0	0
August 2023 . . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2024 . . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2025 . . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2026 . . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2027 . . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)** . . . . .	23.3	16.9	13.0	8.5	5.1	24.6	18.4	14.4	2.3	0.8	21.0	7.3	7.3	7.3	4.7

Date	JA† Class					SE†, SF† and E Classes					FM, SM†, SW†, W, SU, SV and MD Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	285%	300%	500%	0%	100%	145%	300%	500%	0%	100%	140%	300%	500%
Initial Percent . . . . .	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 1998 . . . . .	100	100	100	100	100	100	100	100	79	28	100	100	100	39	24
August 1999 . . . . .	100	100	100	100	100	100	100	100	47	0	100	100	100	14	14
August 2000 . . . . .	100	100	100	100	100	100	100	100	26	0	100	100	100	6	0
August 2001 . . . . .	100	100	100	100	100	100	100	100	15	0	100	100	98	1	0
August 2002 . . . . .	100	100	100	100	100	100	100	100	6	0	100	100	82	0	0
August 2003 . . . . .	100	100	100	100	100	100	100	100	1	0	100	100	66	0	0
August 2004 . . . . .	100	100	100	100	72	100	100	100	0	0	100	100	46	0	0
August 2005 . . . . .	100	100	100	100	50	100	100	98	0	0	100	100	27	0	0
August 2006 . . . . .	100	100	100	100	34	100	100	91	0	0	100	100	5	0	0
August 2007 . . . . .	100	97	97	97	23	100	100	83	0	0	100	83	0	0	0
August 2008 . . . . .	100	78	78	78	16	100	100	76	0	0	100	59	0	0	0
August 2009 . . . . .	100	63	63	62	11	100	100	68	0	0	100	34	0	0	0
August 2010 . . . . .	100	50	50	50	7	100	100	60	0	0	100	9	0	0	0
August 2011 . . . . .	100	40	40	40	5	100	96	52	0	0	100	0	0	0	0
August 2012 . . . . .	100	32	32	31	3	100	86	45	0	0	100	0	0	0	0
August 2013 . . . . .	100	25	25	25	2	100	76	38	0	0	100	0	0	0	0
August 2014 . . . . .	100	20	20	20	2	100	65	31	0	0	100	0	0	0	0
August 2015 . . . . .	100	15	15	15	1	100	55	25	0	0	100	0	0	0	0
August 2016 . . . . .	100	12	12	12	1	100	45	21	0	0	100	0	0	0	0
August 2017 . . . . .	100	9	9	9	*	100	35	16	0	0	100	0	0	0	0
August 2018 . . . . .	100	7	7	7	*	100	26	12	0	0	100	0	0	0	0
August 2019 . . . . .	100	5	5	5	*	100	19	9	0	0	87	0	0	0	0
August 2020 . . . . .	100	4	4	4	*	100	12	5	0	0	14	0	0	0	0
August 2021 . . . . .	77	3	3	3	*	80	5	2	0	0	0	0	0	0	0
August 2022 . . . . .	36	2	2	2	*	38	*	0	0	0	0	0	0	0	0
August 2023 . . . . .	1	1	1	1	*	0	0	0	0	0	0	0	0	0	0
August 2024 . . . . .	1	1	1	1	*	0	0	0	0	0	0	0	0	0	0
August 2025 . . . . .	*	*	*	*	*	0	0	0	0	0	0	0	0	0	0
August 2026 . . . . .	*	*	*	*	*	0	0	0	0	0	0	0	0	0	0
August 2027 . . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)** . . . . .	24.7	14.2	14.2	14.1	8.8	24.8	18.7	14.9	2.3	0.8	22.5	11.4	6.8	1.2	0.8

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

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

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

## **Characteristics of the R, RL and RB Classes**

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

The R, RL and RB Classes will be subject to certain transfer restrictions. No transfer of record or beneficial ownership of the R, RL or RB Certificate will be allowed to a “disqualified organization.” In addition, no transfer of record or beneficial ownership of the R, RL or RB 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, RL and RB Classes will constitute noneconomic residual interests under the Regulations. Any transferee of the R, RL or RB 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 the R, RL or RB 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, the Holder of the RL Class will be considered to be the holder of the “residual interest” in the REMIC constituted by the first Lower Tier REMIC, and the Holder of the RB Class will be considered to be the holder of the “residual interest” in the REMIC constituted by the second Lower Tier REMIC. See “Certain Federal Income Tax Consequences” in the REMIC Prospectus. Pursuant to the Trust Agreement, Fannie Mae will be obligated to provide to such Holders (i) such information as is necessary to enable them to prepare their federal income tax returns and (ii) any reports regarding the R, RL or RB Class that may be required under the Code.

## **CERTAIN ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES**

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

## **REMIC Elections and Special Tax Attributes**

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

As a consequence of the qualification of the Lower Tier REMICs and the Trust as REMICs, the REMIC Certificates and any related RCR 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, RL and RB Classes, as “qualified mortgages” for other REMICs. The Small Business Job Protection Act of 1996 repeals the bad debt reserve method of accounting for mutual savings banks and domestic building and loan associations for tax years beginning after December 31, 1995. As a result, section 593(d) of the Code is no longer applicable to treat the REMIC Certificates as “qualifying real property loans.” See “Certain Federal Income Tax Consequences—Special Tax Attributes” in the REMIC Prospectus.

### **Taxation of Beneficial Owners of Regular Certificates**

The Notional Classes, the Accrual Classes and the Principal Only Classes will be, and certain other Classes of REMIC 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 200% PSA in the case of the Group 1 Classes, 194% PSA in the case of the Group 2 Classes, 145% PSA in the case of the Group 3, Group 5, Group 7 and Group 9 Classes, 185% PSA in the case of the Group 4 Classes, 175% PSA in the case of the Group 6 Classes, 285% PSA in the case of the Group 8 Classes and 140% PSA in the case of the Group 10 Classes. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Original Issue Discount*” in the REMIC Prospectus. No representation is made as to whether the Mortgage Loans underlying the MBS will prepay at any of these rates or any other rate. See “Description of the Certificates—Weighted Average Lives of the Certificates” herein and “Description of the Certificates—Weighted Average Life and Final Distribution Dates” in the REMIC Prospectus. In addition, certain Classes of REMIC 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, none of the R Class, RL Class or RB Class will have significant value. Special rules regarding the treatment of “excess inclusions” by certain thrift institutions no longer apply because of the amendment of section 593 of the Code by the Small Business Job Protection Act of 1996. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*” in the REMIC Prospectus.

For purposes of determining the portion of the taxable income of the Trust (or either of the Lower Tier REMICs) 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 July 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, RL or RB Certificate are unclear; any transferee receiving such consideration should consult its own tax advisors.

Fannie Mae intends to determine the accruals of OID on the Underlying REMIC Certificates using the same Prepayment Assumptions, as provided above, that will be used to determine the accruals of OID on the related Regular Certificates. The IRS, however, could take the position that the proper Prepayment Assumptions to be used with respect to the Underlying REMIC Certificates are the Prepayment Assumptions set forth in the related Underlying REMIC Disclosure Documents. See also “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Taxable Income or Net Loss of a REMIC Trust*” in the REMIC Prospectus.



As the owner of the Underlying Redeemable Certificate, the second Lower Tier REMIC will be treated as (i) owning an undivided interest in the related MBS and (ii) writing a call option on such undivided interest at the time of its acquisition on the applicable Settlement Date. For a discussion of the tax consequences associated with such treatment, see “Certain Federal Income Tax Consequences” in the Trust 1997-R3 Prospectus.

### **Taxation of Beneficial Owners of RCR Certificates**

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

The RCR Classes will represent beneficial ownership of the underlying Regular Certificates set forth in Schedule 1. The RCR Certificates (the “Combination RCR Certificates”) will represent beneficial ownership of undivided interests in two or more underlying Regular Certificates.

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

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

### **ADDITIONAL ERISA CONSIDERATIONS**

The Group 1 Classes would appear to qualify as “guaranteed governmental mortgage pool certificates” as defined in the Department of Labor regulation described under “ERISA Considerations” in the REMIC Prospectus. However, the acquisition of the right to effect the redemption of the Underlying Redeemable Certificate (the “Redemption Right”) by the beneficial owner of such Right, as well as the consequences of the exercise of the Redemption Right by such a beneficial owner, might be treated under ERISA as principal transactions between the beneficial owner of a Group 1 Class and the beneficial owner of the Redemption Right. Thus, in theory, the acquisition or exercise of the Redemption 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 a Group 1 Class or the Redemption Right and such “party in interest” holds the Redemption Right or a Group 1 Class), unless an ERISA prohibited transaction exemption, such as PTE 84-14 (for Transactions by Independent Qualified Professional Asset Managers), is applicable. ERISA plan fiduciaries should consult with their counsel concerning these issues.

## **PLAN OF DISTRIBUTION**

*General.* The Dealer will receive the REMIC Certificates in exchange for the Underlying Redeemable Certificate, the Trust MBS and the Underlying REMIC Certificates pursuant to a Fannie Mae commitment. The Dealer proposes to offer the applicable Certificates directly to the public from time to time in negotiated transactions at varying prices to be determined at the time of sale. The Dealer may effect such transactions to or through dealers.

*Increase in Certificates.* Before the Settlement Date, Fannie Mae and the Dealer may agree to offer hereby Group 1, Group 2 or Group 3 Classes in addition to those contemplated as of the date hereof. In such event, the Underlying Redeemable Certificate or related Trust MBS, as applicable, will be increased in principal balance, but it is expected that all additional Underlying Redeemable Certificates or Trust MBS, as applicable, will have the same characteristics as described herein under “Description of the Certificates—Underlying Redeemable Certificate” and “—The Trust MBS.” The proportion that the original principal balance of each Group 1, Group 2 or Group 3 Class bears to the aggregate original principal balance of all the Group 1, Group 2 or Group 3 Classes, respectively, will remain the same. In addition, the dollar amounts reflected in the Principal Balance Schedules with respect to any Group 2 Class will be increased in a pro rata amount that corresponds to the increase of the principal balances of the Group 2 Classes.

## **LEGAL MATTERS**

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

**Exhibit A**

**Underlying REMIC Certificates**

Underlying REMIC Trust	Class	Date of Issue	CUSIP Number	Interest Rate	Interest Type (1)	Final Distribution Date	Principal Type (1)	Original Principal Balance or Original Notional Principal Balance of Class	August 1997 Class Factor	Principal Balance or Notional Principal Balance in Related Lower Tier REMIC as of Issue Date	Approximate Weighted Average WAC	Approximate Weighted Average WAM or WARM (in months)	Approximate Weighted Average CAGE or WALA (in months)	Underlying Security Type	Class Group
1993-115	FB	July 1993	31359BDU8	(2)	FLT	July 2023	TAC	\$18,642,372	0.93340996	\$17,400,975	7.898%	298	52	MBS	4
1993-139	SK	August 1993	31359DGY3	(2)	INV	August 2023	TAC	2,407,583	0.93087146	2,241,150	7.563	298	51	MBS	5
1993-G19	FD	April 1993	31358UXT8	(2)	FLT	April 2023	TAC	58,461,000	1.00000000	18,500,000	8.505	292	58	GNMA	6
1993-G19	SD	April 1993	31358UXU5	(2)	INV	April 2023	TAC	26,982,000	1.00000000	26,982,000	8.505	292	58	GNMA	6
1993-87	SB	June 1993	31359AZG7	(2)	INV	June 2023	SUP	10,000,000	0.90090039	8,626,121	7.539	296	52	MBS	7
1997-48	PD	June 1997	31359PN44	8.00%	FIX/IO	July 2027	NTL	41,997,750	1.00000000	41,997,750	8.430	356	4	MBS	8
1993-139	SH	August 1993	31359DHG1	(2)	INV	August 2023	CPT	9,606,400	0.86582447	2,943,803	7.563	298	51	MBS	9
1993-139	SG	August 1993	31359DHF3	(2)	INV	August 2023	CPT	17,536,457	0.86582447	1,731,648	7.563	298	51	MBS	9
1996-72	SA	December 1996	31359NEX5	(2)	INV/IO	August 2023	NTL	9,276,691	1.00000000	9,276,691	7.563	298	51	MBS	9
1993-160	FC	September 1993	31359DXR9	(2)	FLT	September 2023	SCH	13,508,369	0.99675302	10,474,248	7.123	299	50	MBS	10
1993-160	SC	September 1993	31359DXS7	(2)	INV	September 2023	SCH	3,957,940	0.99675302	3,945,089	7.123	299	50	MBS	10
1993-160	SD	September 1993	31359DXT5	(2)	INV	September 2023	SCH	2,276,691	0.99675302	2,269,298	7.123	299	50	MBS	10

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

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

**Schedule 1**

**Available Recombinations (1)**

A-2

REMIC Certificates		RCR Certificates						
<u>Class</u>	<u>Original Principal or Notional Principal Balance</u>	<u>RCR Class</u>	<u>Original Principal or Notional Principal Balance</u>	<u>Interest Rate</u>	<u>Interest Type (2)</u>	<u>Principal Type (2)</u>	<u>CUSIP Number</u>	<u>Final Distribution Date</u>
Recombination 1								
PC	\$12,143,000	PK	\$56,844,409	7.50%	FIX	PAC	31359QRX4	September 2027
PD	16,708,000							
PE	6,428,000							
PF	11,789,000							
PG	4,504,332							
PH	9,776,409							
Recombination 2								
HA	18,443,539	SN	18,443,539	(3)	INV	SC/PT	31359QRY2	April 2023
SH	18,443,539							
Recombination 3								
H	21,968,749	HB	27,038,461	6.50%	FIX	SC/PT	31359QRZ9	April 2023
HA	5,069,712							
Recombination 4								
SW	1,380,120	SU	1,380,120	(3)	INV	SC/PT	31359QSA3	September 2023
W	1,380,120							
Recombination 5								
SM	4,252,365	SV	4,252,365	(3)	INV	SC/PT	31359QSB1	September 2023
W	4,252,365							
Recombination 6								
FM	11,056,149	MD	15,308,514	6.50%	FIX	SC/PT	31359QSC9	September 2023
SM	4,252,365							
W	4,252,365							

(1) The principal balances and/or notional principal balances of the REMIC Certificates and RCR Certificates involved in any exchange will bear the same relationship as that borne by the original principal balances and/or original notional principal balances of the related Classes.

(2) See “Description of the Certificates—Class Definitions and Abbreviations” in the REMIC Prospectus and “Description of the Certificates—Distributions of Interest” and “—Distributions of Principal” herein.

(3) For a description of these interest rates, see “Description of the Certificates—Distribution of Interest” herein.

## Principal Balance Schedules

<u>Distribution Date</u>	<u>PA Class Planned Balance</u>	<u>PB Class Planned Balance</u>	<u>PC Class Planned Balance</u>	<u>PD Class Planned Balance</u>	<u>PE Class Planned Balance</u>	<u>PF Class Planned Balance</u>
Initial Balance . . . . .	\$13,157,556.00	\$412,008,803.00	\$12,143,000.00	\$16,708,000.00	\$6,428,000.00	\$11,789,000.00
September 1997 . . . . .	13,157,556.00	412,008,803.00	12,143,000.00	16,708,000.00	6,428,000.00	11,789,000.00
October 1997 . . . . .	13,157,556.00	412,008,803.00	12,143,000.00	16,708,000.00	6,428,000.00	11,789,000.00
November 1997 . . . . .	13,157,556.00	412,008,803.00	12,143,000.00	16,708,000.00	6,428,000.00	11,789,000.00
December 1997 . . . . .	13,157,556.00	412,008,803.00	12,143,000.00	16,708,000.00	6,428,000.00	11,789,000.00
January 1998 . . . . .	13,157,556.00	412,008,803.00	12,143,000.00	16,708,000.00	6,428,000.00	11,789,000.00
February 1998 . . . . .	13,157,556.00	412,008,803.00	12,143,000.00	16,708,000.00	6,428,000.00	11,789,000.00
March 1998 . . . . .	13,157,556.00	412,008,803.00	12,143,000.00	16,708,000.00	6,428,000.00	11,789,000.00
April 1998 . . . . .	13,157,556.00	412,008,803.00	12,143,000.00	16,708,000.00	6,428,000.00	11,789,000.00
May 1998 . . . . .	13,157,556.00	412,008,803.00	12,143,000.00	16,708,000.00	6,428,000.00	11,789,000.00
June 1998 . . . . .	13,157,556.00	412,008,803.00	12,143,000.00	16,708,000.00	6,428,000.00	11,789,000.00
July 1998 . . . . .	13,157,556.00	412,008,803.00	12,143,000.00	16,708,000.00	6,428,000.00	11,789,000.00
August 1998 . . . . .	13,157,556.00	412,008,803.00	12,143,000.00	16,708,000.00	6,428,000.00	11,789,000.00
September 1998 . . . . .	13,157,556.00	412,008,803.00	12,143,000.00	16,708,000.00	6,428,000.00	11,789,000.00
October 1998 . . . . .	13,157,556.00	412,008,803.00	12,143,000.00	16,708,000.00	6,428,000.00	11,789,000.00
November 1998 . . . . .	13,157,556.00	412,008,803.00	12,143,000.00	16,708,000.00	6,428,000.00	11,789,000.00
December 1998 . . . . .	13,157,556.00	412,008,803.00	12,143,000.00	16,708,000.00	6,428,000.00	11,789,000.00
January 1999 . . . . .	13,157,556.00	412,008,803.00	12,143,000.00	16,708,000.00	6,428,000.00	11,789,000.00
February 1999 . . . . .	13,157,556.00	412,008,803.00	12,143,000.00	16,708,000.00	6,428,000.00	11,789,000.00
March 1999 . . . . .	13,157,556.00	412,008,803.00	12,143,000.00	16,708,000.00	6,428,000.00	11,789,000.00
April 1999 . . . . .	13,157,556.00	412,008,803.00	12,143,000.00	16,708,000.00	6,428,000.00	11,789,000.00
May 1999 . . . . .	13,157,556.00	412,008,803.00	12,143,000.00	16,708,000.00	6,428,000.00	11,789,000.00
June 1999 . . . . .	13,157,556.00	412,008,803.00	12,143,000.00	16,708,000.00	6,428,000.00	11,789,000.00
July 1999 . . . . .	13,157,556.00	412,008,803.00	12,143,000.00	16,708,000.00	6,428,000.00	11,789,000.00
August 1999 . . . . .	13,157,556.00	412,008,803.00	12,143,000.00	16,708,000.00	6,428,000.00	11,789,000.00
September 1999 . . . . .	10,419,817.10	412,008,803.00	12,143,000.00	16,708,000.00	6,428,000.00	11,789,000.00
October 1999 . . . . .	6,361,513.41	412,008,803.00	12,143,000.00	16,708,000.00	6,428,000.00	11,789,000.00
November 1999 . . . . .	2,223,887.84	412,008,803.00	12,143,000.00	16,708,000.00	6,428,000.00	11,789,000.00
December 1999 . . . . .	0.00	410,258,580.52	11,901,523.70	16,708,000.00	6,428,000.00	11,789,000.00
January 2000 . . . . .	0.00	406,523,752.89	11,386,233.57	16,708,000.00	6,428,000.00	11,789,000.00
February 2000 . . . . .	0.00	402,796,139.68	10,871,938.80	16,708,000.00	6,428,000.00	11,789,000.00
March 2000 . . . . .	0.00	399,086,882.33	10,360,176.58	16,708,000.00	6,428,000.00	11,789,000.00
April 2000 . . . . .	0.00	395,395,885.15	9,850,933.69	16,708,000.00	6,428,000.00	11,789,000.00
May 2000 . . . . .	0.00	391,723,052.95	9,344,197.00	16,708,000.00	6,428,000.00	11,789,000.00
June 2000 . . . . .	0.00	388,068,291.01	8,839,953.45	16,708,000.00	6,428,000.00	11,789,000.00
July 2000 . . . . .	0.00	384,431,505.11	8,338,190.03	16,708,000.00	6,428,000.00	11,789,000.00
August 2000 . . . . .	0.00	380,812,601.51	7,838,893.82	16,708,000.00	6,428,000.00	11,789,000.00
September 2000 . . . . .	0.00	377,211,486.95	7,342,051.94	16,708,000.00	6,428,000.00	11,789,000.00
October 2000 . . . . .	0.00	373,628,068.65	6,847,651.59	16,708,000.00	6,428,000.00	11,789,000.00
November 2000 . . . . .	0.00	370,062,254.30	6,355,680.04	16,708,000.00	6,428,000.00	11,789,000.00
December 2000 . . . . .	0.00	366,513,952.06	5,866,124.61	16,708,000.00	6,428,000.00	11,789,000.00
January 2001 . . . . .	0.00	362,983,070.57	5,378,972.71	16,708,000.00	6,428,000.00	11,789,000.00
February 2001 . . . . .	0.00	359,469,518.93	4,894,211.79	16,708,000.00	6,428,000.00	11,789,000.00
March 2001 . . . . .	0.00	355,973,206.71	4,411,829.38	16,708,000.00	6,428,000.00	11,789,000.00
April 2001 . . . . .	0.00	352,494,043.94	3,931,813.05	16,708,000.00	6,428,000.00	11,789,000.00
May 2001 . . . . .	0.00	349,031,941.12	3,454,150.47	16,708,000.00	6,428,000.00	11,789,000.00
June 2001 . . . . .	0.00	345,586,809.18	2,978,829.34	16,708,000.00	6,428,000.00	11,789,000.00
July 2001 . . . . .	0.00	342,158,559.54	2,505,837.45	16,708,000.00	6,428,000.00	11,789,000.00
August 2001 . . . . .	0.00	338,747,104.06	2,035,162.62	16,708,000.00	6,428,000.00	11,789,000.00
September 2001 . . . . .	0.00	335,352,355.05	1,566,792.77	16,708,000.00	6,428,000.00	11,789,000.00
October 2001 . . . . .	0.00	331,974,225.27	1,100,715.86	16,708,000.00	6,428,000.00	11,789,000.00
November 2001 . . . . .	0.00	328,612,627.92	636,919.91	16,708,000.00	6,428,000.00	11,789,000.00



<u>Distribution Date</u>	<u>PA Class Planned Balance</u>	<u>PB Class Planned Balance</u>	<u>PC Class Planned Balance</u>	<u>PD Class Planned Balance</u>	<u>PE Class Planned Balance</u>	<u>PF Class Planned Balance</u>
December 2001 .....	\$ 0.00	\$325,267,476.66	\$ 175,393.01	\$16,708,000.00	\$6,428,000.00	\$11,789,000.00
January 2002 .....	0.00	321,938,685.57	0.00	16,424,123.30	6,428,000.00	11,789,000.00
February 2002 .....	0.00	318,626,169.20	0.00	15,967,099.00	6,428,000.00	11,789,000.00
March 2002 .....	0.00	315,329,842.50	0.00	15,512,308.37	6,428,000.00	11,789,000.00
April 2002 .....	0.00	312,049,620.90	0.00	15,059,739.74	6,428,000.00	11,789,000.00
May 2002 .....	0.00	308,785,420.21	0.00	14,609,381.50	6,428,000.00	11,789,000.00
June 2002 .....	0.00	305,537,156.72	0.00	14,161,222.10	6,428,000.00	11,789,000.00
July 2002 .....	0.00	302,304,747.12	0.00	13,715,250.04	6,428,000.00	11,789,000.00
August 2002 .....	0.00	299,088,108.53	0.00	13,271,453.90	6,428,000.00	11,789,000.00
September 2002 .....	0.00	295,887,158.50	0.00	12,829,822.28	6,428,000.00	11,789,000.00
October 2002 .....	0.00	292,701,815.01	0.00	12,390,343.89	6,428,000.00	11,789,000.00
November 2002 .....	0.00	289,531,996.43	0.00	11,953,007.45	6,428,000.00	11,789,000.00
December 2002 .....	0.00	286,377,621.58	0.00	11,517,801.76	6,428,000.00	11,789,000.00
January 2003 .....	0.00	283,238,609.69	0.00	11,084,715.68	6,428,000.00	11,789,000.00
February 2003 .....	0.00	280,114,880.38	0.00	10,653,738.13	6,428,000.00	11,789,000.00
March 2003 .....	0.00	277,006,353.70	0.00	10,224,858.06	6,428,000.00	11,789,000.00
April 2003 .....	0.00	273,912,950.12	0.00	9,798,064.52	6,428,000.00	11,789,000.00
May 2003 .....	0.00	270,834,590.48	0.00	9,373,346.57	6,428,000.00	11,789,000.00
June 2003 .....	0.00	267,771,196.07	0.00	8,950,693.35	6,428,000.00	11,789,000.00
July 2003 .....	0.00	264,722,688.55	0.00	8,530,094.07	6,428,000.00	11,789,000.00
August 2003 .....	0.00	261,688,989.99	0.00	8,111,537.96	6,428,000.00	11,789,000.00
September 2003 .....	0.00	258,670,022.87	0.00	7,695,014.33	6,428,000.00	11,789,000.00
October 2003 .....	0.00	255,665,710.05	0.00	7,280,512.54	6,428,000.00	11,789,000.00
November 2003 .....	0.00	252,675,974.78	0.00	6,868,021.99	6,428,000.00	11,789,000.00
December 2003 .....	0.00	249,700,740.74	0.00	6,457,532.17	6,428,000.00	11,789,000.00
January 2004 .....	0.00	246,739,931.95	0.00	6,049,032.58	6,428,000.00	11,789,000.00
February 2004 .....	0.00	243,793,472.85	0.00	5,642,512.81	6,428,000.00	11,789,000.00
March 2004 .....	0.00	240,861,288.27	0.00	5,237,962.47	6,428,000.00	11,789,000.00
April 2004 .....	0.00	237,943,303.40	0.00	4,835,371.26	6,428,000.00	11,789,000.00
May 2004 .....	0.00	235,039,443.83	0.00	4,434,728.89	6,428,000.00	11,789,000.00
June 2004 .....	0.00	232,149,635.53	0.00	4,036,025.17	6,428,000.00	11,789,000.00
July 2004 .....	0.00	229,273,804.85	0.00	3,639,249.92	6,428,000.00	11,789,000.00
August 2004 .....	0.00	226,411,878.50	0.00	3,244,393.03	6,428,000.00	11,789,000.00
September 2004 .....	0.00	223,563,783.58	0.00	2,851,444.46	6,428,000.00	11,789,000.00
October 2004 .....	0.00	220,729,447.57	0.00	2,460,394.18	6,428,000.00	11,789,000.00
November 2004 .....	0.00	217,908,798.29	0.00	2,071,232.25	6,428,000.00	11,789,000.00
December 2004 .....	0.00	215,101,763.97	0.00	1,683,948.76	6,428,000.00	11,789,000.00
January 2005 .....	0.00	212,308,273.17	0.00	1,298,533.86	6,428,000.00	11,789,000.00
February 2005 .....	0.00	209,528,254.84	0.00	914,977.73	6,428,000.00	11,789,000.00
March 2005 .....	0.00	206,761,638.29	0.00	533,270.64	6,428,000.00	11,789,000.00
April 2005 .....	0.00	204,008,353.17	0.00	153,402.87	6,428,000.00	11,789,000.00
May 2005 .....	0.00	201,268,329.52	0.00	0.00	6,203,364.77	11,789,000.00
June 2005 .....	0.00	198,541,497.71	0.00	0.00	5,827,146.73	11,789,000.00
July 2005 .....	0.00	195,827,788.49	0.00	0.00	5,452,739.21	11,789,000.00
August 2005 .....	0.00	193,127,132.95	0.00	0.00	5,080,132.68	11,789,000.00
September 2005 .....	0.00	190,439,462.54	0.00	0.00	4,709,317.70	11,789,000.00
October 2005 .....	0.00	187,764,709.04	0.00	0.00	4,340,284.86	11,789,000.00
November 2005 .....	0.00	185,102,804.61	0.00	0.00	3,973,024.78	11,789,000.00
December 2005 .....	0.00	182,453,681.73	0.00	0.00	3,607,528.16	11,789,000.00
January 2006 .....	0.00	179,817,273.24	0.00	0.00	3,243,785.73	11,789,000.00
February 2006 .....	0.00	177,193,512.32	0.00	0.00	2,881,788.28	11,789,000.00
March 2006 .....	0.00	174,582,332.49	0.00	0.00	2,521,526.62	11,789,000.00

<u>Distribution Date</u>	<u>PA Class Planned Balance</u>	<u>PB Class Planned Balance</u>	<u>PC Class Planned Balance</u>	<u>PD Class Planned Balance</u>	<u>PE Class Planned Balance</u>	<u>PF Class Planned Balance</u>
April 2006.....	\$ 0.00	\$171,983,667.60	\$ 0.00	\$ 0.00	\$2,162,991.63	\$11,789,000.00
May 2006 .....	0.00	169,397,451.87	0.00	0.00	1,806,174.25	11,789,000.00
June 2006 .....	0.00	166,823,619.81	0.00	0.00	1,451,065.42	11,789,000.00
July 2006 .....	0.00	164,262,106.31	0.00	0.00	1,097,656.17	11,789,000.00
August 2006 .....	0.00	161,712,846.55	0.00	0.00	745,937.56	11,789,000.00
September 2006.....	0.00	159,195,237.80	0.00	0.00	398,585.80	11,789,000.00
October 2006 .....	0.00	156,714,792.30	0.00	0.00	56,361.42	11,789,000.00
November 2006 .....	0.00	154,270,974.99	0.00	0.00	0.00	11,508,190.59
December 2006 .....	0.00	151,863,258.42	0.00	0.00	0.00	11,176,000.54
January 2007 .....	0.00	149,491,122.64	0.00	0.00	0.00	10,848,719.53
February 2007 .....	0.00	147,154,055.07	0.00	0.00	0.00	10,526,276.84
March 2007 .....	0.00	144,851,550.47	0.00	0.00	0.00	10,208,602.77
April 2007.....	0.00	142,583,110.74	0.00	0.00	0.00	9,895,628.60
May 2007 .....	0.00	140,348,244.89	0.00	0.00	0.00	9,587,286.57
June 2007 .....	0.00	138,146,468.93	0.00	0.00	0.00	9,283,509.93
July 2007 .....	0.00	135,977,305.72	0.00	0.00	0.00	8,984,232.82
August 2007.....	0.00	133,840,284.93	0.00	0.00	0.00	8,689,390.38
September 2007.....	0.00	131,734,942.93	0.00	0.00	0.00	8,398,918.62
October 2007 .....	0.00	129,660,822.69	0.00	0.00	0.00	8,112,754.49
November 2007 .....	0.00	127,617,473.67	0.00	0.00	0.00	7,830,835.84
December 2007 .....	0.00	125,604,451.76	0.00	0.00	0.00	7,553,101.38
January 2008 .....	0.00	123,621,319.15	0.00	0.00	0.00	7,279,490.72
February 2008 .....	0.00	121,667,644.30	0.00	0.00	0.00	7,009,944.31
March 2008 .....	0.00	119,743,001.78	0.00	0.00	0.00	6,744,403.46
April 2008.....	0.00	117,846,972.25	0.00	0.00	0.00	6,482,810.32
May 2008 .....	0.00	115,979,142.32	0.00	0.00	0.00	6,225,107.84
June 2008 .....	0.00	114,139,104.49	0.00	0.00	0.00	5,971,239.82
July 2008 .....	0.00	112,326,457.09	0.00	0.00	0.00	5,721,150.81
August 2008 .....	0.00	110,540,804.14	0.00	0.00	0.00	5,474,786.21
September 2008.....	0.00	108,781,755.32	0.00	0.00	0.00	5,232,092.14
October 2008 .....	0.00	107,048,925.88	0.00	0.00	0.00	4,993,015.54
November 2008 .....	0.00	105,341,936.54	0.00	0.00	0.00	4,757,504.07
December 2008 .....	0.00	103,660,413.42	0.00	0.00	0.00	4,525,506.14
January 2009 .....	0.00	102,003,988.00	0.00	0.00	0.00	4,296,970.92
February 2009 .....	0.00	100,372,296.97	0.00	0.00	0.00	4,071,848.27
March 2009 .....	0.00	98,764,982.25	0.00	0.00	0.00	3,850,088.80
April 2009.....	0.00	97,181,690.83	0.00	0.00	0.00	3,631,643.79
May 2009 .....	0.00	95,622,074.74	0.00	0.00	0.00	3,416,465.24
June 2009 .....	0.00	94,085,790.98	0.00	0.00	0.00	3,204,505.84
July 2009 .....	0.00	92,572,501.45	0.00	0.00	0.00	2,995,718.92
August 2009 .....	0.00	91,081,872.87	0.00	0.00	0.00	2,790,058.50
September 2009.....	0.00	89,613,576.70	0.00	0.00	0.00	2,587,479.27
October 2009 .....	0.00	88,167,289.10	0.00	0.00	0.00	2,387,936.53
November 2009 .....	0.00	86,742,690.85	0.00	0.00	0.00	2,191,386.25
December 2009 .....	0.00	85,339,467.30	0.00	0.00	0.00	1,997,785.02
January 2010 .....	0.00	83,957,308.27	0.00	0.00	0.00	1,807,090.03
February 2010 .....	0.00	82,595,908.01	0.00	0.00	0.00	1,619,259.11
March 2010 .....	0.00	81,254,965.16	0.00	0.00	0.00	1,434,250.67
April 2010.....	0.00	79,934,182.63	0.00	0.00	0.00	1,252,023.74
May 2010 .....	0.00	78,633,267.60	0.00	0.00	0.00	1,072,537.90
June 2010 .....	0.00	77,351,931.42	0.00	0.00	0.00	895,753.33
July 2010 .....	0.00	76,089,889.56	0.00	0.00	0.00	721,630.78

<u>Distribution Date</u>	<u>PA Class Planned Balance</u>	<u>PB Class Planned Balance</u>	<u>PC Class Planned Balance</u>	<u>PD Class Planned Balance</u>	<u>PE Class Planned Balance</u>	<u>PF Class Planned Balance</u>
August 2010 . . . . .	\$ 0.00	\$ 74,846,861.56	\$ 0.00	\$ 0.00	\$ 0.00	\$ 550,131.55
September 2010 . . . . .	0.00	73,622,570.98	0.00	0.00	0.00	381,217.50
October 2010 . . . . .	0.00	72,416,745.31	0.00	0.00	0.00	214,851.04
November 2010 . . . . .	0.00	71,229,115.95	0.00	0.00	0.00	50,995.10
December 2010 . . . . .	0.00	70,059,418.12	0.00	0.00	0.00	0.00
January 2011 . . . . .	0.00	68,907,390.84	0.00	0.00	0.00	0.00
February 2011 . . . . .	0.00	67,772,776.87	0.00	0.00	0.00	0.00
March 2011 . . . . .	0.00	66,655,322.63	0.00	0.00	0.00	0.00
April 2011 . . . . .	0.00	65,554,778.18	0.00	0.00	0.00	0.00
May 2011 . . . . .	0.00	64,470,897.15	0.00	0.00	0.00	0.00
June 2011 . . . . .	0.00	63,403,436.69	0.00	0.00	0.00	0.00
July 2011 . . . . .	0.00	62,352,157.42	0.00	0.00	0.00	0.00
August 2011 . . . . .	0.00	61,316,823.41	0.00	0.00	0.00	0.00
September 2011 . . . . .	0.00	60,297,202.08	0.00	0.00	0.00	0.00
October 2011 . . . . .	0.00	59,293,064.19	0.00	0.00	0.00	0.00
November 2011 . . . . .	0.00	58,304,183.79	0.00	0.00	0.00	0.00
December 2011 . . . . .	0.00	57,330,338.14	0.00	0.00	0.00	0.00
January 2012 . . . . .	0.00	56,371,307.72	0.00	0.00	0.00	0.00
February 2012 . . . . .	0.00	55,426,876.13	0.00	0.00	0.00	0.00
March 2012 . . . . .	0.00	54,496,830.09	0.00	0.00	0.00	0.00
April 2012 . . . . .	0.00	53,580,959.34	0.00	0.00	0.00	0.00
May 2012 . . . . .	0.00	52,679,056.68	0.00	0.00	0.00	0.00
June 2012 . . . . .	0.00	51,790,917.85	0.00	0.00	0.00	0.00
July 2012 . . . . .	0.00	50,916,341.51	0.00	0.00	0.00	0.00
August 2012 . . . . .	0.00	50,055,129.23	0.00	0.00	0.00	0.00
September 2012 . . . . .	0.00	49,207,085.41	0.00	0.00	0.00	0.00
October 2012 . . . . .	0.00	48,372,017.25	0.00	0.00	0.00	0.00
November 2012 . . . . .	0.00	47,549,734.74	0.00	0.00	0.00	0.00
December 2012 . . . . .	0.00	46,740,050.56	0.00	0.00	0.00	0.00
January 2013 . . . . .	0.00	45,942,780.10	0.00	0.00	0.00	0.00
February 2013 . . . . .	0.00	45,157,741.39	0.00	0.00	0.00	0.00
March 2013 . . . . .	0.00	44,384,755.08	0.00	0.00	0.00	0.00
April 2013 . . . . .	0.00	43,623,644.38	0.00	0.00	0.00	0.00
May 2013 . . . . .	0.00	42,874,235.05	0.00	0.00	0.00	0.00
June 2013 . . . . .	0.00	42,136,355.35	0.00	0.00	0.00	0.00
July 2013 . . . . .	0.00	41,409,835.99	0.00	0.00	0.00	0.00
August 2013 . . . . .	0.00	40,694,510.13	0.00	0.00	0.00	0.00
September 2013 . . . . .	0.00	39,990,213.31	0.00	0.00	0.00	0.00
October 2013 . . . . .	0.00	39,296,783.46	0.00	0.00	0.00	0.00
November 2013 . . . . .	0.00	38,614,060.80	0.00	0.00	0.00	0.00
December 2013 . . . . .	0.00	37,941,887.88	0.00	0.00	0.00	0.00
January 2014 . . . . .	0.00	37,280,109.49	0.00	0.00	0.00	0.00
February 2014 . . . . .	0.00	36,628,572.66	0.00	0.00	0.00	0.00
March 2014 . . . . .	0.00	35,987,126.62	0.00	0.00	0.00	0.00
April 2014 . . . . .	0.00	35,355,622.76	0.00	0.00	0.00	0.00
May 2014 . . . . .	0.00	34,733,914.63	0.00	0.00	0.00	0.00
June 2014 . . . . .	0.00	34,121,857.86	0.00	0.00	0.00	0.00
July 2014 . . . . .	0.00	33,519,310.16	0.00	0.00	0.00	0.00
August 2014 . . . . .	0.00	32,926,131.30	0.00	0.00	0.00	0.00
September 2014 . . . . .	0.00	32,342,183.07	0.00	0.00	0.00	0.00
October 2014 . . . . .	0.00	31,767,329.23	0.00	0.00	0.00	0.00
November 2014 . . . . .	0.00	31,201,435.52	0.00	0.00	0.00	0.00

<u>Distribution Date</u>	<u>PA Class Planned Balance</u>	<u>PB Class Planned Balance</u>	<u>PC Class Planned Balance</u>	<u>PD Class Planned Balance</u>	<u>PE Class Planned Balance</u>	<u>PF Class Planned Balance</u>
December 2014 .....	\$ 0.00	\$ 30,644,369.61	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
January 2015 .....	0.00	30,096,001.06	0.00	0.00	0.00	0.00
February 2015 .....	0.00	29,556,201.32	0.00	0.00	0.00	0.00
March 2015 .....	0.00	29,024,843.71	0.00	0.00	0.00	0.00
April 2015 .....	0.00	28,501,803.34	0.00	0.00	0.00	0.00
May 2015 .....	0.00	27,986,957.15	0.00	0.00	0.00	0.00
June 2015 .....	0.00	27,480,183.84	0.00	0.00	0.00	0.00
July 2015 .....	0.00	26,981,363.86	0.00	0.00	0.00	0.00
August 2015 .....	0.00	26,490,379.38	0.00	0.00	0.00	0.00
September 2015 .....	0.00	26,007,114.27	0.00	0.00	0.00	0.00
October 2015 .....	0.00	25,531,454.10	0.00	0.00	0.00	0.00
November 2015 .....	0.00	25,063,286.05	0.00	0.00	0.00	0.00
December 2015 .....	0.00	24,602,498.95	0.00	0.00	0.00	0.00
January 2016 .....	0.00	24,148,983.25	0.00	0.00	0.00	0.00
February 2016 .....	0.00	23,702,630.95	0.00	0.00	0.00	0.00
March 2016 .....	0.00	23,263,335.62	0.00	0.00	0.00	0.00
April 2016 .....	0.00	22,830,992.39	0.00	0.00	0.00	0.00
May 2016 .....	0.00	22,405,497.87	0.00	0.00	0.00	0.00
June 2016 .....	0.00	21,986,750.18	0.00	0.00	0.00	0.00
July 2016 .....	0.00	21,574,648.93	0.00	0.00	0.00	0.00
August 2016 .....	0.00	21,169,095.14	0.00	0.00	0.00	0.00
September 2016 .....	0.00	20,769,991.31	0.00	0.00	0.00	0.00
October 2016 .....	0.00	20,377,241.30	0.00	0.00	0.00	0.00
November 2016 .....	0.00	19,990,750.40	0.00	0.00	0.00	0.00
December 2016 .....	0.00	19,610,425.25	0.00	0.00	0.00	0.00
January 2017 .....	0.00	19,236,173.85	0.00	0.00	0.00	0.00
February 2017 .....	0.00	18,867,905.52	0.00	0.00	0.00	0.00
March 2017 .....	0.00	18,505,530.91	0.00	0.00	0.00	0.00
April 2017 .....	0.00	18,148,961.94	0.00	0.00	0.00	0.00
May 2017 .....	0.00	17,798,111.84	0.00	0.00	0.00	0.00
June 2017 .....	0.00	17,452,895.06	0.00	0.00	0.00	0.00
July 2017 .....	0.00	17,113,227.32	0.00	0.00	0.00	0.00
August 2017 .....	0.00	16,779,025.54	0.00	0.00	0.00	0.00
September 2017 .....	0.00	16,450,207.84	0.00	0.00	0.00	0.00
October 2017 .....	0.00	16,126,693.56	0.00	0.00	0.00	0.00
November 2017 .....	0.00	15,808,403.18	0.00	0.00	0.00	0.00
December 2017 .....	0.00	15,495,258.34	0.00	0.00	0.00	0.00
January 2018 .....	0.00	15,187,181.82	0.00	0.00	0.00	0.00
February 2018 .....	0.00	14,884,097.52	0.00	0.00	0.00	0.00
March 2018 .....	0.00	14,585,930.45	0.00	0.00	0.00	0.00
April 2018 .....	0.00	14,292,606.70	0.00	0.00	0.00	0.00
May 2018 .....	0.00	14,004,053.44	0.00	0.00	0.00	0.00
June 2018 .....	0.00	13,720,198.88	0.00	0.00	0.00	0.00
July 2018 .....	0.00	13,440,972.31	0.00	0.00	0.00	0.00
August 2018 .....	0.00	13,166,304.01	0.00	0.00	0.00	0.00
September 2018 .....	0.00	12,896,125.30	0.00	0.00	0.00	0.00
October 2018 .....	0.00	12,630,368.48	0.00	0.00	0.00	0.00
November 2018 .....	0.00	12,368,966.84	0.00	0.00	0.00	0.00
December 2018 .....	0.00	12,111,854.66	0.00	0.00	0.00	0.00
January 2019 .....	0.00	11,858,967.14	0.00	0.00	0.00	0.00
February 2019 .....	0.00	11,610,240.45	0.00	0.00	0.00	0.00
March 2019 .....	0.00	11,365,611.68	0.00	0.00	0.00	0.00

<u>Distribution Date</u>	<u>PA Class Planned Balance</u>	<u>PB Class Planned Balance</u>	<u>PC Class Planned Balance</u>	<u>PD Class Planned Balance</u>	<u>PE Class Planned Balance</u>	<u>PF Class Planned Balance</u>
April 2019 .....	\$ 0.00	\$ 11,125,018.84	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
May 2019 .....	0.00	10,888,400.85	0.00	0.00	0.00	0.00
June 2019 .....	0.00	10,655,697.50	0.00	0.00	0.00	0.00
July 2019 .....	0.00	10,426,849.47	0.00	0.00	0.00	0.00
August 2019 .....	0.00	10,201,798.31	0.00	0.00	0.00	0.00
September 2019 .....	0.00	9,980,486.41	0.00	0.00	0.00	0.00
October 2019 .....	0.00	9,762,857.01	0.00	0.00	0.00	0.00
November 2019 .....	0.00	9,548,854.18	0.00	0.00	0.00	0.00
December 2019 .....	0.00	9,338,422.79	0.00	0.00	0.00	0.00
January 2020 .....	0.00	9,131,508.53	0.00	0.00	0.00	0.00
February 2020 .....	0.00	8,928,057.88	0.00	0.00	0.00	0.00
March 2020 .....	0.00	8,728,018.10	0.00	0.00	0.00	0.00
April 2020 .....	0.00	8,531,337.22	0.00	0.00	0.00	0.00
May 2020 .....	0.00	8,337,964.03	0.00	0.00	0.00	0.00
June 2020 .....	0.00	8,147,848.08	0.00	0.00	0.00	0.00
July 2020 .....	0.00	7,960,939.64	0.00	0.00	0.00	0.00
August 2020 .....	0.00	7,777,189.72	0.00	0.00	0.00	0.00
September 2020 .....	0.00	7,596,550.03	0.00	0.00	0.00	0.00
October 2020 .....	0.00	7,418,973.02	0.00	0.00	0.00	0.00
November 2020 .....	0.00	7,244,411.79	0.00	0.00	0.00	0.00
December 2020 .....	0.00	7,072,820.17	0.00	0.00	0.00	0.00
January 2021 .....	0.00	6,904,152.64	0.00	0.00	0.00	0.00
February 2021 .....	0.00	6,738,364.36	0.00	0.00	0.00	0.00
March 2021 .....	0.00	6,575,411.14	0.00	0.00	0.00	0.00
April 2021 .....	0.00	6,415,249.45	0.00	0.00	0.00	0.00
May 2021 .....	0.00	6,257,836.37	0.00	0.00	0.00	0.00
June 2021 .....	0.00	6,103,129.65	0.00	0.00	0.00	0.00
July 2021 .....	0.00	5,951,087.64	0.00	0.00	0.00	0.00
August 2021 .....	0.00	5,801,669.28	0.00	0.00	0.00	0.00
September 2021 .....	0.00	5,654,834.16	0.00	0.00	0.00	0.00
October 2021 .....	0.00	5,510,542.42	0.00	0.00	0.00	0.00
November 2021 .....	0.00	5,368,754.81	0.00	0.00	0.00	0.00
December 2021 .....	0.00	5,229,432.65	0.00	0.00	0.00	0.00
January 2022 .....	0.00	5,092,537.84	0.00	0.00	0.00	0.00
February 2022 .....	0.00	4,958,032.81	0.00	0.00	0.00	0.00
March 2022 .....	0.00	4,825,880.59	0.00	0.00	0.00	0.00
April 2022 .....	0.00	4,696,044.71	0.00	0.00	0.00	0.00
May 2022 .....	0.00	4,568,489.26	0.00	0.00	0.00	0.00
June 2022 .....	0.00	4,443,178.85	0.00	0.00	0.00	0.00
July 2022 .....	0.00	4,320,078.62	0.00	0.00	0.00	0.00
August 2022 .....	0.00	4,199,154.23	0.00	0.00	0.00	0.00
September 2022 .....	0.00	4,080,371.82	0.00	0.00	0.00	0.00
October 2022 .....	0.00	3,963,698.06	0.00	0.00	0.00	0.00
November 2022 .....	0.00	3,849,100.08	0.00	0.00	0.00	0.00
December 2022 .....	0.00	3,736,545.53	0.00	0.00	0.00	0.00
January 2023 .....	0.00	3,626,002.52	0.00	0.00	0.00	0.00
February 2023 .....	0.00	3,517,439.63	0.00	0.00	0.00	0.00
March 2023 .....	0.00	3,410,825.90	0.00	0.00	0.00	0.00
April 2023 .....	0.00	3,306,130.84	0.00	0.00	0.00	0.00
May 2023 .....	0.00	3,203,324.41	0.00	0.00	0.00	0.00
June 2023 .....	0.00	3,102,377.01	0.00	0.00	0.00	0.00
July 2023 .....	0.00	3,003,259.47	0.00	0.00	0.00	0.00

<u>Distribution Date</u>	<u>PA Class Planned Balance</u>	<u>PB Class Planned Balance</u>	<u>PC Class Planned Balance</u>	<u>PD Class Planned Balance</u>	<u>PE Class Planned Balance</u>	<u>PF Class Planned Balance</u>
August 2023 .....	\$ 0.00	\$ 2,905,943.07	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
September 2023 .....	0.00	2,810,399.50	0.00	0.00	0.00	0.00
October 2023 .....	0.00	2,716,600.88	0.00	0.00	0.00	0.00
November 2023 .....	0.00	2,624,519.74	0.00	0.00	0.00	0.00
December 2023 .....	0.00	2,534,129.02	0.00	0.00	0.00	0.00
January 2024 .....	0.00	2,445,402.05	0.00	0.00	0.00	0.00
February 2024 .....	0.00	2,358,312.57	0.00	0.00	0.00	0.00
March 2024 .....	0.00	2,272,834.71	0.00	0.00	0.00	0.00
April 2024 .....	0.00	2,188,942.96	0.00	0.00	0.00	0.00
May 2024 .....	0.00	2,106,612.23	0.00	0.00	0.00	0.00
June 2024 .....	0.00	2,025,817.77	0.00	0.00	0.00	0.00
July 2024 .....	0.00	1,946,535.21	0.00	0.00	0.00	0.00
August 2024 .....	0.00	1,868,740.54	0.00	0.00	0.00	0.00
September 2024 .....	0.00	1,792,410.12	0.00	0.00	0.00	0.00
October 2024 .....	0.00	1,717,520.65	0.00	0.00	0.00	0.00
November 2024 .....	0.00	1,644,049.17	0.00	0.00	0.00	0.00
December 2024 .....	0.00	1,571,973.08	0.00	0.00	0.00	0.00
January 2025 .....	0.00	1,501,270.10	0.00	0.00	0.00	0.00
February 2025 .....	0.00	1,431,918.31	0.00	0.00	0.00	0.00
March 2025 .....	0.00	1,363,896.08	0.00	0.00	0.00	0.00
April 2025 .....	0.00	1,297,182.13	0.00	0.00	0.00	0.00
May 2025 .....	0.00	1,231,755.48	0.00	0.00	0.00	0.00
June 2025 .....	0.00	1,167,595.49	0.00	0.00	0.00	0.00
July 2025 .....	0.00	1,104,681.80	0.00	0.00	0.00	0.00
August 2025 .....	0.00	1,042,994.38	0.00	0.00	0.00	0.00
September 2025 .....	0.00	982,513.47	0.00	0.00	0.00	0.00
October 2025 .....	0.00	923,219.64	0.00	0.00	0.00	0.00
November 2025 .....	0.00	865,093.72	0.00	0.00	0.00	0.00
December 2025 .....	0.00	808,116.84	0.00	0.00	0.00	0.00
January 2026 .....	0.00	752,270.43	0.00	0.00	0.00	0.00
February 2026 .....	0.00	697,536.18	0.00	0.00	0.00	0.00
March 2026 .....	0.00	643,896.05	0.00	0.00	0.00	0.00
April 2026 .....	0.00	591,332.28	0.00	0.00	0.00	0.00
May 2026 .....	0.00	539,827.39	0.00	0.00	0.00	0.00
June 2026 .....	0.00	489,364.13	0.00	0.00	0.00	0.00
July 2026 .....	0.00	439,925.54	0.00	0.00	0.00	0.00
August 2026 .....	0.00	391,494.91	0.00	0.00	0.00	0.00
September 2026 .....	0.00	344,055.77	0.00	0.00	0.00	0.00
October 2026 .....	0.00	297,591.90	0.00	0.00	0.00	0.00
November 2026 .....	0.00	252,087.34	0.00	0.00	0.00	0.00
December 2026 .....	0.00	207,526.34	0.00	0.00	0.00	0.00
January 2027 .....	0.00	163,893.43	0.00	0.00	0.00	0.00
February 2027 .....	0.00	121,173.35	0.00	0.00	0.00	0.00
March 2027 .....	0.00	88,583.44	0.00	0.00	0.00	0.00
April 2027 .....	0.00	56,678.84	0.00	0.00	0.00	0.00
May 2027 .....	0.00	25,448.24	0.00	0.00	0.00	0.00
June 2027 .....	0.00	7,973.84	0.00	0.00	0.00	0.00
July 2027 .....	0.00	3,944.19	0.00	0.00	0.00	0.00
August 2027 and thereafter .....	0.00	0.00	0.00	0.00	0.00	0.00



<u>Distribution Date</u>	<u>PH Class Planned Balance</u>	<u>Segment I Planned Balance</u>	<u>Segment II Targeted Balance</u>	<u>Segment III Targeted Balance</u>	<u>PK Class Planned Balance</u>
Initial Balance .....	\$9,776,409.00	\$59,999,529.00	\$199,812,765.00	\$222,443,763.00	\$56,844,409.00
September 1997.....	9,776,409.00	59,052,239.50	199,471,471.48	221,907,048.14	56,844,409.00
October 1997 .....	9,776,409.00	57,968,362.69	199,116,759.93	221,251,837.98	56,844,409.00
November 1997 .....	9,776,409.00	56,749,798.81	198,747,010.09	220,476,761.76	56,844,409.00
December 1997 .....	9,776,409.00	55,396,879.19	198,362,254.25	219,582,263.69	56,844,409.00
January 1998 .....	9,776,409.00	53,910,004.60	197,962,538.89	218,568,964.95	56,844,409.00
February 1998 .....	9,776,409.00	52,289,645.18	197,547,924.69	217,437,663.70	56,844,409.00
March 1998 .....	9,776,409.00	50,536,340.26	197,118,486.50	216,189,334.86	56,844,409.00
April 1998.....	9,776,409.00	48,650,698.18	196,674,313.25	214,825,129.37	56,844,409.00
May 1998 .....	9,776,409.00	46,633,395.98	196,215,507.92	213,346,373.33	56,844,409.00
June 1998 .....	9,776,409.00	44,485,179.12	195,742,187.44	211,754,566.58	56,844,409.00
July 1998 .....	9,776,409.00	42,206,861.07	195,254,482.57	210,051,381.13	56,844,409.00
August 1998 .....	9,776,409.00	39,799,322.83	194,752,537.80	208,238,659.12	56,844,409.00
September 1998.....	9,776,409.00	37,263,512.49	194,236,511.19	206,318,410.48	56,844,409.00
October 1998 .....	9,776,409.00	34,600,444.60	193,706,574.18	204,292,810.32	56,844,409.00
November 1998 .....	9,776,409.00	31,811,199.60	193,162,911.45	202,164,195.86	56,844,409.00
December 1998 .....	9,776,409.00	28,896,923.10	192,605,720.68	199,935,063.16	56,844,409.00
January 1999 .....	9,776,409.00	25,858,825.15	192,035,212.37	197,608,063.40	56,844,409.00
February 1999 .....	9,776,409.00	22,698,179.46	191,451,609.55	195,185,999.01	56,844,409.00
March 1999 .....	9,776,409.00	19,416,322.52	190,855,147.55	192,671,819.28	56,844,409.00
April 1999.....	9,776,409.00	16,014,652.73	190,246,073.74	190,068,615.87	56,844,409.00
May 1999 .....	9,776,409.00	12,494,629.40	189,624,647.20	187,379,617.88	56,844,409.00
June 1999 .....	9,776,409.00	8,857,771.77	188,991,138.44	184,608,186.70	56,844,409.00
July 1999 .....	9,776,409.00	5,105,657.88	188,345,829.06	181,757,810.56	56,844,409.00
August 1999 .....	9,776,409.00	1,239,923.55	187,689,011.42	178,832,098.85	56,844,409.00
September 1999.....	9,776,409.00	0.00	187,020,988.27	175,834,776.14	56,844,409.00
October 1999 .....	9,776,409.00	0.00	186,344,965.55	172,795,333.58	56,844,409.00
November 1999 .....	9,776,409.00	0.00	185,661,172.34	169,716,567.72	56,844,409.00
December 1999 .....	9,776,409.00	0.00	184,969,845.12	166,601,354.81	56,602,932.70
January 2000 .....	9,776,409.00	0.00	184,275,334.57	163,489,008.48	56,087,642.57
February 2000 .....	9,776,409.00	0.00	183,581,859.84	160,417,234.46	55,573,347.80
March 2000 .....	9,776,409.00	0.00	182,890,639.41	157,396,741.63	55,061,585.58
April 2000.....	9,776,409.00	0.00	182,201,623.63	154,426,889.45	54,552,342.69
May 2000 .....	9,776,409.00	0.00	181,514,763.06	151,507,044.22	54,045,606.00
June 2000 .....	9,776,409.00	0.00	180,830,008.42	148,636,579.07	53,541,362.45
July 2000 .....	9,776,409.00	0.00	180,147,310.60	145,814,873.82	53,039,599.03
August 2000 .....	9,776,409.00	0.00	179,466,620.66	143,041,314.95	52,540,302.82
September 2000.....	9,776,409.00	0.00	178,787,889.84	140,315,295.52	52,043,460.94
October 2000 .....	9,776,409.00	0.00	178,111,069.50	137,636,215.11	51,549,060.59
November 2000 .....	9,776,409.00	0.00	177,436,111.21	135,003,479.71	51,057,089.04
December 2000 .....	9,776,409.00	0.00	176,762,966.68	132,416,501.72	50,567,533.61
January 2001 .....	9,776,409.00	0.00	176,091,587.76	129,874,699.82	50,080,381.71
February 2001 .....	9,776,409.00	0.00	175,421,926.49	127,377,498.94	49,595,620.79
March 2001 .....	9,776,409.00	0.00	174,753,935.02	124,924,330.19	49,113,238.38
April 2001.....	9,776,409.00	0.00	174,087,565.68	122,514,630.76	48,633,222.05
May 2001 .....	9,776,409.00	0.00	173,422,770.94	120,147,843.92	48,155,559.47
June 2001 .....	9,776,409.00	0.00	172,759,503.41	117,823,418.90	47,680,238.34
July 2001 .....	9,776,409.00	0.00	172,097,715.86	115,540,810.82	47,207,246.45
August 2001.....	9,776,409.00	0.00	171,437,361.17	113,299,480.71	46,736,571.62
September 2001.....	9,776,409.00	0.00	170,778,392.38	111,098,895.33	46,268,201.77
October 2001 .....	9,776,409.00	0.00	170,120,762.68	108,938,527.21	45,802,124.86
November 2001 .....	9,776,409.00	0.00	169,464,425.35	106,817,854.54	45,338,328.91

<u>Distribution Date</u>	<u>PH Class Planned Balance</u>	<u>Segment I Planned Balance</u>	<u>Segment II Targeted Balance</u>	<u>Segment III Targeted Balance</u>	<u>PK Class Planned Balance</u>
December 2001 .....	\$9,776,409.00	\$ 0.00	\$168,809,333.85	\$104,736,361.10	\$44,876,802.01
January 2002 .....	9,776,409.00	0.00	168,155,441.74	102,693,536.23	44,417,532.30
February 2002 .....	9,776,409.00	0.00	167,502,702.72	100,688,874.77	43,960,508.00
March 2002 .....	9,776,409.00	0.00	166,851,070.61	98,721,876.96	43,505,717.37
April 2002 .....	9,776,409.00	0.00	166,200,499.36	96,792,048.45	43,053,148.74
May 2002 .....	9,776,409.00	0.00	165,550,943.03	94,898,900.18	42,602,790.50
June 2002 .....	9,776,409.00	0.00	164,902,355.81	93,041,948.36	42,154,631.10
July 2002 .....	9,776,409.00	0.00	164,254,692.00	91,220,714.39	41,708,659.04
August 2002 .....	9,776,409.00	0.00	163,607,906.02	89,434,724.84	41,264,862.90
September 2002 .....	9,776,409.00	0.00	162,961,952.40	87,683,511.34	40,823,231.28
October 2002 .....	9,776,409.00	0.00	162,316,785.78	85,966,610.58	40,383,752.89
November 2002 .....	9,776,409.00	0.00	161,672,360.90	84,283,564.24	39,946,416.45
December 2002 .....	9,776,409.00	0.00	161,028,632.64	82,633,918.91	39,511,210.76
January 2003 .....	9,776,409.00	0.00	160,385,555.93	81,017,226.06	39,078,124.68
February 2003 .....	9,776,409.00	0.00	159,743,085.85	79,433,042.01	38,647,147.13
March 2003 .....	9,776,409.00	0.00	159,101,177.56	77,880,927.83	38,218,267.06
April 2003 .....	9,776,409.00	0.00	158,459,786.31	76,360,449.32	37,791,473.52
May 2003 .....	9,776,409.00	0.00	157,818,867.46	74,871,176.95	37,366,755.57
June 2003 .....	9,776,409.00	0.00	157,178,376.46	73,412,685.81	36,944,102.35
July 2003 .....	9,776,409.00	0.00	156,538,268.85	71,984,555.57	36,523,503.07
August 2003 .....	9,776,409.00	0.00	155,898,500.26	70,586,370.42	36,104,946.96
September 2003 .....	9,776,409.00	0.00	155,259,026.41	69,217,719.02	35,688,423.33
October 2003 .....	9,776,409.00	0.00	154,619,803.09	67,878,194.45	35,273,921.54
November 2003 .....	9,776,409.00	0.00	153,980,786.20	66,567,394.20	34,861,430.99
December 2003 .....	9,776,409.00	0.00	153,341,931.69	65,284,920.05	34,450,941.17
January 2004 .....	9,776,409.00	0.00	152,703,195.63	64,030,378.09	34,042,441.58
February 2004 .....	9,776,409.00	0.00	152,064,534.13	62,803,378.64	33,635,921.81
March 2004 .....	9,776,409.00	0.00	151,425,903.39	61,603,536.23	33,231,371.47
April 2004 .....	9,776,409.00	0.00	150,787,259.68	60,430,469.51	32,828,780.26
May 2004 .....	9,776,409.00	0.00	150,148,559.34	59,283,801.24	32,428,137.89
June 2004 .....	9,776,409.00	0.00	149,509,758.79	58,163,158.26	32,029,434.17
July 2004 .....	9,776,409.00	0.00	148,870,814.50	57,068,171.40	31,632,658.92
August 2004 .....	9,776,409.00	0.00	148,231,683.02	55,998,475.48	31,237,802.03
September 2004 .....	9,776,409.00	0.00	147,592,320.96	54,953,709.22	30,844,853.46
October 2004 .....	9,776,409.00	0.00	146,952,684.98	53,933,515.26	30,453,803.18
November 2004 .....	9,776,409.00	0.00	146,312,731.81	52,937,540.06	30,064,641.25
December 2004 .....	9,776,409.00	0.00	145,672,418.23	51,965,433.89	29,677,357.76
January 2005 .....	9,776,409.00	0.00	145,031,701.08	51,016,850.78	29,291,942.86
February 2005 .....	9,776,409.00	0.00	144,390,537.25	50,091,448.47	28,908,386.73
March 2005 .....	9,776,409.00	0.00	143,748,883.69	49,188,888.40	28,526,679.64
April 2005 .....	9,776,409.00	0.00	143,106,697.38	48,308,835.62	28,146,811.87
May 2005 .....	9,776,409.00	0.00	142,463,935.36	47,450,958.80	27,768,773.77
June 2005 .....	9,776,409.00	0.00	141,820,554.72	46,614,930.17	27,392,555.73
July 2005 .....	9,776,409.00	0.00	141,176,512.58	45,800,425.48	27,018,148.21
August 2005 .....	9,776,409.00	0.00	140,531,766.11	45,007,123.94	26,645,541.68
September 2005 .....	9,776,409.00	0.00	139,886,272.51	44,234,708.24	26,274,726.70
October 2005 .....	9,776,409.00	0.00	139,239,989.02	43,482,864.45	25,905,693.86
November 2005 .....	9,776,409.00	0.00	138,592,872.93	42,751,282.02	25,538,433.78
December 2005 .....	9,776,409.00	0.00	137,944,881.55	42,039,653.73	25,172,937.16
January 2006 .....	9,776,409.00	0.00	137,295,972.21	41,347,675.67	24,809,194.73
February 2006 .....	9,776,409.00	0.00	136,646,102.28	40,675,047.16	24,447,197.28
March 2006 .....	9,776,409.00	0.00	135,995,229.18	40,021,470.77	24,086,935.62

<u>Distribution Date</u>	<u>PH Class Planned Balance</u>	<u>Segment I Planned Balance</u>	<u>Segment II Targeted Balance</u>	<u>Segment III Targeted Balance</u>	<u>PK Class Planned Balance</u>
April 2006.....	\$9,776,409.00	\$ 0.00	\$135,343,310.31	\$ 39,386,652.25	\$23,728,400.63
May 2006 .....	9,776,409.00	0.00	134,690,303.12	38,770,300.50	23,371,583.25
June 2006 .....	9,776,409.00	0.00	134,036,165.09	38,172,127.54	23,016,474.42
July 2006 .....	9,776,409.00	0.00	133,380,853.69	37,591,848.49	22,663,065.17
August 2006 .....	9,776,409.00	0.00	132,724,326.45	37,029,181.49	22,311,346.56
September 2006.....	9,776,409.00	0.00	132,044,394.03	36,461,700.89	21,963,994.80
October 2006 .....	9,776,409.00	0.00	131,334,668.21	35,882,785.08	21,621,770.42
November 2006 .....	9,776,409.00	0.00	130,595,642.82	35,292,697.44	21,284,599.59
December 2006 .....	9,776,409.00	0.00	129,827,803.38	34,691,695.97	20,952,409.54
January 2007 .....	9,776,409.00	0.00	129,031,627.28	34,080,033.41	20,625,128.53
February 2007 .....	9,776,409.00	0.00	128,207,583.85	33,457,957.28	20,302,685.84
March 2007 .....	9,776,409.00	0.00	127,356,134.49	32,825,710.01	19,985,011.77
April 2007.....	9,776,409.00	0.00	126,477,732.81	32,183,528.97	19,672,037.60
May 2007 .....	9,776,409.00	0.00	125,572,824.68	31,531,646.63	19,363,695.57
June 2007 .....	9,776,409.00	0.00	124,641,848.41	30,870,290.57	19,059,918.93
July 2007 .....	9,776,409.00	0.00	123,685,234.82	30,199,683.59	18,760,641.82
August 2007 .....	9,776,409.00	0.00	122,703,407.33	29,520,043.81	18,465,799.38
September 2007.....	9,776,409.00	0.00	121,696,782.11	28,831,584.68	18,175,327.62
October 2007 .....	9,776,409.00	0.00	120,665,768.16	28,134,515.15	17,889,163.49
November 2007 .....	9,776,409.00	0.00	119,610,767.42	27,429,039.65	17,607,244.84
December 2007 .....	9,776,409.00	0.00	118,532,174.85	26,715,358.25	17,329,510.38
January 2008 .....	9,776,409.00	0.00	117,430,378.55	25,993,666.67	17,055,899.72
February 2008 .....	9,776,409.00	0.00	116,305,759.87	25,264,156.38	16,786,353.31
March 2008 .....	9,776,409.00	0.00	115,158,693.47	24,527,014.65	16,520,812.46
April 2008.....	9,776,409.00	0.00	113,989,547.45	23,782,424.66	16,259,219.32
May 2008 .....	9,776,409.00	0.00	112,798,683.41	23,030,565.52	16,001,516.84
June 2008 .....	9,776,409.00	0.00	111,586,456.58	22,271,612.37	15,747,648.82
July 2008 .....	9,776,409.00	0.00	110,353,215.88	21,505,736.44	15,497,559.81
August 2008 .....	9,776,409.00	0.00	109,099,304.03	20,733,105.09	15,251,195.21
September 2008.....	9,776,409.00	0.00	107,825,057.64	19,953,881.91	15,008,501.14
October 2008 .....	9,776,409.00	0.00	106,530,807.26	19,168,226.77	14,769,424.54
November 2008 .....	9,776,409.00	0.00	105,216,877.52	18,376,295.87	14,533,913.07
December 2008 .....	9,776,409.00	0.00	103,883,587.18	17,578,241.81	14,301,915.14
January 2009 .....	9,776,409.00	0.00	102,531,249.21	16,774,213.66	14,073,379.92
February 2009 .....	9,776,409.00	0.00	101,160,170.91	15,964,356.99	13,848,257.27
March 2009 .....	9,776,409.00	0.00	99,770,653.94	15,148,813.97	13,626,497.80
April 2009.....	9,776,409.00	0.00	98,362,994.44	14,327,723.38	13,408,052.79
May 2009 .....	9,776,409.00	0.00	96,937,483.09	13,501,220.71	13,192,874.24
June 2009 .....	9,776,409.00	0.00	95,494,405.18	12,669,438.20	12,980,914.84
July 2009 .....	9,776,409.00	0.00	94,034,040.72	11,832,504.86	12,772,127.92
August 2009 .....	9,776,409.00	0.00	92,556,664.47	10,990,546.58	12,566,467.50
September 2009.....	9,776,409.00	0.00	91,062,546.06	10,143,686.15	12,363,888.27
October 2009 .....	9,776,409.00	0.00	89,551,950.01	9,292,043.31	12,164,345.53
November 2009 .....	9,776,409.00	0.00	88,025,135.86	8,435,734.83	11,967,795.25
December 2009 .....	9,776,409.00	0.00	86,482,358.20	7,574,874.51	11,774,194.02
January 2010 .....	9,776,409.00	0.00	84,923,866.76	6,709,573.27	11,583,499.03
February 2010 .....	9,776,409.00	0.00	83,349,906.45	5,839,939.20	11,395,668.11
March 2010 .....	9,776,409.00	0.00	81,760,717.47	4,966,077.58	11,210,659.67
April 2010.....	9,776,409.00	0.00	80,156,535.36	4,088,090.95	11,028,432.74
May 2010 .....	9,776,409.00	0.00	78,537,591.05	3,206,079.14	10,848,946.90
June 2010 .....	9,776,409.00	0.00	76,904,110.93	2,320,139.32	10,672,162.33
July 2010 .....	9,776,409.00	0.00	75,256,316.95	1,430,366.06	10,498,039.78

<u>Distribution Date</u>	<u>PH Class Planned Balance</u>	<u>Segment I Planned Balance</u>	<u>Segment II Targeted Balance</u>	<u>Segment III Targeted Balance</u>	<u>PK Class Planned Balance</u>
August 2010 . . . . .	\$9,776,409.00	\$ 0.00	\$ 73,594,426.62	\$ 536,851.36	\$10,326,540.55
September 2010 . . . . .	9,776,409.00	0.00	71,918,653.12	0.00	10,157,626.50
October 2010 . . . . .	9,776,409.00	0.00	70,229,205.35	0.00	9,991,260.04
November 2010 . . . . .	9,776,409.00	0.00	68,526,287.99	0.00	9,827,404.10
December 2010 . . . . .	9,666,022.15	0.00	66,810,101.55	0.00	9,666,022.15
January 2011 . . . . .	9,507,078.20	0.00	65,080,842.43	0.00	9,507,078.20
February 2011 . . . . .	9,350,536.74	0.00	63,338,702.99	0.00	9,350,536.74
March 2011 . . . . .	9,196,362.78	0.00	61,583,871.60	0.00	9,196,362.78
April 2011 . . . . .	9,044,521.85	0.00	59,816,532.69	0.00	9,044,521.85
May 2011 . . . . .	8,894,979.96	0.00	58,036,866.83	0.00	8,894,979.96
June 2011 . . . . .	8,747,703.59	0.00	56,245,050.72	0.00	8,747,703.59
July 2011 . . . . .	8,602,659.73	0.00	54,441,257.34	0.00	8,602,659.73
August 2011 . . . . .	8,459,815.82	0.00	52,625,655.91	0.00	8,459,815.82
September 2011 . . . . .	8,319,139.76	0.00	50,798,412.00	0.00	8,319,139.76
October 2011 . . . . .	8,180,599.95	0.00	48,959,687.57	0.00	8,180,599.95
November 2011 . . . . .	8,044,165.19	0.00	47,109,641.00	0.00	8,044,165.19
December 2011 . . . . .	7,909,804.76	0.00	45,248,427.15	0.00	7,909,804.76
January 2012 . . . . .	7,777,488.37	0.00	43,376,197.44	0.00	7,777,488.37
February 2012 . . . . .	7,647,186.16	0.00	41,493,099.84	0.00	7,647,186.16
March 2012 . . . . .	7,518,868.71	0.00	39,599,278.95	0.00	7,518,868.71
April 2012 . . . . .	7,392,507.02	0.00	37,694,876.06	0.00	7,392,507.02
May 2012 . . . . .	7,268,072.48	0.00	35,780,029.18	0.00	7,268,072.48
June 2012 . . . . .	7,145,536.93	0.00	33,854,873.06	0.00	7,145,536.93
July 2012 . . . . .	7,024,872.58	0.00	31,919,539.28	0.00	7,024,872.58
August 2012 . . . . .	6,906,052.05	0.00	29,974,156.28	0.00	6,906,052.05
September 2012 . . . . .	6,789,048.36	0.00	28,018,849.39	0.00	6,789,048.36
October 2012 . . . . .	6,673,834.91	0.00	26,053,740.86	0.00	6,673,834.91
November 2012 . . . . .	6,560,385.48	0.00	24,078,949.95	0.00	6,560,385.48
December 2012 . . . . .	6,448,674.23	0.00	22,094,592.92	0.00	6,448,674.23
January 2013 . . . . .	6,338,675.69	0.00	20,100,783.12	0.00	6,338,675.69
February 2013 . . . . .	6,230,364.75	0.00	18,097,630.98	0.00	6,230,364.75
March 2013 . . . . .	6,123,716.66	0.00	16,085,244.07	0.00	6,123,716.66
April 2013 . . . . .	6,018,707.04	0.00	14,063,727.16	0.00	6,018,707.04
May 2013 . . . . .	5,915,311.85	0.00	12,033,182.23	0.00	5,915,311.85
June 2013 . . . . .	5,813,507.38	0.00	9,993,708.52	0.00	5,813,507.38
July 2013 . . . . .	5,713,270.29	0.00	7,945,402.57	0.00	5,713,270.29
August 2013 . . . . .	5,614,577.55	0.00	5,888,358.23	0.00	5,614,577.55
September 2013 . . . . .	5,517,406.48	0.00	3,822,666.73	0.00	5,517,406.48
October 2013 . . . . .	5,421,734.72	0.00	1,748,416.71	0.00	5,421,734.72
November 2013 . . . . .	5,327,540.21	0.00	0.00	0.00	5,327,540.21
December 2013 . . . . .	5,234,801.24	0.00	0.00	0.00	5,234,801.24
January 2014 . . . . .	5,143,496.39	0.00	0.00	0.00	5,143,496.39
February 2014 . . . . .	5,053,604.56	0.00	0.00	0.00	5,053,604.56
March 2014 . . . . .	4,965,104.94	0.00	0.00	0.00	4,965,104.94
April 2014 . . . . .	4,877,977.04	0.00	0.00	0.00	4,877,977.04
May 2014 . . . . .	4,792,200.64	0.00	0.00	0.00	4,792,200.64
June 2014 . . . . .	4,707,755.83	0.00	0.00	0.00	4,707,755.83
July 2014 . . . . .	4,624,622.97	0.00	0.00	0.00	4,624,622.97
August 2014 . . . . .	4,542,782.73	0.00	0.00	0.00	4,542,782.73
September 2014 . . . . .	4,462,216.02	0.00	0.00	0.00	4,462,216.02
October 2014 . . . . .	4,382,904.06	0.00	0.00	0.00	4,382,904.06
November 2014 . . . . .	4,304,828.32	0.00	0.00	0.00	4,304,828.32

<u>Distribution Date</u>	<u>PH Class Planned Balance</u>	<u>Segment I Planned Balance</u>	<u>Segment II Targeted Balance</u>	<u>Segment III Targeted Balance</u>	<u>PK Class Planned Balance</u>
December 2014 .....	\$4,227,970.54	\$ 0.00	\$ 0.00	\$ 0.00	\$ 4,227,970.54
January 2015 .....	4,152,312.72	0.00	0.00	0.00	4,152,312.72
February 2015 .....	4,077,837.13	0.00	0.00	0.00	4,077,837.13
March 2015 .....	4,004,526.30	0.00	0.00	0.00	4,004,526.30
April 2015 .....	3,932,362.99	0.00	0.00	0.00	3,932,362.99
May 2015 .....	3,861,330.21	0.00	0.00	0.00	3,861,330.21
June 2015 .....	3,791,411.25	0.00	0.00	0.00	3,791,411.25
July 2015 .....	3,722,589.59	0.00	0.00	0.00	3,722,589.59
August 2015 .....	3,654,849.00	0.00	0.00	0.00	3,654,849.00
September 2015 .....	3,588,173.43	0.00	0.00	0.00	3,588,173.43
October 2015 .....	3,522,547.11	0.00	0.00	0.00	3,522,547.11
November 2015 .....	3,457,954.47	0.00	0.00	0.00	3,457,954.47
December 2015 .....	3,394,380.18	0.00	0.00	0.00	3,394,380.18
January 2016 .....	3,331,809.10	0.00	0.00	0.00	3,331,809.10
February 2016 .....	3,270,226.36	0.00	0.00	0.00	3,270,226.36
March 2016 .....	3,209,617.26	0.00	0.00	0.00	3,209,617.26
April 2016 .....	3,149,967.33	0.00	0.00	0.00	3,149,967.33
May 2016 .....	3,091,262.31	0.00	0.00	0.00	3,091,262.31
June 2016 .....	3,033,488.15	0.00	0.00	0.00	3,033,488.15
July 2016 .....	2,976,630.98	0.00	0.00	0.00	2,976,630.98
August 2016 .....	2,920,677.16	0.00	0.00	0.00	2,920,677.16
September 2016 .....	2,865,613.24	0.00	0.00	0.00	2,865,613.24
October 2016 .....	2,811,425.95	0.00	0.00	0.00	2,811,425.95
November 2016 .....	2,758,102.21	0.00	0.00	0.00	2,758,102.21
December 2016 .....	2,705,629.16	0.00	0.00	0.00	2,705,629.16
January 2017 .....	2,653,994.10	0.00	0.00	0.00	2,653,994.10
February 2017 .....	2,603,184.52	0.00	0.00	0.00	2,603,184.52
March 2017 .....	2,553,188.09	0.00	0.00	0.00	2,553,188.09
April 2017 .....	2,503,992.65	0.00	0.00	0.00	2,503,992.65
May 2017 .....	2,455,586.24	0.00	0.00	0.00	2,455,586.24
June 2017 .....	2,407,957.06	0.00	0.00	0.00	2,407,957.06
July 2017 .....	2,361,093.47	0.00	0.00	0.00	2,361,093.47
August 2017 .....	2,314,984.01	0.00	0.00	0.00	2,314,984.01
September 2017 .....	2,269,617.39	0.00	0.00	0.00	2,269,617.39
October 2017 .....	2,224,982.47	0.00	0.00	0.00	2,224,982.47
November 2017 .....	2,181,068.29	0.00	0.00	0.00	2,181,068.29
December 2017 .....	2,137,864.04	0.00	0.00	0.00	2,137,864.04
January 2018 .....	2,095,359.05	0.00	0.00	0.00	2,095,359.05
February 2018 .....	2,053,542.84	0.00	0.00	0.00	2,053,542.84
March 2018 .....	2,012,405.05	0.00	0.00	0.00	2,012,405.05
April 2018 .....	1,971,935.49	0.00	0.00	0.00	1,971,935.49
May 2018 .....	1,932,124.11	0.00	0.00	0.00	1,932,124.11
June 2018 .....	1,892,961.00	0.00	0.00	0.00	1,892,961.00
July 2018 .....	1,854,436.41	0.00	0.00	0.00	1,854,436.41
August 2018 .....	1,816,540.73	0.00	0.00	0.00	1,816,540.73
September 2018 .....	1,779,264.46	0.00	0.00	0.00	1,779,264.46
October 2018 .....	1,742,598.28	0.00	0.00	0.00	1,742,598.28
November 2018 .....	1,706,532.98	0.00	0.00	0.00	1,706,532.98
December 2018 .....	1,671,059.49	0.00	0.00	0.00	1,671,059.49
January 2019 .....	1,636,168.87	0.00	0.00	0.00	1,636,168.87
February 2019 .....	1,601,852.32	0.00	0.00	0.00	1,601,852.32
March 2019 .....	1,568,101.15	0.00	0.00	0.00	1,568,101.15

<u>Distribution Date</u>	<u>PH Class Planned Balance</u>	<u>Segment I Planned Balance</u>	<u>Segment II Targeted Balance</u>	<u>Segment III Targeted Balance</u>	<u>PK Class Planned Balance</u>
April 2019 .....	\$1,534,906.82	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1,534,906.82
May 2019 .....	1,502,260.89	0.00	0.00	0.00	1,502,260.89
June 2019 .....	1,470,155.06	0.00	0.00	0.00	1,470,155.06
July 2019 .....	1,438,581.15	0.00	0.00	0.00	1,438,581.15
August 2019 .....	1,407,531.08	0.00	0.00	0.00	1,407,531.08
September 2019 .....	1,376,996.92	0.00	0.00	0.00	1,376,996.92
October 2019 .....	1,346,970.82	0.00	0.00	0.00	1,346,970.82
November 2019 .....	1,317,445.08	0.00	0.00	0.00	1,317,445.08
December 2019 .....	1,288,412.09	0.00	0.00	0.00	1,288,412.09
January 2020 .....	1,259,864.36	0.00	0.00	0.00	1,259,864.36
February 2020 .....	1,231,794.49	0.00	0.00	0.00	1,231,794.49
March 2020 .....	1,204,195.22	0.00	0.00	0.00	1,204,195.22
April 2020 .....	1,177,059.37	0.00	0.00	0.00	1,177,059.37
May 2020 .....	1,150,379.88	0.00	0.00	0.00	1,150,379.88
June 2020 .....	1,124,149.79	0.00	0.00	0.00	1,124,149.79
July 2020 .....	1,098,362.23	0.00	0.00	0.00	1,098,362.23
August 2020 .....	1,073,010.46	0.00	0.00	0.00	1,073,010.46
September 2020 .....	1,048,087.79	0.00	0.00	0.00	1,048,087.79
October 2020 .....	1,023,587.68	0.00	0.00	0.00	1,023,587.68
November 2020 .....	999,503.66	0.00	0.00	0.00	999,503.66
December 2020 .....	975,829.35	0.00	0.00	0.00	975,829.35
January 2021 .....	952,558.47	0.00	0.00	0.00	952,558.47
February 2021 .....	929,684.84	0.00	0.00	0.00	929,684.84
March 2021 .....	907,202.36	0.00	0.00	0.00	907,202.36
April 2021 .....	885,105.03	0.00	0.00	0.00	885,105.03
May 2021 .....	863,386.92	0.00	0.00	0.00	863,386.92
June 2021 .....	842,042.20	0.00	0.00	0.00	842,042.20
July 2021 .....	821,065.13	0.00	0.00	0.00	821,065.13
August 2021 .....	800,450.04	0.00	0.00	0.00	800,450.04
September 2021 .....	780,191.35	0.00	0.00	0.00	780,191.35
October 2021 .....	760,283.58	0.00	0.00	0.00	760,283.58
November 2021 .....	740,721.29	0.00	0.00	0.00	740,721.29
December 2021 .....	721,499.17	0.00	0.00	0.00	721,499.17
January 2022 .....	702,611.94	0.00	0.00	0.00	702,611.94
February 2022 .....	684,054.43	0.00	0.00	0.00	684,054.43
March 2022 .....	665,821.53	0.00	0.00	0.00	665,821.53
April 2022 .....	647,908.21	0.00	0.00	0.00	647,908.21
May 2022 .....	630,309.52	0.00	0.00	0.00	630,309.52
June 2022 .....	613,020.58	0.00	0.00	0.00	613,020.58
July 2022 .....	596,036.58	0.00	0.00	0.00	596,036.58
August 2022 .....	579,352.77	0.00	0.00	0.00	579,352.77
September 2022 .....	562,964.49	0.00	0.00	0.00	562,964.49
October 2022 .....	546,867.13	0.00	0.00	0.00	546,867.13
November 2022 .....	531,056.18	0.00	0.00	0.00	531,056.18
December 2022 .....	515,527.15	0.00	0.00	0.00	515,527.15
January 2023 .....	500,275.65	0.00	0.00	0.00	500,275.65
February 2023 .....	485,297.34	0.00	0.00	0.00	485,297.34
March 2023 .....	470,587.96	0.00	0.00	0.00	470,587.96
April 2023 .....	456,143.30	0.00	0.00	0.00	456,143.30
May 2023 .....	441,959.20	0.00	0.00	0.00	441,959.20
June 2023 .....	428,031.60	0.00	0.00	0.00	428,031.60
July 2023 .....	414,356.46	0.00	0.00	0.00	414,356.46



<u>Distribution Date</u>	<u>PH Class Planned Balance</u>	<u>Segment I Planned Balance</u>	<u>Segment II Targeted Balance</u>	<u>Segment III Targeted Balance</u>	<u>PK Class Planned Balance</u>
August 2023 .....	\$ 400,929.82	\$ 0.00	\$ 0.00	\$ 0.00	\$ 400,929.82
September 2023.....	387,747.78	0.00	0.00	0.00	387,747.78
October 2023 .....	374,806.49	0.00	0.00	0.00	374,806.49
November 2023 .....	362,102.15	0.00	0.00	0.00	362,102.15
December 2023 .....	349,631.04	0.00	0.00	0.00	349,631.04
January 2024 .....	337,389.48	0.00	0.00	0.00	337,389.48
February 2024 .....	325,373.84	0.00	0.00	0.00	325,373.84
March 2024 .....	313,580.55	0.00	0.00	0.00	313,580.55
April 2024.....	302,006.09	0.00	0.00	0.00	302,006.09
May 2024 .....	290,647.01	0.00	0.00	0.00	290,647.01
June 2024 .....	279,499.89	0.00	0.00	0.00	279,499.89
July 2024 .....	268,561.36	0.00	0.00	0.00	268,561.36
August 2024 .....	257,828.11	0.00	0.00	0.00	257,828.11
September 2024.....	247,296.89	0.00	0.00	0.00	247,296.89
October 2024 .....	236,964.47	0.00	0.00	0.00	236,964.47
November 2024 .....	226,827.69	0.00	0.00	0.00	226,827.69
December 2024 .....	216,883.43	0.00	0.00	0.00	216,883.43
January 2025 .....	207,128.61	0.00	0.00	0.00	207,128.61
February 2025 .....	197,560.22	0.00	0.00	0.00	197,560.22
March 2025 .....	188,175.27	0.00	0.00	0.00	188,175.27
April 2025.....	178,970.82	0.00	0.00	0.00	178,970.82
May 2025 .....	169,943.97	0.00	0.00	0.00	169,943.97
June 2025 .....	161,091.89	0.00	0.00	0.00	161,091.89
July 2025 .....	152,411.75	0.00	0.00	0.00	152,411.75
August 2025 .....	143,900.81	0.00	0.00	0.00	143,900.81
September 2025.....	135,556.32	0.00	0.00	0.00	135,556.32
October 2025 .....	127,375.61	0.00	0.00	0.00	127,375.61
November 2025 .....	119,356.04	0.00	0.00	0.00	119,356.04
December 2025 .....	111,495.01	0.00	0.00	0.00	111,495.01
January 2026 .....	103,789.94	0.00	0.00	0.00	103,789.94
February 2026 .....	96,238.31	0.00	0.00	0.00	96,238.31
March 2026 .....	88,837.64	0.00	0.00	0.00	88,837.64
April 2026.....	81,585.48	0.00	0.00	0.00	81,585.48
May 2026 .....	74,479.40	0.00	0.00	0.00	74,479.40
June 2026 .....	67,517.04	0.00	0.00	0.00	67,517.04
July 2026 .....	60,696.05	0.00	0.00	0.00	60,696.05
August 2026 .....	54,014.13	0.00	0.00	0.00	54,014.13
September 2026.....	47,469.00	0.00	0.00	0.00	47,469.00
October 2026 .....	41,058.43	0.00	0.00	0.00	41,058.43
November 2026 .....	34,780.22	0.00	0.00	0.00	34,780.22
December 2026 .....	28,632.19	0.00	0.00	0.00	28,632.19
January 2027 .....	22,612.20	0.00	0.00	0.00	22,612.20
February 2027 .....	16,718.16	0.00	0.00	0.00	16,718.16
March 2027 .....	12,221.76	0.00	0.00	0.00	12,221.76
April 2027.....	7,819.92	0.00	0.00	0.00	7,819.92
May 2027 .....	3,511.07	0.00	0.00	0.00	3,511.07
June 2027 .....	1,100.14	0.00	0.00	0.00	1,100.14
July 2027 .....	544.18	0.00	0.00	0.00	544.18
August 2027 and thereafter .....	0.00	0.00	0.00	0.00	0.00

\$160,000,000



FannieMae

## Guaranteed Grantor Trust Redeemable/Redemption Certificates Fannie Mae Grantor Trust 1997-R3

The Guaranteed Grantor Trust Redeemable/Redemption Certificates offered hereby (the “Certificates”) will represent interests in Fannie Mae Grantor Trust 1997-R3 (the “Trust”). The Certificates consist of the A Class (the “Redeemable Class” or the “Redeemable Certificates”) and the B Class (the “Redemption Class” or the “Redemption 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 Redeemable Class will receive all of the distributions on the MBS. As described herein, the Redemption 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 Redeemable Class on any Distribution Date commencing with the August 1998 Distribution Date. The redemption price payable by Fannie Mae for the Redeemable 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 Redemption Class will then receive from Fannie Mae the Mega Certificate in exchange for the Redemption Class together with the Redemption Amount and the Exchange Fee (each as defined herein). See “Description of the Certificates—Redemption and Exchange” herein. The Redeemable Class will be issued and guaranteed as to timely distribution of principal and interest by Fannie Mae. The Redemption 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.**

<i>Class</i>	<i>Original Principal Balance</i>	<i>Principal Type(1)</i>	<i>Interest Rate</i>	<i>Interest Type(1)</i>	<i>CUSIP Number</i>	<i>Final Distribution Date</i>
A .....	\$160,000,000	Redeemable/PT	7.5%	FIX	31359QSD7	September 2027
B .....	(2)	Redemption	(2)	(2)	31359QSE5	N/A

- (1) See “Description of the Certificates—Certain Definitions and Abbreviations,” “—Distributions of Interest” and “—Distributions of Principal” herein.  
 (2) The Redemption Class will not receive distributions of principal or interest. For convenience in effecting a redemption and exchange transaction, the Redemption Class will have a notional principal balance equal at all times to the principal balance of the Redeemable Class (initially, \$160,000,000). See “Description of the Certificates—Distributions of Principal” herein.

The Certificates will be offered by PaineWebber Incorporated (the “Dealer”) as set forth herein under “Plan of Distribution.”

The Certificates will be offered by the Dealer, subject to issuance by Fannie Mae, and to prior sale or to withdrawal or modification of the offer without notice, when, as and if delivered to and accepted by the Dealer subject to approval of certain legal matters by counsel. It is expected that the Redemption Certificate, in registered, certificated form, will be available for delivery at the offices of the Dealer, New York, New York, on or about August 29, 1997 (the “Settlement Date”).

## PaineWebber Incorporated

July 16, 1997

*(Cover continued from previous page)*

The yields to investors in the Redeemable 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 Redeemable 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 Redeemable Class may be redeemed on any Distribution Date commencing with the Distribution Date in August 1998. 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 Redeemable Certificate (including any certificate representing beneficial ownership interests in Fannie Mae REMIC Trust 1997-59) may obtain the right to exercise (or otherwise seek to influence the exercise of) a redemption of the Redeemable 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 Redeemable Class.
- In the case of any Redeemable 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 Redeemable 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 Redemption 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 Redemption Class. As indicated herein, the right associated with the Redemption Class to cause a redemption of the Redeemable Class may not be exercised prior to August 1998. An investor in the Redemption 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 Redeemable 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 Life and Yield Table" herein.
- The rate of principal distributions of the Redeemable Class is uncertain and investors may be unable to reinvest the distributions thereon at yields equaling the yield on the Redeemable Class. See "Risk Factors—Reinvestment Risk" herein.
- The existence of the Redemption Class may inhibit significantly the ability of the Redeemable 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 Redemption Certificate but is not obligated to do so. The Dealer currently does not intend to make a market for the Redeemable 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 January 1, 1997 (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 March 31, 1997 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 PaineWebber Incorporated by writing or calling its Prospectus Department at 1000 Harbor Boulevard, Weehawken, New Jersey 07087 (telephone 201-902-6858).

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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 Redemption 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 Redeemable 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 Redeemable 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 March 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 Redeemable 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 August 1, 1997)

Approximate Principal Balance	Original Term to Maturity (in months)	Approximate Weighted Average Remaining Term to Maturity (in months)	Approximate Calculated Loan Age (in months)	Approximate Weighted Average Coupon
\$80,000,000	360	356	4	8.10%
80,000,000	360	354	5	8.10

The actual remaining terms to maturity, calculated 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 Redeemable Class will bear interest at the per annum interest rate set forth on the cover.

The Redemption Class will bear no interest.

### Distributions of Principal

#### *Principal Distribution Amount*

To the Redeemable Class, to zero.

The Redemption Class will receive no principal distributions.

### Redemption

The Holder of the Redemption Class will have the right to direct Fannie Mae to redeem the Redeemable Class, in whole but not in part, on any Distribution Date commencing with the August 1998 Distribution Date. However, a redemption of the Redeemable Class will be effected only if, as of the date Fannie Mae receives notice from the Holder of the Redemption 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 Redeemable 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 Redeemable Class only upon receipt of payment by the Holder of the Redemption Class of the Redemption Amount (as defined herein) for the Redeemable 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 Redeemable Class. The holder of the Redemption Class will then be entitled to receive from Fannie Mae the Mega Certificate in exchange for the Redemption Class. See “Description of the Certificates—Redemption and Exchange” herein.

### Weighted Average Life (years) \*

Class	PSA Prepayment Assumption				
	0%	100%	200%	300%	500%
Redeemable .....	21.6%	11.5%	7.6%	5.5%	3.6%

\* Determined as specified under “Weighted Average Life” and “Decrement Table” herein, and subject to the assumptions and qualifications in those sections, including the assumption that no redemption occurs.



## **RISK FACTORS**

### **Yield Considerations**

The effective yield to holders of the Redeemable 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 Redeemable Certificate at a discount, the actual yield to such investor will be lower than such investor’s anticipated yield. If a redemption of the Redeemable 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 Redeemable 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 Redeemable 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, except upon a redemption of the Redeemable Class, will not bear interest during such delay. No interest at all will be paid on the Redeemable Class after its principal balance has been reduced to zero. As a result of the foregoing, the market value of the Redeemable 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 Redeemable Class.

The value of the Redemption 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 Redemption Class. Fannie Mae makes no representations regarding the value of an investment in the Redemption Class. An investor in the Redemption Class should consider the risk that it may suffer an actual loss of all of its initial investment.

### **Redemption Risk**

The Redeemable 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 Redeemable Class). Moreover, at any time beginning in August 1998, the Redeemable 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 Redeemable Certificate (including any

certificate representing beneficial ownership interests in Fannie Mae REMIC Trust 1997-59) may obtain the right to exercise (or otherwise seek to influence the exercise of) a redemption of the Redeemable 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 Redemption Class may inhibit significantly the ability of the Redeemable 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 Redeemable Class will be received. Since prevailing interest rates are subject to fluctuation, there can be no assurance that investors in the Redeemable Class will be able to reinvest the distributions thereon at a yield equalling or exceeding the yield on the Redeemable Class. It is possible that yields on such reinvestments will be lower, and may be significantly lower, than the yield on the Redeemable Class. Prospective investors in the Redeemable 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 Redeemable 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 August 1, 1997 (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 Redeemable Class required installments of principal and interest and to distribute the principal balance of the Redeemable Class in full no later than the Final Distribution Date. Fannie Mae will guarantee to the Redemption 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 Redeemable Certificates will be issued and maintained and may be transferred by Holders only on the book-entry system of the Federal Reserve Banks. Such entities whose names appear on the book-entry records of a Federal Reserve Bank as the entities for whose accounts such Certificates have been deposited are herein referred to as “Holders” or “Certificateholders.” The Redeemable 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 Redeemable 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 Redeemable 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 Redeemable 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 Redeemable 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 Redeemable Certificate. Fannie Mae’s fiscal agent for the Redeemable Certificates is the Federal Reserve Bank of New York. The Federal Reserve Banks will make distributions on the Redeemable Certificates on behalf of Fannie Mae on the applicable Distribution Dates by crediting Holders’ accounts at the Federal Reserve Banks.

The Redemption Certificate will not be issued in book-entry form but will be issued in fully registered, certificated form. As to the Redemption Certificate, “Holder” or “Certificateholder” refers to the registered owner thereof. The Redemption 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 Redemption 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 Redemption Certificate of the Mega Certificate in a redemption and exchange transaction will be made only upon presentation and surrender of the Redemption Certificate at the office of the Paying Agent. The Paying Agent initially will be State Street.

*Authorized Denominations.* The Redeemable Class will be issued in minimum denominations of \$1,000 and integral multiples of \$1 in excess thereof. The Redemption Class will be issued as a single Certificate and will not have a principal balance. The Redemption 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 Redeemable Class.

*Distribution Dates.* Distributions on the Redeemable 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 Redeemable 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 Redeemable 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 Redemption Class will be the same as that for the Redeemable Class.

*Redemption.* A redemption of the Redeemable 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 in the month following the month of the initial issuance thereof. The Mortgage Loans 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, as described under “The Mortgage Pools” and “Yield Considerations” in the MBS Prospectus. The characteristics of the MBS and the Mortgage Loans as of August 1, 1997 (the “Issue Date”) are expected to be as follows:

### **MBS (Mega Certificate CL-313711)**

Aggregate Unpaid Principal Balance .....	\$160,000,000
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 .....	355 months
Approximate Weighted Average CAGE (3) .....	5 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 Redeemable Class will be categorized as follows:

<u>Interest Type*</u>	<u>Class</u>
<u>Fixed Rate</u>	A

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

*General.* The Redeemable Class will bear interest at the per annum interest rate set forth on the cover. The Redemption Class will bear no interest. Interest on the Redeemable 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 Redeemable 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 Redeemable 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:

<u>Principal Type*</u>	<u>Classes</u>
Redeemable/Pass-Through	A
<u>Redemption</u>	B

\* See “—Certain Definitions and Abbreviations” herein.

### *Principal Distribution Amount*

Principal will be distributed monthly on the Redeemable Class in an 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 Redeemable Class, until the principal balance thereof is reduced to zero. } Redeemable / Pass-Through Class

### *The Redemption Class*

The Redemption Class will receive no principal distributions. For convenience in effecting a redemption and exchange transaction, the Redemption Class will have a notional principal balance



equal at all times to the principal balance of the Redeemable Class. See “—Redemption and Exchange” below.

### **Redemption and Exchange**

The Holder of the Redemption Class will have the right to direct Fannie Mae to redeem the Redeemable Class, in whole but not in part, on any Distribution Date commencing with the August 1998 Distribution Date. However, a redemption of the Redeemable Class will be effected only if, as of the date Fannie Mae receives notice from the Holder of the related Redemption 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 Redeemable 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 Redeemable Class only upon receipt of payment by the Holder of the Redemption Class of the Redemption Amount (as defined below) for the Redeemable 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 Redeemable Class.

The Holder of the Redemption 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 Redemption Class must deposit with Fannie Mae the Redemption Amount, which shall equal the sum of (i) 100% of the outstanding principal balance of the Redeemable Class based on the Trust Factor published for the Redeemable Class for the month prior to the month of redemption and (ii) an amount equal to interest on the Redeemable 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 Redeemable 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 Redeemable Class will be made on the Distribution Date.

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

- (a) 100% of the outstanding principal balance of the Redeemable Class;
- (b) accrued interest at the applicable rate per annum for the Redeemable Class for the related Interest Accrual Period; and
- (c) accrued interest at the applicable rate per annum for the Redeemable 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 Redeemable 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 Redemption Class and the Exchange



Fee. On the Distribution Date in the month of redemption, Fannie Mae will remit to the Holder of the Redemption Class (a) the excess of (i) the Redemption Amount paid to Fannie Mae by the Holder of the Redemption Class and the distributions received on the MBS in the month of redemption over (ii) the Redemption Price for the Redeemable 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 Redeemable 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 Redemption 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 Redemption 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.

<u>Abbreviation</u>	<u>Category</u>	<u>Definition</u>
<b>PRINCIPAL TYPE</b>		
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.
<b>INTEREST TYPE</b>		
FIX	Fixed Rate	Certificates whose interest rate is fixed throughout the life of the Certificates.
<b>OTHER TYPE</b>		
REDEMPTION	Redemption	Certificates whose Holder has the right upon the satisfaction of certain conditions (i) to cause Fannie Mae to redeem a related Redeemable Class and (ii) upon payment of the Redemption Amount and any exchange fee, to receive the securities underlying such Redeemable Class. Such Certificates do not represent beneficial ownership interests in such underlying securities.
REDEEMABLE or RDM	Redeemable	Certificates that are redeemable by Fannie Mae at the direction of the Holder of the related Redemption 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 have the original terms to maturity, remaining terms to maturity, CAGEs and interest rates as specified herein under “Reference Sheet—Assumed Mortgage Loan Characteristics”;
- 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 August 29, 1997; 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, 200% PSA assumes prepayment rates will be 0.4% per annum in month one, 0.8% per annum in month two, and increasing by 0.4% in each succeeding month until reaching a rate of 12.0% per annum in month 30 and remaining constant at 12.0% 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.

## 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 Redeemable Class will correspond to any of the pre-tax yields shown herein or that the aggregate purchase price of the Redeemable 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 Redeemable 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 Redeemable Class will occur.

The table below indicates the pre-tax corporate bond equivalent yields to maturity of the Redeemable 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 Redeemable 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 Redeemable Class (expressed as a percentage of original principal balance) is as follows:

<u>Class</u>	<u>Price*</u>
Redeemable .....	100.0%

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

**Redeemable Class  
(Pre-Tax Yields to Maturity)**

<u>Distribution Date On Which Assumed Redemption Occurs</u>	<u>50% PSA</u>	<u>100% PSA</u>	<u>200% PSA</u>	<u>300% PSA</u>	<u>500% PSA</u>
August 1998 . . . . .	7.6%	7.6%	7.6%	7.5%	7.5%
No Redemption . . . . .	7.6%	7.5%	7.5%	7.5%	7.4%

**Weighted Average Life**

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 Redeemable 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 Redeemable Class. Accordingly, no assurance can be given as to the weighted average life of such Class. Further, to the extent the prices of the Redeemable 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 Redeemable Class may be affected at various constant prepayment rates, see the Decrement Table below.

**Final Distribution Date**

The Final Distribution Date for the Redeemable 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 Redeemable 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 Redeemable 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 Redeemable 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 Redeemable Class will occur.

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

Date	A Class				
	PSA Prepayment Assumption				
	0%	100%	200%	300%	500%
Initial Percent .....	100	100	100	100	100
August 1998 .....	99	97	95	93	88
August 1999 .....	99	92	85	79	67
August 2000 .....	98	85	74	64	47
August 2001 .....	97	79	65	52	32
August 2002 .....	97	74	56	42	22
August 2003 .....	96	68	49	34	15
August 2004 .....	95	63	42	28	11
August 2005 .....	94	58	37	22	7
August 2006 .....	92	54	32	18	5
August 2007 .....	91	50	27	14	3
August 2008 .....	89	46	23	12	2
August 2009 .....	88	42	20	9	2
August 2010 .....	86	38	17	7	1
August 2011 .....	84	35	15	6	1
August 2012 .....	82	32	13	5	1
August 2013 .....	79	29	11	4	*
August 2014 .....	76	26	9	3	*
August 2015 .....	73	23	8	2	*
August 2016 .....	70	21	6	2	*
August 2017 .....	66	18	5	1	*
August 2018 .....	62	16	4	1	*
August 2019 .....	58	14	3	1	*
August 2020 .....	53	12	3	1	*
August 2021 .....	47	10	2	*	*
August 2022 .....	41	8	2	*	*
August 2023 .....	35	6	1	*	*
August 2024 .....	27	4	1	*	*
August 2025 .....	19	2	*	*	*
August 2026 .....	10	1	*	*	*
August 2027 .....	0	0	0	0	0
Weighted Average Life (years)** .....	21.6	11.5	7.6	5.5	3.6

\* 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 Redeemable 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 Redeemable 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 Redemption 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 Redeemable 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 Redemption 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 Redeemable 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 Redemption 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 Redeemable 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 Redemption 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 Redeemable Class, representing the beneficial ownership interest in the MBS, and the B Class will be the Redemption Class, representing the right (the “Redemption Right”) to direct Fannie Mae to redeem the Redeemable Class and to acquire the MBS.

Because of the existence of the Redemption 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 Redeemable Class or a Redemption Class.

### **The Redeemable Class**

*Status.* An Owner of an interest in the Redeemable 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 Redeemable Class. Such call option is represented by a proportionate part of the Redemption 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 Redeemable 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 Redeemable Class.

When an Owner sells an interest in the Redeemable 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 Redeemable 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 Redeemable 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 Redemption Option Premium.* An Owner of an interest in the Redeemable 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 Redemption 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 Redeemable 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 Redemption Right will be reduced over time through principal payments prior to the expiration of the Redemption Right. Under existing authorities, it is not entirely clear whether the Redemption 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 Redemption 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 Redemption Right may be exercised. There is no assurance that the Service would agree with this method of determining income from the lapse of the Redemption Right. Each Owner is urged to consult its own tax advisor regarding these matters.

If the Redemption Right is exercised, an Owner of an interest in the Redeemable 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 Redeemable 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 Redemption Class**

*Status.* The Owner of the Redemption 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 Redemption Class. It would appear that if the Owner of the Redemption Class acquired an interest in the Redeemable Class, such call option would be proportionately extinguished for at least as long as the Owner of the Redemption Class held such interest, and the Owner would be treated as holding solely its proportionate share of the MBS.

*Taxation of Redemption Option Premium.* Because the price paid by the Owner of the Redemption Class to purchase such Class will be treated as an option premium for the Redemption 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 Redemption Right, and will be treated as a loss as the Redemption Right lapses. For a discussion of when the Redemption Right may be deemed to lapse, see “*The Redeemable Classes—Taxation of Redemption 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 Redeemable 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 Redeemable 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 Redeemable 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 Redeemable 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 Redeemable Class would appear to qualify as “guaranteed governmental mortgage pool certificates” as defined in the Department of Labor regulation. However, the acquisition of the

Redemption Right (as defined in “Certain Federal Income Tax Consequences”) by the beneficial owner of the Redemption Class, as well as the consequences of the exercise of the Redemption Right by such a beneficial owner, might be treated under ERISA as principal transactions between the beneficial owners of the Redeemable Class and the beneficial owner of the Redemption Class. Thus, in theory, the acquisition or exercise of the Redemption 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 Redeemable or Redemption Class and such “party in interest” holds the Redemption or Redeemable Class), unless an ERISA prohibited transaction exemption, such as PTE 84-14 (for Transactions by Independent Qualified Professional Asset Managers), is applicable. The Redemption 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 sell the Redeemable Class to Fannie Mae. The Dealer proposes to offer the Redemption 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 transaction 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 Cleary, Gottlieb, Steen & Hamilton.

No dealer, salesman or other person has been authorized to give any information or to make any representations in connection with this offering other than those contained in this Prospectus Supplement and the additional Disclosure Documents and, if given or made, such information or representations must not be relied upon as having been authorized. This Prospectus Supplement and the aforementioned documents do not constitute an offer to sell or a solicitation of an offer to buy any of the Certificates offered hereby in any state to any person to whom it is unlawful to make such offer or solicitation in such state. The delivery of this Prospectus Supplement and the aforementioned documents at any time does not imply that the information contained herein or therein is correct as of any time subsequent to the date hereof or thereof.

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**\$1,151,267,753**



**FannieMae**

## Guaranteed REMIC Pass-Through Certificates

**Fannie Mae REMIC Trust  
1997-59**

## PROSPECTUS SUPPLEMENT

**PaineWebber Incorporated**

**July 16, 1997**