Prospectus Supplement
(To Prospectus dated November 12, 1997)

$833,500,000

FannieMae

Guaranteed REMIC Pass-Through Certificates
Fannie Mae REMIC Trust 1997-88

The Guaranteed REMIC Pass-Through Certificates offered hereby (the "Certificates") will represent beneficial ownership interests in one of two trust funds. The Certificates, other than the RL Class, will represent beneficial ownership interests in Fannie Mae REMIC Trust 1997-88 (the "Trust"). The LL Class, having an aggregate original principal balance of $19,000,000, is being offered by means of a separate Prospectus Supplement dated November 12, 1997 (the "Retail Class Supplement"). The assets of the Trust will consist of the "regular interests" in a separate trust fund (the "Lower Tier REMIC"). The assets of the Lower Tier REMIC will consist of (i) two groups of Fannie Mae Guaranteed Mortgage Pass-Through Certificates described herein (the "Group 1 MBS" and "Group 3 MBS" and, together, the "MBS") and (ii) certain "fully modified pass-through" mortgage-backed securities (the "Ginnie Mae Certificates") guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("Ginnie Mae"). Each MBS represents a beneficial ownership interest in a pool of first lien, single-family, fixed-rate residential mortgage loans having the characteristics described herein. Each Ginnie Mae Certificate is based on and backed by a pool of mortgage loans (together with the pools and mortgage loans underlying the MBS, the "Pools" and "Mortgage Loans," respectively) which are either insured or guaranteed by the Federal Housing Administration ("FHA"), the Department of Veterans Affairs ("VA") or the Rural Housing Service ("FmHA"). The Certificates will be issued and guaranteed as to timely distribution of principal and interest by Fannie Mae.

This Prospectus Supplement is intended to be used only in conjunction with the REMIC Prospectus (defined herein). Investors should not purchase the Certificates before reading this Prospectus Supplement, the REMIC Prospectus and the additional Disclosure Documents (defined herein). Such documents may be obtained as described on page S-2.

See "Additional Risk Factors" on page S-6 hereof and "Certain Risk Factors" beginning on page 10 of the REMIC Prospectus for a discussion of certain risks that should be considered in connection with an investment in the Certificates.

(Cover continued on next page)

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

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

Class	Group	Original Class Balance	Principal Type(1)	Interest Rate	Interest Type(1)	CUSIP Number	Final Distribution Date	Class	Group	Original Class Balance	Principal Type(1)	Interest Rate	Interest Type(1)	CUSIP Number	Final Distribution Date
A	1	$135,790,000	SEQ	6.70%	FIX	31359RMN9	November 2024	F	2	$ 26,138,000	TAC	(4)	FLT	31359RMZ2	December 2027
B	1	99,426,348	SEQ	9.00	FIX	31359RMP4	November 2024	S	2	5,601,000	TAC	(4)	INV	31359RNA6	December 2027
BA	1	76,752,652	SEQ	9.50	FIX	31359RMQ2	November 2024	FA	2	19,997,250	SUP	(4)	FLT	31359RNB4	December 2027
D	1	50,000,000	SEQ	(2)	PO	31359RMR0	November 2024	SA	2	2,856,750	SUP	(4)	INV	31359RNC2	December 2027
C	1	138,031,000	SEQ	7.00	FIX	31359RMS8	January 2028	E	3	57,500,000	SEQ	6.50%	FIX	31359RND0	August 2016
PA	2	20,546,000	PAC	6.25	FIX	31359RMT6	March 2016	G	3	133,000,000	SEQ	6.50	FIX	31359RNE8	June 2027
PG	2	25,405,000	PAC	6.50	FIX	31359RMU3	November 2023	LL	3	(5)	RTL	6.50	FIX	31359RMM1	January 2028
PB	2	9,350,000	PAC	6.50	FIX	31359RMV1	October 2025	H	3	20,500,000	SEQ	6.50	FIX	31359RNF5	January 2028
PC	2	12,606,000	PAC	6.50	FIX	31359RMW9	December 2027	R		0	NPR		NPR	31359RNG3	January 2028
PD	2	3,444,571(3)	NTL	7.00	FIX/IO	31359RMX7	December 2021	RL		0	NPR		NPR	31359RNH1	January 2028
PE	2	2,139,714(3)	NTL	7.00	FIX/IO	31359RMY5	December 2027								

(1) See "Description of the Certificates—Class Definitions and Abbreviations" in the REMIC Prospectus and "Description of the Certificates—Distributions of Interest" and "—Distributions of Principal" herein.
(2) This Class will be a Principal Only Class and will bear no interest.
(3) 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.
(4) These Classes will bear interest based on "LIBOR" as described under "Description of the Certificates—Distributions of Interest" herein and "Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes" in the REMIC Prospectus.
(5) The LL Class, with an aggregate original principal balance of $19,000,000, is being offered by means of the Retail Class Supplement and is not offered hereby.

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

The Certificates will be offered by the Dealer, subject to issuance by Fannie Mae 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 the right by the Dealer to reject any order in whole or in part and subject to approval of certain legal matters by counsel. It is expected that the Group 2 Classes will be available through the book-entry facilities of The Depository Trust Company, and that all other Classes (except for the LL, R and RL Classes) will be available through the book-entry system of the Federal Reserve Banks on or about December 30, 1997 (the "Settlement Date"). It is expected that the R and RL Classes in registered, certificated form will be available for delivery at the offices of the Dealer, Three World Financial Center, New York, New York 10285, on or about December 30, 1997.

LEHMAN BROTHERS

November 12, 1997

(Cover continued from previous page)

The yields to investors in the Group 1, 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 1 MBS, the Ginnie Mae Certificates and the 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 yield to investors in each Class will also be sensitive to the purchase price paid for such Class and, in the case of any Floating Rate or Inverse Floating Rate Class, fluctuations in the level of the Index (as defined herein). Accordingly, investors should consider the following risks:

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

See "Certain Risk Factors—Yield Considerations" in the REMIC Prospectus and "Additional Risk Factors—Additional Yield and Prepayment Considerations" and "Yield Tables" herein.

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

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

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

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

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

- Fannie Mae's Prospectus for Guaranteed REMIC Pass-Through Certificates dated November 12, 1997 (the "REMIC Prospectus");
- Fannie Mae's Prospectus for Guaranteed Mortgage Pass-Through Certificates dated August 1, 1997 (the "MBS Prospectus"); and
- Fannie Mae's Information Statement dated March 31, 1997 and any supplements thereto (collectively, the "Information Statement").

The Information Statement is incorporated herein by reference and, together with the other Disclosure Documents, may be obtained from Fannie Mae by writing or calling its MBS Helpline at 3900 Wisconsin Avenue, N.W., Area 2H-3S, Washington, D.C. 20016 (telephone 1-800-BEST-MBS or 202-752-6547). The Disclosure Documents may also be obtained from Lehman Brothers Inc. by writing or calling its Prospectus Department at 536 Broadhollow Road, Melville, New York 11747 (telephone 516-254-7106).

TABLE OF CONTENTS

REFERENCE SHEET

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

Assumed Characteristics of the Mortgage Loans Underlying the MBS and the Ginnie Mae Certificates (as of December 1, 1997)

	Group	Approximate Principal Balance	Original Term to Maturity (in months)	Approximate Weighted Average Remaining Term to Maturity or WARM (in months)	Approximate Calculated Loan Age or WALA (in months)	Approximate Weighted Average Coupon
Group 1 MBS	1	$500,000,000	360	356	4	7.65%
Ginnie Mae Certificates	2	$122,500,000	360	355	3	7.75%
Group 3 MBS	3	$230,000,000	360	354	4	7.40%

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

Interest Rates

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

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

Class	Initial Interest Rate	Maximum Interest Rate	Minimum Interest Rate	Formula for Calculation of Interest Rate(1)
F	6.08750%	8.5%	0.4%	LIBOR + 40 basis points
S	11.25831%	37.8%	0.0%	37.8% − (4.66667 × LIBOR)
FA	6.68750%	8.0%	1.0%	LIBOR + 100 basis points
SA	9.18750%	49.0%	0.0%	49% − (7 × LIBOR)

(1) LIBOR will be established on the basis of the "BBA Method." See "Description of the Certificates—Calculation of LIBOR" herein.

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

Notional Classes

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

Classes		
PD	10.7142857143%	of PA Class
	7.1428571429%	of the amount, if any, by which the PG Class exceeds $8,000,000
PE	7.1428571429%	of PB Class
	7.1428571429%	of PC Class
	7.1428571429%	of the lesser of (x) the PG Class and (y) $8,000,000

See "Description of the Certificates—Distributions of Interest—*Notional Classes*" herein.

Distributions of Principal

The portion of the Principal Distribution Amount allocated to each Class of Certificates will be determined as described herein under "Description of the Certificates—Distributions of Principal—*Principal Distribution Amount*."

Group 1 Principal Distribution Amount

1. To the A, B, BA and D Classes, in proportion to their original principal balances, to zero.
2. To the C Class, to zero.

Group 2 Principal Distribution Amount

1. To the PA, PG, PB and PC Classes, in that order, to their Planned Balances.
2. To the F and S Classes, in proportion to their original principal balances, to their Targeted Balances.
3. To the FA and SA Classes, in proportion to their original principal balances, to zero.
4. To the F and S Classes, in proportion to their original principal balances, to zero.
5. To the PA, PG, PB and PC Classes, in that order, to zero.

Group 3 Principal Distribution Amount

1. Commencing in January 2003, on each Distribution Date, to the H Class, as specified under "Description of the Certificates—Distributions of Principal," to zero.

2. Commencing in January 2001, on each Distribution Date, an amount up to $19,000 to the LL Class.

3. Commencing in January 1998, on each Distribution Date, to the E, G, LL and H Classes, in that order, to zero.

Weighted Average Lives (years)*

	PSA Prepayment Assumption				
Group 1 Classes	**0%**	**70%**	**175%**	**350%**	**500%**
A, B, BA and D	18.6	9.1	4.9	2.9	2.2
C	28.5	24.4	17.0	10.0	7.1
	PSA Prepayment Assumption				
Group 2 Classes	**0%**	**70%**	**145%**	**250%**	**500%**
PA	8.7	3.7	3.7	3.7	3.0
PG	17.2	8.0	8.0	8.0	4.5
PB	21.2	12.0	12.0	12.0	6.4
PC	23.3	18.0	18.0	18.0	9.8
PD	11.4	4.9	4.9	4.9	3.4
PE	21.6	13.9	13.9	13.9	7.5
F and S	24.5	13.6	3.3	3.3	1.9
FA and SA	28.9	25.8	18.8	2.9	1.2
	PSA Prepayment Assumption				
Group 3 Classes	**0%**	**175%**	**350%**	**500%**	**600%**
E	11.6	1.9	1.3	1.0	0.9
G	25.1	9.0	4.6	3.3	2.8
LL	25.4	21.4	14.1	9.6	7.0
H	17.2	9.0	7.7	7.1	6.9

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

ADDITIONAL RISK FACTORS

Additional Yield and Prepayment Considerations

The rate of distributions of principal of the Group 1, Group 2 and Group 3 Classes will be sensitive in varying degrees to the rate of principal distributions on the Group 1 MBS, Ginnie Mae Certificates and Group 3 MBS, respectively, which in turn will reflect the rate of amortization (including prepayments) of the related Mortgage Loans. There can be no assurance that such related 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 such Classes is likely to differ from the rate anticipated by an investor, even if the related Mortgage Loans prepay at the indicated constant percentages of PSA.

The Mortgage Loans underlying the Group 3 MBS are relocation mortgage loans (as defined herein under "Description of the Certificates—The MBS"). Accordingly, the rate of prepayment of such Mortgage Loans will depend in part on the occurrence and timing of any future relocation of the borrowers thereunder. Such prepayment experience would depend on, among other things, the circumstances of individual employees and employers and the characteristics of the specific relocation programs involved. Borrowers under relocation mortgage loans are thought by some within the mortgage industry to be more likely to be transferred by their employers than non-relocation mortgage loan borrowers, which would result in relocation mortgage loans experiencing a higher rate of prepayment than non-relocation mortgage loans. However, Fannie Mae cannot estimate what the prepayment experience of the related Mortgage Loans will be or how it might compare to that of non-relocation mortgage loans, nor is Fannie Mae aware of any conclusive studies or statistics on the rate of prepayment of mortgage loans such as the related Mortgage Loans.

It is highly unlikely that the Mortgage Loans underlying the Group 1 MBS, Ginnie Mae Certificates or Group 3 MBS, as applicable, will prepay at any of the rates assumed herein, will prepay at a *constant* PSA rate until maturity or that such Mortgage Loans will prepay at the same rate. Investors must make their own decisions as to the appropriate assumptions, including prepayment assumptions, to be used in deciding whether to purchase the Certificates.

The effective 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 20th day, as applicable, following the end of the related Interest Accrual Period and will not bear interest during such delay. No interest at all will be paid on any Class after its principal balance has been reduced to zero. As a result of the foregoing, the market values of the Delay Classes will be lower than would have been the case if there were no such delay.

DESCRIPTION OF THE CERTIFICATES

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

General

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

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

Characteristics of Certificates. The Group 2 Classes and the LL Class 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.

The Certificates of all other Classes (except for the R and the RL Classes) will be issued and maintained and may be transferred by Holders only on the book-entry system of the Federal Reserve Banks (such Certificates, the "Fed Book-Entry Certificates"). Such entities whose names appear on the book-entry records of a Federal Reserve Bank as the entities for whose accounts the Fed Book-Entry Certificates have been deposited are herein referred to as "Holders" or "Certificateholders."

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

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

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

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

Distribution Dates. Distributions on the Group 1 and Group 3 Classes will be made on the 18th day of each month (or, if such 18th day is not a business day, on the first business day next succeeding such 18th day) and distributions on the Group 2 Classes will be made on the first business day following the 20th day of each month (or, if the 19th and 20th days are both business days, on such 20th day) (each, a "Distribution Date"), commencing in the month following the Settlement Date.

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

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

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

Book-Entry Procedures

General. 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.

The Fed Book-Entry Certificates will be issued and maintained only on the book-entry system of the Federal Reserve Banks. The Fed Book-Entry 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 Fed Book-Entry Certificates through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. A Holder that is not the beneficial owner of a Fed Book-Entry 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 Fed Book-Entry Certificate with respect to Fannie Mae and the Federal Reserve Banks may be exercised only through the Holder of such Certificate. Fannie Mae and the Federal Reserve Banks will have no direct obligation to a beneficial owner of a Fed Book-Entry 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 Fed Book-Entry Certificate. See "Description of the Certificates—Denominations, Certificate Form" in the REMIC Prospectus.

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

Fannie Mae's fiscal agent for the Fed Book-Entry Certificates is the Federal Reserve Bank of New York. The Federal Reserve Banks will make distributions on such Certificates on behalf of Fannie Mae on the applicable Distribution Dates by crediting Holders' accounts at the Federal Reserve Banks.

The MBS

The MBS included in each group specified below (each, an "MBS Group") 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 will provide that principal and interest on the related Mortgage Loans will be passed through monthly, commencing in the month following the month of the initial issuance of the MBS. The Mortgage Loans underlying the MBS will be conventional Level Payment Mortgage Loans secured by first mortgages or deeds of trust on one- to four-family ("single-family") residential properties and having an original maturity of up to 30 years. In addition, the Mortgage Loans underlying the Group 3 MBS were originated pursuant to agreements between lenders and employers in connection with relocation programs maintained by employers that commonly relocate their employees ("relocation mortgage loans"), as opposed to being originated in connection with the non-recurring relocation of an employer's place of business. See "The Mortgage Pools" and "Yield Considerations" in the MBS Prospectus. The characteristics of the Group 1 and Group 3 MBS and the related Mortgage Loans as of December 1, 1997 (the "Issue Date") are expected to be as follows:

Group 1 MBS	
Aggregate Unpaid Principal Balance	$500,000,000
MBS Pass-Through Rate	7.00%
Related Mortgage Loans	
Range of WACs (per annum percentages)	7.25% to 9.50%
Range of WAMs	241 months to 360 months
Approximate Weighted Average WAM	356 months
Approximate Weighted Average CAGE	4 months
Group 3 MBS	
Aggregate Unpaid Principal Balance	$230,000,000
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	354 months
Approximate Weighted Average CAGE	4 months

The Ginnie Mae Certificates

The Ginnie Mae Certificates will have the aggregate unpaid principal balance and Pass-Through Rate set forth below and the general characteristics described in the REMIC Prospectus. All of the Ginnie Mae Certificates are Ginnie Mae II Certificates. See "Ginnie Mae and the Ginnie Mae Programs" in the REMIC Prospectus. The characteristics of the Ginnie Mae Certificates and the Mortgage Loans as of the Issue Date are expected to be as follows:

Ginnie Mae Certificates	
Aggregate Unpaid Principal Balance	$122,500,000
Ginnie Mae Pass-Through Rate	7.00%
Mortgage Loans	
Range of WACs	7.50% to 8.50%
Range of WARMs	241 months to 360 months
Approximate Weighted Average WARM	355 months
Approximate Weighted Average WALA	3 months

Final Data Statement

Following the issuance of the Certificates, Fannie Mae will prepare a Final Data Statement setting forth, among other information, (a) with respect to the MBS, the Pool number, the current WAC (or original WAC, if the current WAC is not available) and the current WAM (or Adjusted WAM, if the current WAM is not available) of the Mortgage Loans underlying each 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 and (b) with respect to each Ginnie Mae Certificate, among other things, the Pool number, the original unpaid principal balance, the unpaid principal balance as of the Issue Date, and the remaining term to maturity of the latest maturity Mortgage Loan underlying such Ginnie Mae Certificate 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:

Interest Type*	Classes
Group 1 Classes	
Fixed Rate	A, B, BA and C
Principal Only	D
Group 2 Classes	
Fixed Rate	PA, PG, PB, PC, PD and PE
Floating Rate	F and FA
Inverse Floating Rate	S and SA
Interest Only	PD and PE
Group 3 Classes	
Fixed Rate	E, G, LL and H
No Payment Residual	R and RL

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

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

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

Classes	Interest Accrual Periods
F and S Classes	One month period ending on the day preceding the Distribution Date
All Fixed Rate Classes and the FA and SA 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.

Solely for purposes of facilitating the trading of the Principal Only Class, the D Class will be treated as a Delay Class.

Notional Classes. The PD and PE Classes will be 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.

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 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 index specified (the "Index"), which changes may not correlate with changes in mortgage interest rates. It is possible that lower mortgage interest rates could occur concurrently with an increase in the level of the Index. Conversely, higher mortgage interest rates could occur concurrently with a decrease in the level of the Index.

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

Calculation of LIBOR

On each Index Determination Date, until the principal balances of the F, S, FA and SA Classes have been reduced to zero, Fannie Mae will establish LIBOR for the related Interest Accrual Period. LIBOR will be established on the basis of the "BBA Method" as described in the REMIC Prospectus under "Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes—*LIBOR*." With respect to the "BBA Method," Interest Settlement Rates currently are based on rates quoted by sixteen BBA designated banks and are calculated by eliminating the four highest rates and the four lowest rates and averaging the eight remaining rates.

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%.

Distributions of Principal

Categories of Classes

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

Principal Type*	Classes
Group 1 Classes	
Sequential Pay	A, B, BA, D and C
Group 2 Classes	
PAC(1)	PA, PG, PB and PC
TAC(1)	F and S
Support	FA and SA
Notional	PD and PE
Group 3 Classes	
Sequential Pay	E, G, LL and H
Retail	LL
No Payment Residual	R and RL

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

(1) The Principal Balance Schedules are set forth herein beginning on page B-1.

Principal Distribution Amount

On each Distribution Date, principal will be distributed monthly on the Certificates in an amount (the "Principal Distribution Amount") equal to the sum of (i) the aggregate distributions of principal to be made on the Group 1 MBS in the month of such Distribution Date (the "Group 1 Principal Distribution Amount"), (ii) the aggregate amount distributable as principal of the Ginnie Mae Certificates in the month of such Distribution Date calculated as described in the immediately following paragraph (the "Group 2 Principal Distribution Amount") and (iii) the aggregate distributions of principal to be made on the Group 3 MBS in the month of such Distribution Date (the "Group 3 Principal Distribution Amount").

On or about the eighth business day of each month, Fannie Mae will aggregate the amount of principal reported to be receivable on the Ginnie Mae Certificates during such month on the basis of published Ginnie Mae factors for such month. For any Ginnie Mae Certificate for which a factor is not available at such time, Fannie Mae will calculate the amount of scheduled payments of principal distributable in respect of such Ginnie Mae Certificates during such month on the basis of the assumed amortization schedules of the related Mortgage Loans. The amortization schedules will be prepared on the assumptions that: (i) each of the Mortgage Loans underlying a single Ginnie Mae Certificate amortizes on a level installment basis, had an original term to maturity of 360 months, and has a remaining term to maturity equal to the remaining term to maturity of the latest maturing Mortgage Loan underlying such Ginnie Mae Certificate at the origination of such Ginnie Mae Certificate, adjusted to the Issue Date; and (ii) each Mortgage Loan underlying a Ginnie Mae Certificate bears an interest rate of 8.50% per annum. All such amounts, whether reported in Ginnie Mae factors or calculated by Fannie Mae, will be reflected in the REMIC Trust Factors for the Distribution Date in such month and will be distributed to Holders of Certificates of the Group 2 Classes on such Distribution Date, whether or not received. There will also be reflected in such REMIC Trust Factors and distributable as principal on such Distribution Date the excess of (a) the distributions of principal of the Ginnie Mae Certificates received during the month prior to the month of such Distribution Date over (b) the amount of principal calculated and distributable previously in accordance with the Ginnie Mae factors and the assumed distribution schedules specified above.

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) concurrently, to the A, B, BA and D Classes, in proportion to their original principal balances (or 37.5142622711%, 27.4681942376%, 21.2042058850% and 13.8133376063%, respectively), until the principal balances thereof are reduced to zero; and

(ii) to the C Class, until the principal balance thereof is reduced to zero.

Sequential Pay Classes

Group 2 Principal Distribution Amount

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

(i) sequentially, to the PA, PG, PB and PC Classes, in that order, until the principal balances thereof are reduced to their respective Planned Balances for such Distribution Date;

PAC Classes

(ii) concurrently, to the F and S Classes, in proportion to their original principal balances (or 82.3529411765% and 17.6470588235%, respectively), until the principal balances thereof are reduced to their respective Targeted Balances for such Distribution Date;

TAC Classes

(iii) concurrently, to the FA and SA Classes, in proportion to their original principal balances (or 87.5% and 12.5%, respectively), until the principal balances thereof are reduced to zero;

Support Classes

(iv) concurrently, to the F and S Classes, in proportion to their original principal balances, without regard to their Targeted Balances and until the principal balances thereof are reduced to zero; and

TAC Classes

(v) sequentially, to the PA, PG, PB and PC Classes, in that order, without regard to their Planned Balances and until the respective principal balances thereof are reduced to zero.

PAC Classes

Group 3 Principal Distribution Amount

On each Distribution Date, the Group 3 Principal Distribution Amount will be distributed as principal of the Group 3 Classes in the following order of priority:

(i) commencing in January 2003, the Specified Percentage (described below) of the Basic Principal Amount (described below) (in no event to exceed the Group 3 Principal Distribution Amount) will be distributed as principal of the H Class, until the principal balance thereof is reduced to zero;

(ii) commencing in January 2001, an amount up to $19,000 to the LL Class; and

(iii) commencing in January 1998, sequentially, to the E, G, LL and H Classes, in that order, until the respective principal balances thereof are reduced to zero.

Sequential Pay Classes

The "Specified Percentage" for any Distribution Date will be calculated by dividing (x) the outstanding principal balance of the H Class plus $17,250,000 by (y) the aggregate outstanding principal balance of all the Group 3 Classes, in each case immediately prior to such Distribution Date.

The "Basic Principal Amount" for any Distribution Date is the sum of (i) the portion of the Group 3 Principal Distribution Amount consisting of scheduled payments of principal assumed to be received on the underlying Mortgage Loans during the calendar month prior to the month of such Distribution Date plus (ii) the Prepayment Percentage (described below) of the remaining portion of the Group 3 Principal Distribution Amount. For this purpose, the scheduled payments of principal assumed to be received on the underlying Mortgage Loans during any calendar month will be calculated by Fannie Mae on the basis of the interest rates and remaining terms to maturity of such Mortgage Loans. All such amounts calculated by Fannie Mae shall (in the absence of manifest error) be final and binding. The "Prepayment Percentage" for any Distribution Date will be as specified below:

Distribution Date	Prepayment Percentage
January 2003 through December 2003	30%
January 2004 through December 2004	40%
January 2005 through December 2005	60%
January 2006 through December 2006	80%
January 2007 and thereafter	100%

Structuring Assumptions

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

- the Mortgage Loans underlying the Group 1 MBS, Ginnie Mae Certificates and Group 3 MBS have the original terms to maturity, remaining terms to maturity or WARMs, CAGEs or WALAs, and interest rates as specified herein under "Reference Sheet—Assumed Characteristics of the Mortgage Loans Underlying the MBS and the Ginnie Mae Certificates";
- all payments (including prepayments) on the Mortgage Loans underlying the Ginnie Mae Certificates are distributed on the Certificates and the LL Class 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 and the LL Class is December 30, 1997.

Prepayment Assumptions. Prepayments of mortgage loans commonly are measured relative to a prepayment standard or model. The model used herein is The Bond 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 Range and Rate. The Principal Balance Schedules have been prepared on the basis of the Pricing Assumptions and the assumption that the related Mortgage Loans prepay at a *constant* PSA rate within the Structuring Range or at the applicable rate set forth below.

Principal Balance Schedule References	Related Classes	Structuring Range and Rate
Planned Balances	PA, PG, PB and PC	Between 70% and 250%
Targeted Balance	F and S	145%

There is no assurance that the balance of any Class listed above will conform on any Distribution Date to the applicable balance specified for such Distribution Date in the

Principal Balance Schedules herein, or that distributions of principal of such Class will begin or end on the respective Distribution Dates specified therein. Because any excess of the principal distribution on any Distribution Date over the amount necessary to reduce any such Class to its scheduled balance will be distributed or allocated, the ability to so reduce such Class will not be enhanced by the averaging of high and low principal payments from month to month. In addition, even if prepayments occur on the related Mortgage Loans at rates falling within the Structuring Range specified above, principal distributions may be insufficient to reduce the applicable Classes to their scheduled balances if such prepayments do not occur at a *constant* PSA rate. Moreover, because of the diverse remaining terms to maturity of the related Mortgage Loans (which may include recently originated Mortgage Loans), the Classes specified above may not be reduced to their scheduled balances, even if prepayments occur at a *constant* rate within the Structuring Range or at the applicable rate specified above.

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

Related Classes	Initial Effective Ranges
PA	Between 70% and 302%
PG	Between 70% and 250%
PB	Between 70% and 250%
PC	Between 61% and 250%

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 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 to their scheduled balances if such prepayments do not occur at a *constant* PSA rate. It is highly unlikely that the related Mortgage Loans will prepay at any *constant* PSA rate. In general, the actual Effective Ranges may narrow, widen or shift upward or downward to reflect actual prepayment experience over time. The stability in principal payment of the PAC Classes will be supported in part by the Support and TAC Classes. When the Support and TAC Classes are retired, any outstanding 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 applicable Classes to various constant percentages of PSA and, where specified, to changes in the Index. The yields set forth in the tables were calculated by determining the monthly discount rates that, when applied to the assumed streams of cash flows to be paid on the applicable Classes, would cause the discounted present value of such assumed streams of cash flows to equal the assumed aggregate purchase prices of such Classes and converting such monthly rates to corporate bond equivalent rates. Such calculations do not take into account variations that may occur in the interest rates at which investors may be able to reinvest funds received by them as distributions on the Certificates and consequently do not purport to reflect the return on any investment in the Certificates when such reinvestment rates are considered. *There can be no assurance that the pre-tax yields on the Certificates will correspond to any of the pre-tax yields shown herein or that the aggregate purchase prices of the Certificates will be as assumed. In addition, there can be no assurance that the Index will correspond to the levels shown herein. Furthermore, because some of the Mortgage Loans will likely have remaining terms to maturity shorter or longer than those assumed and interest rates higher or* *lower than those assumed, the principal distributions on the Certificates are likely to differ from those assumed, even if all Mortgage Loans prepay at the indicated constant percentages of PSA. Moreover, it is not likely that the Mortgage Loans will prepay at a constant PSA rate until maturity, that all of such Mortgage Loans will prepay at the same rate or that the level of the Index will remain constant.*

The PD and PE Classes. **The yields to investors in the PD and PE Classes will be very sensitive to the rate of principal payments (including prepayments) of the related Mortgage Loans. The Mortgage Loans generally can be prepaid at any time. On the basis of the assumptions described below, the yield to maturity on the PD and PE Classes would be 0% if prepayments of the related Mortgage Loans were to occur at constant rates of approximately 444% PSA and 514% PSA, respectively. If the actual prepayment rates of the related Mortgage Loans were to exceed the applicable levels for as little as one month while equaling such levels for the remaining months, the investors in the PD and PE Classes, as applicable, would not fully recoup their initial investments.**

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 PD and PE Classes (expressed in each case as a percentage of the original principal balance) are as follows:

Class	Price*
PD	25.75%
PE	51.00%

* 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.

Sensitivity of the PD Class to Prepayments

	PSA Prepayment Assumption				
	50%	**70%**	**145%**	**250%**	**500%**
Pre-Tax Yields to Maturity	14.4%	10.7%	10.7%	10.7%	(4.4)%

Sensitivity of the PE Class to Prepayments

	PSA Prepayment Assumption				
	50%	**70%**	**145%**	**250%**	**500%**
Pre-Tax Yields to Maturity	10.9%	10.1%	10.1%	10.1%	0.6%

The Inverse Floating Rate Classes. **The yields to investors in the Inverse Floating Rate Classes will be sensitive in varying degrees to the rate of principal payments (including prepayments) of the related Mortgage Loans and to the level of the 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.**

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

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

Class	Price*
S	98.0
SA	86.0

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

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

	PSA Prepayment Assumption				
LIBOR	**50%**	**70%**	**145%**	**250%**	**500%**
3.6875%	21.9%	21.9%	22.3%	22.3%	22.6%
5.6875%	11.8%	11.9%	12.4%	12.4%	12.8%
7.6875%	2.1%	2.2%	2.7%	2.7%	3.3%
8.1000%	0.2%	0.2%	0.8%	0.8%	1.4%

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

	PSA Prepayment Assumption				
LIBOR	**50%**	**70%**	**145%**	**250%**	**500%**
3.6875%	28.1%	28.1%	28.2%	32.4%	40.2%
5.6875%	11.0%	11.0%	11.2%	15.7%	23.8%
7.0000%	0.6%	0.6%	0.8%	5.3%	13.4%

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

The information set forth in the following table was prepared on the basis of the Pricing Assumptions and the assumption that the aggregate purchase price of the Principal Only Class (expressed as a percentage of original principal balance) is as follows:

Class	Price
D	77.0%

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

	PSA Prepayment Assumption				
	50%	**70%**	**175%**	**350%**	**500%**
D	2.6%	3.0%	5.6%	9.6%	12.5%

Weighted Average Lives of the Certificates

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

In general, the weighted average lives of the Certificates will be shortened if the level of prepayments of principal of the related Mortgage Loans increases. However, the weighted average lives will depend upon a variety of other factors, including the timing of changes in such rate of principal payments and the priority sequences of distributions of principal of the Group 1, Group 2 and Group 3 Classes. 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. See "Distributions of Principal" herein.

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

Decrement Tables

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

Mortgage Loans Relating to Trust Assets Specified Below	Original Terms to Maturity	Remaining Terms to Maturity	Interest Rates	Related Groups
Group 1 MBS	360 months	360 months	9.5%	Group 1
Ginnie Mae Certificates	360 months	360 months	8.5%	Group 2
Group 3 MBS	360 months	360 months	9.0%	Group 3

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

Percent of Original Principal Balances Outstanding

	A, B, BA and D Classes					C Class					PA Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
Date	0%	70%	175%	350%	500%	0%	70%	175%	350%	500%	0%	70%	145%	250%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
December 1998	99	97	94	89	84	100	100	100	100	100	100	100	100	100	100
December 1999	98	91	82	68	56	100	100	100	100	100	100	98	98	98	98
December 2000	97	84	68	45	27	100	100	100	100	100	94	69	69	69	58
December 2001	96	78	56	26	7	100	100	100	100	100	88	40	40	40	0
December 2002	95	72	45	12	0	100	100	100	100	81	82	13	13	13	0
December 2003	93	65	35	1	0	100	100	100	100	56	75	0	0	0	0
December 2004	92	60	26	0	0	100	100	100	80	39	68	0	0	0	0
December 2005	90	54	19	0	0	100	100	100	62	27	60	0	0	0	0
December 2006	88	48	12	0	0	100	100	100	48	18	51	0	0	0	0
December 2007	86	43	6	0	0	100	100	100	37	13	41	0	0	0	0
December 2008	84	38	*	0	0	100	100	100	29	9	31	0	0	0	0
December 2009	82	33	0	0	0	100	100	88	22	6	19	0	0	0	0
December 2010	79	28	0	0	0	100	100	76	17	4	7	0	0	0	0
December 2011	76	23	0	0	0	100	100	66	13	3	0	0	0	0	0
December 2012	73	19	0	0	0	100	100	57	10	2	0	0	0	0	0
December 2013	70	14	0	0	0	100	100	49	8	1	0	0	0	0	0
December 2014	66	10	0	0	0	100	100	42	6	1	0	0	0	0	0
December 2015	61	6	0	0	0	100	100	36	4	1	0	0	0	0	0
December 2016	57	1	0	0	0	100	100	30	3	*	0	0	0	0	0
December 2017	52	0	0	0	0	100	93	25	2	*	0	0	0	0	0
December 2018	46	0	0	0	0	100	83	21	2	*	0	0	0	0	0
December 2019	40	0	0	0	0	100	72	17	1	*	0	0	0	0	0
December 2020	33	0	0	0	0	100	62	14	1	*	0	0	0	0	0
December 2021	25	0	0	0	0	100	53	11	1	*	0	0	0	0	0
December 2022	17	0	0	0	0	100	43	8	*	*	0	0	0	0	0
December 2023	8	0	0	0	0	100	34	6	*	*	0	0	0	0	0
December 2024	0	0	0	0	0	95	24	4	*	*	0	0	0	0	0
December 2025	0	0	0	0	0	66	15	2	*	*	0	0	0	0	0
December 2026	0	0	0	0	0	35	6	1	*	*	0	0	0	0	0
December 2027	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	18.6	9.1	4.9	2.9	2.2	28.5	24.4	17.0	10.0	7.1	8.7	3.7	3.7	3.7	3.0

* 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.

PG Class

Date	PSA Prepayment Assumption 0%	70%	145%	250%	500%
Initial Percent	100	100	100	100	100
December 1998	100	100	100	100	100
December 1999	100	100	100	100	100
December 2000	100	100	100	100	100
December 2001	100	100	100	100	75
December 2002	100	100	100	100	25
December 2003	100	89	89	89	0
December 2004	100	69	69	69	0
December 2005	100	49	49	49	0
December 2006	100	29	29	29	0
December 2007	100	11	11	11	0
December 2008	100	0	0	0	0
December 2009	100	0	0	0	0
December 2010	100	0	0	0	0
December 2011	94	0	0	0	0
December 2012	82	0	0	0	0
December 2013	69	0	0	0	0
December 2014	55	0	0	0	0
December 2015	40	0	0	0	0
December 2016	23	0	0	0	0
December 2017	5	0	0	0	0
December 2018	0	0	0	0	0
December 2019	0	0	0	0	0
December 2020	0	0	0	0	0
December 2021	0	0	0	0	0
December 2022	0	0	0	0	0
December 2023	0	0	0	0	0
December 2024	0	0	0	0	0
December 2025	0	0	0	0	0
December 2026	0	0	0	0	0
December 2027	0	0	0	0	0
Weighted Average Life (years)**	17.2	8.0	8.0	8.0	4.5

PB Class

Date	PSA Prepayment Assumption 0%	70%	145%	250%	500%
Initial Percent	100	100	100	100	100
December 1998	100	100	100	100	100
December 1999	100	100	100	100	100
December 2000	100	100	100	100	100
December 2001	100	100	100	100	100
December 2002	100	100	100	100	100
December 2003	100	100	100	100	74
December 2004	100	100	100	100	9
December 2005	100	100	100	100	0
December 2006	100	100	100	100	0
December 2007	100	100	100	100	0
December 2008	100	84	84	84	0
December 2009	100	47	47	47	0
December 2010	100	15	15	15	0
December 2011	100	0	0	0	0
December 2012	100	0	0	0	0
December 2013	100	0	0	0	0
December 2014	100	0	0	0	0
December 2015	100	0	0	0	0
December 2016	100	0	0	0	0
December 2017	100	0	0	0	0
December 2018	60	0	0	0	0
December 2019	1	0	0	0	0
December 2020	0	0	0	0	0
December 2021	0	0	0	0	0
December 2022	0	0	0	0	0
December 2023	0	0	0	0	0
December 2024	0	0	0	0	0
December 2025	0	0	0	0	0
December 2026	0	0	0	0	0
December 2027	0	0	0	0	0
Weighted Average Life (years)**	21.2	12.0	12.0	12.0	6.4

PC Class

Date	PSA Prepayment Assumption 0%	70%	145%	250%	500%
Initial Percent	100	100	100	100	100
December 1998	100	100	100	100	100
December 1999	100	100	100	100	100
December 2000	100	100	100	100	100
December 2001	100	100	100	100	100
December 2002	100	100	100	100	100
December 2003	100	100	100	100	100
December 2004	100	100	100	100	100
December 2005	100	100	100	100	73
December 2006	100	100	100	100	50
December 2007	100	100	100	100	35
December 2008	100	100	100	100	24
December 2009	100	100	100	100	16
December 2010	100	100	100	100	11
December 2011	100	92	92	92	7
December 2012	100	75	75	75	5
December 2013	100	61	61	61	3
December 2014	100	50	50	50	2
December 2015	100	40	40	40	2
December 2016	100	32	32	32	1
December 2017	100	26	26	26	1
December 2018	100	20	20	20	*
December 2019	100	16	16	16	*
December 2020	53	12	12	12	*
December 2021	9	9	9	9	*
December 2022	7	7	7	7	*
December 2023	4	4	4	4	*
December 2024	3	3	3	3	*
December 2025	2	2	2	2	*
December 2026	*	*	*	*	*
December 2027	0	0	0	0	0
Weighted Average Life (years)**	23.3	18.0	18.0	18.0	9.8

PD† Class

Date	PSA Prepayment Assumption 0%	70%	145%	250%	500%
Initial Percent	100	100	100	100	100
December 1998	100	100	100	100	100
December 1999	100	99	99	99	99
December 2000	96	80	80	80	73
December 2001	93	62	62	62	23
December 2002	89	44	44	44	0
December 2003	84	30	30	30	0
December 2004	79	20	20	20	0
December 2005	74	9	9	9	0
December 2006	68	0	0	0	0
December 2007	62	0	0	0	0
December 2008	56	0	0	0	0
December 2009	48	0	0	0	0
December 2010	40	0	0	0	0
December 2011	33	0	0	0	0
December 2012	27	0	0	0	0
December 2013	20	0	0	0	0
December 2014	13	0	0	0	0
December 2015	4	0	0	0	0
December 2016	0	0	0	0	0
December 2017	0	0	0	0	0
December 2018	0	0	0	0	0
December 2019	0	0	0	0	0
December 2020	0	0	0	0	0
December 2021	0	0	0	0	0
December 2022	0	0	0	0	0
December 2023	0	0	0	0	0
December 2024	0	0	0	0	0
December 2025	0	0	0	0	0
December 2026	0	0	0	0	0
December 2027	0	0	0	0	0
Weighted Average Life (years)**	11.4	4.9	4.9	4.9	3.4

PE† Class

Date	PSA Prepayment Assumption 0%	70%	145%	250%	500%
Initial Percent	100	100	100	100	100
December 1998	100	100	100	100	100
December 1999	100	100	100	100	100
December 2000	100	100	100	100	100
December 2001	100	100	100	100	100
December 2002	100	100	100	100	94
December 2003	100	100	100	100	65
December 2004	100	100	100	100	45
December 2005	100	100	100	100	31
December 2006	100	98	98	98	21
December 2007	100	82	82	82	15
December 2008	100	68	68	68	10
December 2009	100	57	57	57	7
December 2010	100	47	47	47	5
December 2011	100	39	39	39	3
December 2012	100	32	32	32	2
December 2013	100	26	26	26	1
December 2014	100	21	21	21	1
December 2015	100	17	17	17	1
December 2016	93	14	14	14	*
December 2017	78	11	11	11	*
December 2018	61	9	9	9	*
December 2019	42	7	7	7	*
December 2020	22	5	5	5	*
December 2021	4	4	4	4	*
December 2022	3	3	3	3	*
December 2023	2	2	2	2	*
December 2024	1	1	1	1	*
December 2025	1	1	1	1	*
December 2026	*	*	*	*	*
December 2027	0	0	0	0	0
Weighted Average Life (years)**	21.6	13.9	13.9	13.9	7.5

F and S Classes

Date	PSA Prepayment Assumption 0%	70%	145%	250%	500%
Initial Percent	100	100	100	100	100
December 1998	97	91	86	86	86
December 1999	94	78	61	61	56
December 2000	94	78	46	46	0
December 2001	94	78	34	34	0
December 2002	94	78	24	24	0
December 2003	94	78	16	16	0
December 2004	94	78	9	9	0
December 2005	94	78	4	4	0
December 2006	94	78	*	1	0
December 2007	94	78	0	*	0
December 2008	94	76	0	*	0
December 2009	94	73	0	*	0
December 2010	94	69	0	*	0
December 2011	94	64	0	*	0
December 2012	94	57	0	*	0
December 2013	94	50	0	*	0
December 2014	94	42	0	*	0
December 2015	94	34	0	*	0
December 2016	94	26	0	*	0
December 2017	94	17	0	*	0
December 2018	94	8	0	*	0
December 2019	94	0	0	*	0
December 2020	94	0	0	*	0
December 2021	91	0	0	*	0
December 2022	70	0	0	*	0
December 2023	47	0	0	*	0
December 2024	21	0	0	*	0
December 2025	0	0	0	*	0
December 2026	0	0	0	*	0
December 2027	0	0	0	0	0
Weighted Average Life (years)**	24.5	13.6	3.3	3.3	1.9

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

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

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

	FA and SA Classes					E Class					G Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
Date	**0%**	**70%**	**145%**	**250%**	**500%**	**0%**	**175%**	**350%**	**500%**	**600%**	**0%**	**175%**	**350%**	**500%**	**600%**
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
December 1998	100	100	100	89	64	97	81	67	54	46	100	100	100	100	100
December 1999	100	100	100	67	0	94	48	6	0	0	100	100	100	88	78
December 2000	100	100	100	43	0	91	8	0	0	0	100	100	74	52	39
December 2001	100	100	100	25	0	88	0	0	0	0	100	88	51	27	14
December 2002	100	100	100	13	0	84	0	0	0	0	100	74	33	9	0
December 2003	100	100	100	5	0	81	0	0	0	0	100	64	22	1	0
December 2004	100	100	100	1	0	78	0	0	0	0	100	54	14	0	0
December 2005	100	100	100	0	0	74	0	0	0	0	100	47	9	0	0
December 2006	100	100	100	0	0	70	0	0	0	0	100	41	6	0	0
December 2007	100	100	97	0	0	65	0	0	0	0	100	36	5	0	0
December 2008	100	100	93	0	0	60	0	0	0	0	100	32	1	0	0
December 2009	100	100	89	0	0	54	0	0	0	0	100	28	0	0	0
December 2010	100	100	83	0	0	48	0	0	0	0	100	23	0	0	0
December 2011	100	100	77	0	0	41	0	0	0	0	100	19	0	0	0
December 2012	100	100	71	0	0	33	0	0	0	0	100	15	0	0	0
December 2013	100	100	65	0	0	25	0	0	0	0	100	11	0	0	0
December 2014	100	100	59	0	0	16	0	0	0	0	100	8	0	0	0
December 2015	100	100	53	0	0	6	0	0	0	0	100	5	0	0	0
December 2016	100	100	47	0	0	0	0	0	0	0	98	3	0	0	0
December 2017	100	100	41	0	0	0	0	0	0	0	93	*	0	0	0
December 2018	100	100	36	0	0	0	0	0	0	0	87	0	0	0	0
December 2019	100	99	30	0	0	0	0	0	0	0	81	0	0	0	0
December 2020	100	86	25	0	0	0	0	0	0	0	74	0	0	0	0
December 2021	100	73	21	0	0	0	0	0	0	0	66	0	0	0	0
December 2022	100	60	16	0	0	0	0	0	0	0	57	0	0	0	0
December 2023	100	47	12	0	0	0	0	0	0	0	46	0	0	0	0
December 2024	100	34	9	0	0	0	0	0	0	0	34	0	0	0	0
December 2025	90	21	5	0	0	0	0	0	0	0	20	0	0	0	0
December 2026	47	8	2	0	0	0	0	0	0	0	6	0	0	0	0
December 2027	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	28.9	25.8	18.8	2.9	1.2	11.6	1.9	1.3	1.0	0.9	25.1	9.0	4.6	3.3	2.8

	LL Class					H Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption				
Date	**0%**	**175%**	**350%**	**500%**	**600%**	**0%**	**175%**	**350%**	**500%**	**600%**
Initial Percent	100	100	100	100	100	100	100	100	100	100
December 1998	100	100	100	100	100	100	100	100	100	100
December 1999	100	100	100	100	100	100	100	100	100	100
December 2000	100	100	100	100	100	100	100	100	100	100
December 2001	99	99	99	99	99	100	100	100	100	100
December 2002	98	98	98	98	83	100	100	100	100	100
December 2003	96	96	96	96	40	98	91	85	79	75
December 2004	95	95	95	69	25	96	81	67	55	47
December 2005	94	94	94	60	25	93	68	45	26	21
December 2006	93	93	93	60	25	91	52	21	1	4
December 2007	92	92	92	42	19	88	35	0	0	0
December 2008	90	90	90	28	12	84	20	0	0	0
December 2009	89	89	73	19	7	81	7	0	0	0
December 2010	88	88	56	13	5	77	0	0	0	0
December 2011	87	87	43	9	3	73	0	0	0	0
December 2012	86	86	33	6	2	68	0	0	0	0
December 2013	84	84	25	4	1	63	0	0	0	0
December 2014	83	83	19	3	1	58	0	0	0	0
December 2015	82	82	14	2	*	52	0	0	0	0
December 2016	81	81	10	1	*	45	0	0	0	0
December 2017	80	80	8	1	*	38	0	0	0	0
December 2018	78	69	6	1	*	30	0	0	0	0
December 2019	77	56	4	*	*	21	0	0	0	0
December 2020	76	45	3	*	*	12	0	0	0	0
December 2021	75	35	2	*	*	2	0	0	0	0
December 2022	74	27	1	*	*	0	0	0	0	0
December 2023	72	19	1	*	*	0	0	0	0	0
December 2024	71	13	*	*	*	0	0	0	0	0
December 2025	70	7	*	*	*	0	0	0	0	0
December 2026	69	2	*	*	*	0	0	0	0	0
December 2027	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	25.4	21.4	14.1	9.6	7.0	17.2	9.0	7.7	7.1	6.9

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

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

Characteristics of the R and RL Classes

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

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

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

CERTAIN ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES

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

REMIC Elections and Special Tax Attributes

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

As a consequence of the qualification of the Lower Tier REMIC and the Trust as REMICs, the Certificates generally will be treated as "regular or residual interests in a REMIC" for domestic building and loan associations, "real estate assets" for real estate investment trusts, and, except for the R and RL Classes, as "qualified mortgages" for other REMICS. See "Certain Federal Income Tax Consequences—Special Tax Attributes" in the REMIC Prospectus.

Under the Regulations, a REMIC may issue its regular and residual interests over any ten-day period and designate any of those ten days as the REMIC's startup day. Fannie Mae intends to designate December 23, 1997, the Settlement Date for the LL Class, as the startup day for the Lower Tier REMIC and the Trust.

Taxation of Beneficial Owners of Regular Certificates

The Notional Classes, the Principal Only Class and the SA Class will be, and certain other Classes of Certificates may be, issued with original issue discount ("OID") for federal income tax purposes, which generally will result in recognition of some taxable income in advance of the receipt of the cash attributable to such income. The Prepayment Assumption that will be used in determining the rate of accrual of original issue discount will be 175% PSA in the case of the Group 1 Classes, 145% PSA in the case of the Group 2 Classes and 350% PSA in the case of the Group 3 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 or the Ginnie Mae Certificates will prepay at any of those rates or any other rate. See "Description of the Certificates—Weighted Average Lives of the Certificates" herein and "Description of the Certificates—Weighted Average Life and Final Distribution Dates" in the REMIC Prospectus. In addition, certain Classes of Certificates may be treated as having been issued at a premium for federal income tax purposes. See "Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Certificates Purchased at a Premium*" in the REMIC Prospectus.

Taxation of Beneficial Owners of Residual Certificates

For purposes of determining the portion of the taxable income of the Trust (or the Lower Tier REMIC) that generally will not be treated as excess inclusions, the rate to be used is 120% of the "federal long-term rate." The rate will be published on or about November 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.

PLAN OF DISTRIBUTION

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

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

LEGAL MATTERS

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

Principal Balance Schedules

Distribution Date	PA Class Planned Balance	PG Class Planned Balance	PB Class Planned Balance	PC Class Planned Balance	F Class Targeted Balance	S Class Targeted Balance
Initial Balance	$20,546,000.00	$25,405,000.00	$9,350,000.00	$12,606,000.00	$26,138,000.00	$5,601,000.00
January 1998	20,546,000.00	25,405,000.00	9,350,000.00	12,606,000.00	25,966,235.17	5,564,193.25
February 1998	20,546,000.00	25,405,000.00	9,350,000.00	12,606,000.00	25,769,618.16	5,522,061.03
March 1998	20,546,000.00	25,405,000.00	9,350,000.00	12,606,000.00	25,548,219.17	5,474,618.39
April 1998	20,546,000.00	25,405,000.00	9,350,000.00	12,606,000.00	25,302,126.90	5,421,884.33
May 1998	20,546,000.00	25,405,000.00	9,350,000.00	12,606,000.00	25,031,448.52	5,363,881.83
June 1998	20,546,000.00	25,405,000.00	9,350,000.00	12,606,000.00	24,736,309.67	5,300,637.78
July 1998	20,546,000.00	25,405,000.00	9,350,000.00	12,606,000.00	24,416,854.34	5,232,183.07
August 1998	20,546,000.00	25,405,000.00	9,350,000.00	12,606,000.00	24,073,244.83	5,158,552.46
September 1998	20,546,000.00	25,405,000.00	9,350,000.00	12,606,000.00	23,705,661.63	5,079,784.63
October 1998	20,546,000.00	25,405,000.00	9,350,000.00	12,606,000.00	23,314,303.29	4,995,922.13
November 1998	20,546,000.00	25,405,000.00	9,350,000.00	12,606,000.00	22,899,386.26	4,907,011.34
December 1998	20,546,000.00	25,405,000.00	9,350,000.00	12,606,000.00	22,461,144.72	4,813,102.44
January 1999	20,546,000.00	25,405,000.00	9,350,000.00	12,606,000.00	21,999,830.37	4,714,249.36
February 1999	20,546,000.00	25,405,000.00	9,350,000.00	12,606,000.00	21,515,712.23	4,610,509.76
March 1999	20,546,000.00	25,405,000.00	9,350,000.00	12,606,000.00	21,009,076.38	4,501,944.94
April 1999	20,546,000.00	25,405,000.00	9,350,000.00	12,606,000.00	20,480,225.71	4,388,619.79
May 1999	20,546,000.00	25,405,000.00	9,350,000.00	12,606,000.00	19,929,479.61	4,270,602.77
June 1999	20,546,000.00	25,405,000.00	9,350,000.00	12,606,000.00	19,357,173.68	4,147,965.79
July 1999	20,546,000.00	25,405,000.00	9,350,000.00	12,606,000.00	18,763,659.40	4,020,784.16
August 1999	20,546,000.00	25,405,000.00	9,350,000.00	12,606,000.00	18,149,303.75	3,889,136.52
September 1999	20,546,000.00	25,405,000.00	9,350,000.00	12,606,000.00	17,514,488.91	3,753,104.76
October 1999	20,546,000.00	25,405,000.00	9,350,000.00	12,606,000.00	16,859,611.78	3,612,773.95
November 1999	20,546,000.00	25,405,000.00	9,350,000.00	12,606,000.00	16,185,083.66	3,468,232.21
December 1999	20,076,338.80	25,405,000.00	9,350,000.00	12,606,000.00	15,878,109.56	3,402,452.05
January 2000	19,593,964.36	25,405,000.00	9,350,000.00	12,606,000.00	15,562,818.08	3,334,889.59
February 2000	19,099,026.83	25,405,000.00	9,350,000.00	12,606,000.00	15,239,537.33	3,265,615.14
March 2000	18,591,680.69	25,405,000.00	9,350,000.00	12,606,000.00	14,908,604.33	3,194,700.93
April 2000	18,085,857.83	25,405,000.00	9,350,000.00	12,606,000.00	14,582,163.81	3,124,749.39
May 2000	17,581,552.01	25,405,000.00	9,350,000.00	12,606,000.00	14,260,177.40	3,055,752.30
June 2000	17,078,756.96	25,405,000.00	9,350,000.00	12,606,000.00	13,942,607.05	2,987,701.51
July 2000	16,577,466.48	25,405,000.00	9,350,000.00	12,606,000.00	13,629,415.00	2,920,588.93
August 2000	16,077,674.36	25,405,000.00	9,350,000.00	12,606,000.00	13,320,563.82	2,854,406.53
September 2000	15,579,374.42	25,405,000.00	9,350,000.00	12,606,000.00	13,016,016.36	2,789,146.36
October 2000	15,082,560.49	25,405,000.00	9,350,000.00	12,606,000.00	12,715,735.80	2,724,800.53
November 2000	14,587,226.45	25,405,000.00	9,350,000.00	12,606,000.00	12,419,685.60	2,661,361.20
December 2000	14,093,366.15	25,405,000.00	9,350,000.00	12,606,000.00	12,127,829.54	2,598,820.61
January 2001	13,600,973.50	25,405,000.00	9,350,000.00	12,606,000.00	11,840,131.66	2,537,171.07
February 2001	13,110,042.42	25,405,000.00	9,350,000.00	12,606,000.00	11,556,556.33	2,476,404.93
March 2001	12,620,566.83	25,405,000.00	9,350,000.00	12,606,000.00	11,277,068.20	2,416,514.61
April 2001	12,132,540.70	25,405,000.00	9,350,000.00	12,606,000.00	11,001,632.19	2,357,492.61
May 2001	11,645,958.00	25,405,000.00	9,350,000.00	12,606,000.00	10,730,213.54	2,299,331.47
June 2001	11,160,812.72	25,405,000.00	9,350,000.00	12,606,000.00	10,462,777.76	2,242,023.80
July 2001	10,677,098.87	25,405,000.00	9,350,000.00	12,606,000.00	10,199,290.62	2,185,562.28
August 2001	10,194,810.49	25,405,000.00	9,350,000.00	12,606,000.00	9,939,718.22	2,129,939.62
September 2001	9,713,941.61	25,405,000.00	9,350,000.00	12,606,000.00	9,684,026.88	2,075,148.62
October 2001	9,234,486.32	25,405,000.00	9,350,000.00	12,606,000.00	9,432,183.24	2,021,182.12
November 2001	8,756,438.70	25,405,000.00	9,350,000.00	12,606,000.00	9,184,154.20	1,968,033.04
December 2001	8,279,792.84	25,405,000.00	9,350,000.00	12,606,000.00	8,939,906.93	1,915,694.34
January 2002	7,804,542.89	25,405,000.00	9,350,000.00	12,606,000.00	8,699,408.86	1,864,159.04
February 2002	7,330,682.97	25,405,000.00	9,350,000.00	12,606,000.00	8,462,627.71	1,813,420.22
March 2002	6,858,207.26	25,405,000.00	9,350,000.00	12,606,000.00	8,229,531.44	1,763,471.02

Distribution Date	PA Class Planned Balance	PG Class Planned Balance	PB Class Planned Balance	PC Class Planned Balance	F Class Targeted Balance	S Class Targeted Balance
April 2002	$ 6,387,109.92	$25,405,000.00	$9,350,000.00	$12,606,000.00	$ 8,000,088.30	$1,714,304.64
May 2002	5,917,385.16	25,405,000.00	9,350,000.00	12,606,000.00	7,774,266.79	1,665,914.31
June 2002	5,449,027.20	25,405,000.00	9,350,000.00	12,606,000.00	7,552,035.65	1,618,293.35
July 2002	4,982,030.26	25,405,000.00	9,350,000.00	12,606,000.00	7,333,363.90	1,571,435.12
August 2002	4,516,388.60	25,405,000.00	9,350,000.00	12,606,000.00	7,118,220.82	1,525,333.03
September 2002	4,052,096.48	25,405,000.00	9,350,000.00	12,606,000.00	6,906,575.92	1,479,980.55
October 2002	3,589,148.21	25,405,000.00	9,350,000.00	12,606,000.00	6,698,398.98	1,435,371.21
November 2002	3,127,538.07	25,405,000.00	9,350,000.00	12,606,000.00	6,493,660.02	1,391,498.58
December 2002	2,667,260.40	25,405,000.00	9,350,000.00	12,606,000.00	6,292,329.32	1,348,356.28
January 2003	2,208,309.53	25,405,000.00	9,350,000.00	12,606,000.00	6,094,377.39	1,305,938.01
February 2003	1,750,679.83	25,405,000.00	9,350,000.00	12,606,000.00	5,899,774.99	1,264,237.50
March 2003	1,294,365.67	25,405,000.00	9,350,000.00	12,606,000.00	5,708,493.12	1,223,248.53
April 2003	839,361.44	25,405,000.00	9,350,000.00	12,606,000.00	5,520,503.03	1,182,964.93
May 2003	385,661.56	25,405,000.00	9,350,000.00	12,606,000.00	5,335,776.19	1,143,380.61
June 2003	0.00	25,338,260.45	9,350,000.00	12,606,000.00	5,154,284.32	1,104,489.50
July 2003	0.00	24,887,152.56	9,350,000.00	12,606,000.00	4,975,999.37	1,066,285.58
August 2003	0.00	24,437,332.35	9,350,000.00	12,606,000.00	4,800,893.52	1,028,762.90
September 2003	0.00	23,988,794.30	9,350,000.00	12,606,000.00	4,628,939.18	991,915.54
October 2003	0.00	23,541,532.91	9,350,000.00	12,606,000.00	4,460,109.01	955,737.64
November 2003	0.00	23,095,542.69	9,350,000.00	12,606,000.00	4,294,375.86	920,223.40
December 2003	0.00	22,650,818.17	9,350,000.00	12,606,000.00	4,131,712.83	885,367.03
January 2004	0.00	22,207,353.91	9,350,000.00	12,606,000.00	3,972,093.24	851,162.84
February 2004	0.00	21,765,144.45	9,350,000.00	12,606,000.00	3,815,490.62	817,605.13
March 2004	0.00	21,324,184.40	9,350,000.00	12,606,000.00	3,661,878.75	784,688.30
April 2004	0.00	20,884,468.34	9,350,000.00	12,606,000.00	3,511,231.59	752,406.77
May 2004	0.00	20,445,990.88	9,350,000.00	12,606,000.00	3,363,523.35	720,755.00
June 2004	0.00	20,008,746.67	9,350,000.00	12,606,000.00	3,218,728.43	689,727.52
July 2004	0.00	19,572,730.34	9,350,000.00	12,606,000.00	3,076,821.45	659,318.88
August 2004	0.00	19,137,936.56	9,350,000.00	12,606,000.00	2,937,777.26	629,523.70
September 2004	0.00	18,704,360.01	9,350,000.00	12,606,000.00	2,801,570.89	600,336.62
October 2004	0.00	18,271,995.39	9,350,000.00	12,606,000.00	2,668,177.60	571,752.34
November 2004	0.00	17,840,837.41	9,350,000.00	12,606,000.00	2,537,572.85	543,765.61
December 2004	0.00	17,410,880.79	9,350,000.00	12,606,000.00	2,409,732.31	516,371.21
January 2005	0.00	16,982,120.29	9,350,000.00	12,606,000.00	2,284,631.84	489,563.96
February 2005	0.00	16,554,550.66	9,350,000.00	12,606,000.00	2,162,247.51	463,338.75
March 2005	0.00	16,128,166.68	9,350,000.00	12,606,000.00	2,042,555.61	437,690.49
April 2005	0.00	15,702,963.14	9,350,000.00	12,606,000.00	1,925,532.59	412,614.13
May 2005	0.00	15,278,934.85	9,350,000.00	12,606,000.00	1,811,155.12	388,104.67
June 2005	0.00	14,856,076.63	9,350,000.00	12,606,000.00	1,699,400.08	364,157.16
July 2005	0.00	14,434,383.33	9,350,000.00	12,606,000.00	1,590,244.51	340,766.68
August 2005	0.00	14,013,849.79	9,350,000.00	12,606,000.00	1,483,665.67	317,928.36
September 2005	0.00	13,594,470.90	9,350,000.00	12,606,000.00	1,379,640.99	295,637.36
October 2005	0.00	13,176,241.53	9,350,000.00	12,606,000.00	1,278,148.12	273,888.88
November 2005	0.00	12,759,156.58	9,350,000.00	12,606,000.00	1,179,164.86	252,678.18
December 2005	0.00	12,343,210.98	9,350,000.00	12,606,000.00	1,082,669.23	232,000.55
January 2006	0.00	11,928,399.66	9,350,000.00	12,606,000.00	988,639.42	211,851.30
February 2006	0.00	11,514,717.56	9,350,000.00	12,606,000.00	897,053.80	192,225.81
March 2006	0.00	11,102,159.65	9,350,000.00	12,606,000.00	807,890.93	173,119.49
April 2006	0.00	10,690,720.90	9,350,000.00	12,606,000.00	721,129.56	154,527.76
May 2006	0.00	10,280,396.30	9,350,000.00	12,606,000.00	636,748.59	136,446.13
June 2006	0.00	9,871,180.87	9,350,000.00	12,606,000.00	554,727.13	118,870.10
July 2006	0.00	9,463,069.63	9,350,000.00	12,606,000.00	475,044.45	101,795.24

Distribution Date	PA Class Planned Balance	PG Class Planned Balance	PB Class Planned Balance	PC Class Planned Balance	F Class Targeted Balance	S Class Targeted Balance
August 2006	$ 0.00	$ 9,056,057.61	$9,350,000.00	$12,606,000.00	$ 397,680.00	$ 85,217.14
September 2006	0.00	8,650,139.87	9,350,000.00	12,606,000.00	322,613.40	69,131.44
October 2006	0.00	8,245,311.47	9,350,000.00	12,606,000.00	249,824.45	53,533.81
November 2006	0.00	7,841,567.49	9,350,000.00	12,606,000.00	179,293.12	38,419.95
December 2006	0.00	7,438,903.04	9,350,000.00	12,606,000.00	110,999.54	23,785.62
January 2007	0.00	7,037,313.22	9,350,000.00	12,606,000.00	44,924.03	9,626.58
February 2007	0.00	6,636,793.16	9,350,000.00	12,606,000.00	0.00	0.00
March 2007	0.00	6,237,337.99	9,350,000.00	12,606,000.00	0.00	0.00
April 2007	0.00	5,838,942.87	9,350,000.00	12,606,000.00	0.00	0.00
May 2007	0.00	5,441,602.97	9,350,000.00	12,606,000.00	0.00	0.00
June 2007	0.00	5,045,313.48	9,350,000.00	12,606,000.00	0.00	0.00
July 2007	0.00	4,650,069.58	9,350,000.00	12,606,000.00	0.00	0.00
August 2007	0.00	4,255,866.49	9,350,000.00	12,606,000.00	0.00	0.00
September 2007	0.00	3,862,699.43	9,350,000.00	12,606,000.00	0.00	0.00
October 2007	0.00	3,470,563.65	9,350,000.00	12,606,000.00	0.00	0.00
November 2007	0.00	3,083,488.03	9,350,000.00	12,606,000.00	0.00	0.00
December 2007	0.00	2,701,938.11	9,350,000.00	12,606,000.00	0.00	0.00
January 2008	0.00	2,325,837.31	9,350,000.00	12,606,000.00	0.00	0.00
February 2008	0.00	1,955,110.09	9,350,000.00	12,606,000.00	0.00	0.00
March 2008	0.00	1,589,681.94	9,350,000.00	12,606,000.00	0.00	0.00
April 2008	0.00	1,229,479.37	9,350,000.00	12,606,000.00	0.00	0.00
May 2008	0.00	874,429.88	9,350,000.00	12,606,000.00	0.00	0.00
June 2008	0.00	524,461.98	9,350,000.00	12,606,000.00	0.00	0.00
July 2008	0.00	179,505.15	9,350,000.00	12,606,000.00	0.00	0.00
August 2008	0.00	0.00	9,189,489.83	12,606,000.00	0.00	0.00
September 2008	0.00	0.00	8,854,347.42	12,606,000.00	0.00	0.00
October 2008	0.00	0.00	8,524,010.26	12,606,000.00	0.00	0.00
November 2008	0.00	0.00	8,198,411.58	12,606,000.00	0.00	0.00
December 2008	0.00	0.00	7,877,485.58	12,606,000.00	0.00	0.00
January 2009	0.00	0.00	7,561,167.32	12,606,000.00	0.00	0.00
February 2009	0.00	0.00	7,249,392.76	12,606,000.00	0.00	0.00
March 2009	0.00	0.00	6,942,098.73	12,606,000.00	0.00	0.00
April 2009	0.00	0.00	6,639,222.93	12,606,000.00	0.00	0.00
May 2009	0.00	0.00	6,340,703.91	12,606,000.00	0.00	0.00
June 2009	0.00	0.00	6,046,481.08	12,606,000.00	0.00	0.00
July 2009	0.00	0.00	5,756,494.64	12,606,000.00	0.00	0.00
August 2009	0.00	0.00	5,470,685.64	12,606,000.00	0.00	0.00
September 2009	0.00	0.00	5,188,995.92	12,606,000.00	0.00	0.00
October 2009	0.00	0.00	4,911,368.13	12,606,000.00	0.00	0.00
November 2009	0.00	0.00	4,637,745.71	12,606,000.00	0.00	0.00
December 2009	0.00	0.00	4,368,072.84	12,606,000.00	0.00	0.00
January 2010	0.00	0.00	4,102,294.50	12,606,000.00	0.00	0.00
February 2010	0.00	0.00	3,840,356.41	12,606,000.00	0.00	0.00
March 2010	0.00	0.00	3,582,205.03	12,606,000.00	0.00	0.00
April 2010	0.00	0.00	3,327,787.57	12,606,000.00	0.00	0.00
May 2010	0.00	0.00	3,077,051.94	12,606,000.00	0.00	0.00
June 2010	0.00	0.00	2,829,946.78	12,606,000.00	0.00	0.00
July 2010	0.00	0.00	2,586,421.42	12,606,000.00	0.00	0.00
August 2010	0.00	0.00	2,346,425.91	12,606,000.00	0.00	0.00
September 2010	0.00	0.00	2,109,910.96	12,606,000.00	0.00	0.00
October 2010	0.00	0.00	1,876,827.97	12,606,000.00	0.00	0.00
November 2010	0.00	0.00	1,647,128.99	12,606,000.00	0.00	0.00

Distribution Date	PA Class Planned Balance	PG Class Planned Balance	PB Class Planned Balance	PC Class Planned Balance	F Class Targeted Balance	S Class Targeted Balance
December 2010	$ 0.00	$ 0.00	$1,420,766.75	$12,606,000.00	$ 0.00	$ 0.00
January 2011	0.00	0.00	1,197,694.61	12,606,000.00	0.00	0.00
February 2011	0.00	0.00	977,866.57	12,606,000.00	0.00	0.00
March 2011	0.00	0.00	761,237.28	12,606,000.00	0.00	0.00
April 2011...........	0.00	0.00	547,762.00	12,606,000.00	0.00	0.00
May 2011	0.00	0.00	337,396.59	12,606,000.00	0.00	0.00
June 2011	0.00	0.00	130,097.54	12,606,000.00	0.00	0.00
July 2011	0.00	0.00	0.00	12,531,821.92	0.00	0.00
August 2011	0.00	0.00	0.00	12,330,527.41	0.00	0.00
September 2011......	0.00	0.00	0.00	12,132,172.24	0.00	0.00
October 2011	0.00	0.00	0.00	11,936,715.24	0.00	0.00
November 2011	0.00	0.00	0.00	11,744,115.80	0.00	0.00
December 2011	0.00	0.00	0.00	11,554,333.85	0.00	0.00
January 2012	0.00	0.00	0.00	11,367,329.90	0.00	0.00
February 2012	0.00	0.00	0.00	11,183,064.97	0.00	0.00
March 2012	0.00	0.00	0.00	11,001,500.65	0.00	0.00
April 2012...........	0.00	0.00	0.00	10,822,599.03	0.00	0.00
May 2012	0.00	0.00	0.00	10,646,322.74	0.00	0.00
June 2012	0.00	0.00	0.00	10,472,634.90	0.00	0.00
July 2012	0.00	0.00	0.00	10,301,499.17	0.00	0.00
August 2012	0.00	0.00	0.00	10,132,879.68	0.00	0.00
September 2012......	0.00	0.00	0.00	9,966,741.08	0.00	0.00
October 2012	0.00	0.00	0.00	9,803,048.47	0.00	0.00
November 2012	0.00	0.00	0.00	9,641,767.47	0.00	0.00
December 2012	0.00	0.00	0.00	9,482,864.14	0.00	0.00
January 2013	0.00	0.00	0.00	9,326,305.04	0.00	0.00
February 2013	0.00	0.00	0.00	9,172,057.16	0.00	0.00
March 2013	0.00	0.00	0.00	9,020,087.96	0.00	0.00
April 2013...........	0.00	0.00	0.00	8,870,365.34	0.00	0.00
May 2013	0.00	0.00	0.00	8,722,857.65	0.00	0.00
June 2013	0.00	0.00	0.00	8,577,533.68	0.00	0.00
July 2013	0.00	0.00	0.00	8,434,362.63	0.00	0.00
August 2013	0.00	0.00	0.00	8,293,314.15	0.00	0.00
September 2013......	0.00	0.00	0.00	8,154,358.28	0.00	0.00
October 2013	0.00	0.00	0.00	8,017,465.50	0.00	0.00
November 2013	0.00	0.00	0.00	7,882,606.68	0.00	0.00
December 2013	0.00	0.00	0.00	7,749,753.10	0.00	0.00
January 2014	0.00	0.00	0.00	7,618,876.43	0.00	0.00
February 2014	0.00	0.00	0.00	7,489,948.73	0.00	0.00
March 2014	0.00	0.00	0.00	7,362,942.45	0.00	0.00
April 2014...........	0.00	0.00	0.00	7,237,830.42	0.00	0.00
May 2014	0.00	0.00	0.00	7,114,585.84	0.00	0.00
June 2014	0.00	0.00	0.00	6,993,182.29	0.00	0.00
July 2014	0.00	0.00	0.00	6,873,593.70	0.00	0.00
August 2014	0.00	0.00	0.00	6,755,794.37	0.00	0.00
September 2014......	0.00	0.00	0.00	6,639,758.96	0.00	0.00
October 2014	0.00	0.00	0.00	6,525,462.46	0.00	0.00
November 2014	0.00	0.00	0.00	6,412,880.23	0.00	0.00
December 2014	0.00	0.00	0.00	6,301,987.94	0.00	0.00
January 2015	0.00	0.00	0.00	6,192,761.64	0.00	0.00
February 2015	0.00	0.00	0.00	6,085,177.67	0.00	0.00
March 2015	0.00	0.00	0.00	5,979,212.71	0.00	0.00

Distribution Date	PA Class Planned Balance	PG Class Planned Balance	PB Class Planned Balance	PC Class Planned Balance	F Class Targeted Balance	S Class Targeted Balance
April 2015	$ 0.00	$ 0.00	$ 0.00	$ 5,874,843.77	$ 0.00	$ 0.00
May 2015	0.00	0.00	0.00	5,772,048.17	0.00	0.00
June 2015	0.00	0.00	0.00	5,670,803.55	0.00	0.00
July 2015	0.00	0.00	0.00	5,571,087.86	0.00	0.00
August 2015	0.00	0.00	0.00	5,472,879.33	0.00	0.00
September 2015	0.00	0.00	0.00	5,376,156.54	0.00	0.00
October 2015	0.00	0.00	0.00	5,280,898.31	0.00	0.00
November 2015	0.00	0.00	0.00	5,187,083.81	0.00	0.00
December 2015	0.00	0.00	0.00	5,094,692.44	0.00	0.00
January 2016	0.00	0.00	0.00	5,003,703.94	0.00	0.00
February 2016	0.00	0.00	0.00	4,914,098.30	0.00	0.00
March 2016	0.00	0.00	0.00	4,825,855.78	0.00	0.00
April 2016	0.00	0.00	0.00	4,738,956.94	0.00	0.00
May 2016	0.00	0.00	0.00	4,653,382.59	0.00	0.00
June 2016	0.00	0.00	0.00	4,569,113.81	0.00	0.00
July 2016	0.00	0.00	0.00	4,486,131.95	0.00	0.00
August 2016	0.00	0.00	0.00	4,404,418.61	0.00	0.00
September 2016	0.00	0.00	0.00	4,323,955.65	0.00	0.00
October 2016	0.00	0.00	0.00	4,244,725.17	0.00	0.00
November 2016	0.00	0.00	0.00	4,166,709.54	0.00	0.00
December 2016	0.00	0.00	0.00	4,089,891.35	0.00	0.00
January 2017	0.00	0.00	0.00	4,014,253.46	0.00	0.00
February 2017	0.00	0.00	0.00	3,939,778.94	0.00	0.00
March 2017	0.00	0.00	0.00	3,866,451.12	0.00	0.00
April 2017	0.00	0.00	0.00	3,794,253.53	0.00	0.00
May 2017	0.00	0.00	0.00	3,723,169.96	0.00	0.00
June 2017	0.00	0.00	0.00	3,653,184.42	0.00	0.00
July 2017	0.00	0.00	0.00	3,584,281.12	0.00	0.00
August 2017	0.00	0.00	0.00	3,516,444.51	0.00	0.00
September 2017	0.00	0.00	0.00	3,449,659.26	0.00	0.00
October 2017	0.00	0.00	0.00	3,383,910.23	0.00	0.00
November 2017	0.00	0.00	0.00	3,319,182.51	0.00	0.00
December 2017	0.00	0.00	0.00	3,255,461.40	0.00	0.00
January 2018	0.00	0.00	0.00	3,192,732.38	0.00	0.00
February 2018	0.00	0.00	0.00	3,130,981.17	0.00	0.00
March 2018	0.00	0.00	0.00	3,070,193.66	0.00	0.00
April 2018	0.00	0.00	0.00	3,010,355.94	0.00	0.00
May 2018	0.00	0.00	0.00	2,951,454.29	0.00	0.00
June 2018	0.00	0.00	0.00	2,893,475.21	0.00	0.00
July 2018	0.00	0.00	0.00	2,836,405.36	0.00	0.00
August 2018	0.00	0.00	0.00	2,780,231.59	0.00	0.00
September 2018	0.00	0.00	0.00	2,724,940.93	0.00	0.00
October 2018	0.00	0.00	0.00	2,670,520.62	0.00	0.00
November 2018	0.00	0.00	0.00	2,616,958.03	0.00	0.00
December 2018	0.00	0.00	0.00	2,564,240.75	0.00	0.00
January 2019	0.00	0.00	0.00	2,512,356.52	0.00	0.00
February 2019	0.00	0.00	0.00	2,461,293.26	0.00	0.00
March 2019	0.00	0.00	0.00	2,411,039.04	0.00	0.00
April 2019	0.00	0.00	0.00	2,361,582.13	0.00	0.00
May 2019	0.00	0.00	0.00	2,312,910.94	0.00	0.00
June 2019	0.00	0.00	0.00	2,265,014.05	0.00	0.00
July 2019	0.00	0.00	0.00	2,217,880.19	0.00	0.00

Distribution Date	PA Class Planned Balance	PG Class Planned Balance	PB Class Planned Balance	PC Class Planned Balance	F Class Targeted Balance	S Class Targeted Balance
August 2019	$ 0.00	$ 0.00	$ 0.00	$ 2,171,498.27	$ 0.00	$ 0.00
September 2019	0.00	0.00	0.00	2,125,857.32	0.00	0.00
October 2019	0.00	0.00	0.00	2,080,946.56	0.00	0.00
November 2019	0.00	0.00	0.00	2,036,755.33	0.00	0.00
December 2019	0.00	0.00	0.00	1,993,273.15	0.00	0.00
January 2020	0.00	0.00	0.00	1,950,489.66	0.00	0.00
February 2020	0.00	0.00	0.00	1,908,394.66	0.00	0.00
March 2020	0.00	0.00	0.00	1,866,978.08	0.00	0.00
April 2020	0.00	0.00	0.00	1,826,230.02	0.00	0.00
May 2020	0.00	0.00	0.00	1,786,140.67	0.00	0.00
June 2020	0.00	0.00	0.00	1,746,700.41	0.00	0.00
July 2020	0.00	0.00	0.00	1,707,899.73	0.00	0.00
August 2020	0.00	0.00	0.00	1,669,729.24	0.00	0.00
September 2020	0.00	0.00	0.00	1,632,179.70	0.00	0.00
October 2020	0.00	0.00	0.00	1,595,242.00	0.00	0.00
November 2020	0.00	0.00	0.00	1,558,907.15	0.00	0.00
December 2020	0.00	0.00	0.00	1,523,166.30	0.00	0.00
January 2021	0.00	0.00	0.00	1,488,010.71	0.00	0.00
February 2021	0.00	0.00	0.00	1,453,431.76	0.00	0.00
March 2021	0.00	0.00	0.00	1,419,420.96	0.00	0.00
April 2021	0.00	0.00	0.00	1,385,969.95	0.00	0.00
May 2021	0.00	0.00	0.00	1,353,070.47	0.00	0.00
June 2021	0.00	0.00	0.00	1,320,714.37	0.00	0.00
July 2021	0.00	0.00	0.00	1,288,893.64	0.00	0.00
August 2021	0.00	0.00	0.00	1,257,600.36	0.00	0.00
September 2021	0.00	0.00	0.00	1,226,826.74	0.00	0.00
October 2021	0.00	0.00	0.00	1,196,565.09	0.00	0.00
November 2021	0.00	0.00	0.00	1,166,807.82	0.00	0.00
December 2021	0.00	0.00	0.00	1,137,547.47	0.00	0.00
January 2022	0.00	0.00	0.00	1,108,776.66	0.00	0.00
February 2022	0.00	0.00	0.00	1,080,488.13	0.00	0.00
March 2022	0.00	0.00	0.00	1,052,674.71	0.00	0.00
April 2022	0.00	0.00	0.00	1,025,329.35	0.00	0.00
May 2022	0.00	0.00	0.00	998,445.09	0.00	0.00
June 2022	0.00	0.00	0.00	972,015.05	0.00	0.00
July 2022	0.00	0.00	0.00	946,032.49	0.00	0.00
August 2022	0.00	0.00	0.00	920,490.71	0.00	0.00
September 2022	0.00	0.00	0.00	895,383.16	0.00	0.00
October 2022	0.00	0.00	0.00	870,703.35	0.00	0.00
November 2022	0.00	0.00	0.00	846,444.88	0.00	0.00
December 2022	0.00	0.00	0.00	822,601.46	0.00	0.00
January 2023	0.00	0.00	0.00	799,166.87	0.00	0.00
February 2023	0.00	0.00	0.00	776,134.99	0.00	0.00
March 2023	0.00	0.00	0.00	753,499.79	0.00	0.00
April 2023	0.00	0.00	0.00	731,255.31	0.00	0.00
May 2023	0.00	0.00	0.00	709,395.69	0.00	0.00
June 2023	0.00	0.00	0.00	687,915.13	0.00	0.00
July 2023	0.00	0.00	0.00	666,807.96	0.00	0.00
August 2023	0.00	0.00	0.00	646,068.53	0.00	0.00
September 2023	0.00	0.00	0.00	625,691.31	0.00	0.00
October 2023	0.00	0.00	0.00	605,670.85	0.00	0.00
November 2023	0.00	0.00	0.00	586,001.75	0.00	0.00

Distribution Date	PA Class Planned Balance	PG Class Planned Balance	PB Class Planned Balance	PC Class Planned Balance	F Class Targeted Balance	S Class Targeted Balance
December 2023	$ 0.00	$ 0.00	$ 0.00	$ 566,678.70	$ 0.00	$ 0.00
January 2024	0.00	0.00	0.00	547,696.49	0.00	0.00
February 2024	0.00	0.00	0.00	529,049.94	0.00	0.00
March 2024	0.00	0.00	0.00	510,733.97	0.00	0.00
April 2024	0.00	0.00	0.00	492,743.58	0.00	0.00
May 2024	0.00	0.00	0.00	475,073.82	0.00	0.00
June 2024	0.00	0.00	0.00	457,719.83	0.00	0.00
July 2024	0.00	0.00	0.00	440,676.79	0.00	0.00
August 2024	0.00	0.00	0.00	423,939.99	0.00	0.00
September 2024	0.00	0.00	0.00	407,504.75	0.00	0.00
October 2024	0.00	0.00	0.00	391,366.48	0.00	0.00
November 2024	0.00	0.00	0.00	375,520.64	0.00	0.00
December 2024	0.00	0.00	0.00	359,962.78	0.00	0.00
January 2025	0.00	0.00	0.00	344,688.48	0.00	0.00
February 2025	0.00	0.00	0.00	329,693.40	0.00	0.00
March 2025	0.00	0.00	0.00	314,973.27	0.00	0.00
April 2025	0.00	0.00	0.00	300,523.87	0.00	0.00
May 2025	0.00	0.00	0.00	286,341.04	0.00	0.00
June 2025	0.00	0.00	0.00	272,420.69	0.00	0.00
July 2025	0.00	0.00	0.00	258,758.78	0.00	0.00
August 2025	0.00	0.00	0.00	245,351.32	0.00	0.00
September 2025	0.00	0.00	0.00	232,194.39	0.00	0.00
October 2025	0.00	0.00	0.00	219,284.14	0.00	0.00
November 2025	0.00	0.00	0.00	206,616.73	0.00	0.00
December 2025	0.00	0.00	0.00	194,188.43	0.00	0.00
January 2026	0.00	0.00	0.00	181,995.51	0.00	0.00
February 2026	0.00	0.00	0.00	170,034.35	0.00	0.00
March 2026	0.00	0.00	0.00	158,301.33	0.00	0.00
April 2026	0.00	0.00	0.00	146,792.92	0.00	0.00
May 2026	0.00	0.00	0.00	135,505.62	0.00	0.00
June 2026	0.00	0.00	0.00	124,435.98	0.00	0.00
July 2026	0.00	0.00	0.00	113,580.61	0.00	0.00
August 2026	0.00	0.00	0.00	102,936.17	0.00	0.00
September 2026	0.00	0.00	0.00	92,499.36	0.00	0.00
October 2026	0.00	0.00	0.00	82,266.93	0.00	0.00
November 2026	0.00	0.00	0.00	72,235.68	0.00	0.00
December 2026	0.00	0.00	0.00	62,402.45	0.00	0.00
January 2027	0.00	0.00	0.00	52,764.13	0.00	0.00
February 2027	0.00	0.00	0.00	43,317.66	0.00	0.00
March 2027	0.00	0.00	0.00	34,060.01	0.00	0.00
April 2027	0.00	0.00	0.00	24,988.21	0.00	0.00
May 2027	0.00	0.00	0.00	16,099.32	0.00	0.00
June 2027	0.00	0.00	0.00	7,390.45	0.00	0.00
July 2027 and thereafter	0.00	0.00	0.00	0.00	0.00	0.00

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

TABLE OF CONTENTS

$833,500,000

FannieMae

Guaranteed REMIC
Pass-Through Certificates
Fannie Mae REMIC Trust 1997-88

PROSPECTUS SUPPLEMENT

LEHMAN BROTHERS

November 12, 1997