PROSPECTUS SUPPLEMENT
(To Prospectus Dated November 1, 1995)

$185,535,100 (Approximate)

FannieMae

Guaranteed REMIC Pass-Through Certificates
Fannie Mae Multifamily REMIC Trust 1997-M9

The Guaranteed REMIC Pass-Through Certificates offered hereby (the "Certificates") will represent beneficial ownership interests in Fannie Mae Multifamily REMIC Trust 1997-M9 (the "Trust"). The assets of the Trust will consist of (i) certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the "MBS") each evidencing a beneficial interest in one or more first-lien multifamily mortgage loans having the characteristics described herein and in the Multifamily REMIC Prospectus (attached hereto) and the MBS Prospectus (each as defined herein) and (ii) a single "fully modified pass-through" mortgage-backed security (the "GNMA Certificate") guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("GNMA"). The GNMA Certificate represents an ownership interest in a multifamily mortgage loan (together with the mortgage loans underlying the MBS, the "Mortgage Loans") that is insured by the Federal Housing Administration (the "FHA"). The Mortgage Loans are fixed-rate and generally are level-pay loans that are either fully amortizing or provide for balloon payments at maturity. Certain information with respect to the Mortgage Loans and the Mortgaged Properties is set forth on Exhibit A hereto.

The Certificates will be issued and guaranteed as to timely distribution of principal and interest by Fannie Mae and offered by Fannie Mae pursuant to the Multifamily REMIC Prospectus. **Fannie Mae will not guarantee the payment to Certificateholders of any Prepayment Premiums or Yield Maintenance Charges.** See "Description of the Certificates—General—*Fannie Mae Guaranty*" herein.

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

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

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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. PROSPECTIVE INVESTORS IN ANY CLASS OF CERTIFICATES SHOULD CAREFULLY CONSIDER WHETHER SUCH AN INVESTMENT IS APPROPRIATE FOR THEIR INVESTMENT OBJECTIVES. SEE "DESCRIPTION OF THE CERTIFICATES" HEREIN.

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

Class	Original Principal Balance(1)	Principal Type(2)	Interest Rate	Interest Type(2)	CUSIP Number	Final Distribution Date
A	$39,027,000	SEQ	6.52%	FIX	31359RTF9	July 2008
B	33,261,000	SEQ	6.52	FIX	31359RTG7	November 2012
C	42,849,000	SEQ	6.52	FIX	31359RTH5	July 2016
D	70,398,100	SEQ	6.52	FIX	31359RTJ1	December 2027
X	185,535,100(3)	NTL	(4)	WAC/IO	31359RTK8	December 2027
R	0	NPR	0	NPR	31359RTL6	December 2027

(1) Subject to a permitted variance of plus or minus 5%.
(2) See "Description of the Certificates—Class Definitions and Abbreviations" in the Multifamily REMIC Prospectus and "Description of the Certificates—Distributions of Interest" and "—Distributions of Principal" herein.
(3) The X Class will be a Notional Class, will have no principal balance and will bear interest on its notional principal balance. The notional principal balance of the X Class will be equal to 100% of the aggregate outstanding principal balance of the A, B, C and D Classes. See "Description of the Certificates—Distributions of Interest—*Notional Class*" herein.
(4) The X Class will bear interest during each Interest Accrual Period at a variable rate per annum equal to the weighted average rate calculated as specified herein. See "Description of the Certificates—Distributions of Interest—*Notional Class*" herein.

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

The Certificates are 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 of 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 Certificates, except for the R Class, 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 Class in registered, certificated form will be available for delivery at the offices of the Dealer, 245 Park Avenue, New York, New York 10167, on or about the Settlement Date.

Bear, Stearns & Co. Inc.

December 9, 1997

(Cover continued from previous page)

The yield to investors in each Class of Certificates will be sensitive in varying degrees to, among other things, the rate of principal payments of the related Mortgage Loans, the actual characteristics of such Mortgage Loans and the purchase price paid for such Class. Accordingly, investors should consider the following risks:

- **Subject to the effect of applicable lockouts and Yield Maintenance Charges, the Mortgage Loans may be prepaid by the related borrowers at any time and, accordingly, the rate of principal payments thereon is likely to vary considerably from time to time. Depending on other factors present at the time, Mortgage Loans having Yield Maintenance Charges may be less likely to be prepaid than Mortgage Loans that do not have such penalties. In addition, the principal balance of any or all of the Mortgage Loans may be distributed following, among other events, a default on the Mortgage Loans, and the principal balance of any Mortgage Loan may be distributed in whole or in part following a casualty or condemnation of the related Mortgaged Property, any of which could take place during an otherwise applicable lockout or Yield Maintenance Charge period.**
- **Slight variations in Mortgage Loan characteristics could substantially affect the weighted average lives and yields of some or all of the Classes.**
- **In the case of any Certificates purchased at a discount to their principal amounts, a slower than anticipated rate of principal payments is likely to result in a lower than anticipated yield.**
- **In the case of any Certificates purchased at a premium to their principal amounts, a faster than anticipated rate of principal payments is likely to result in a lower than anticipated yield.**
- **In the case of the Notional 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 allocation to a Class of any Yield Maintenance Charges may be insufficient to offset fully the adverse effects on the anticipated yield that may arise out of the corresponding principal prepayment. Fannie Mae, however, does not guarantee that any Yield Maintenance Charges due under any Mortgage Loan will in fact be collected from mortgagors or, if applicable, GNMA or paid to holders of the MBS or the GNMA Certificate and therefore to the Holders of such Classes.**
- **There will be no reimbursement to investors for any premium paid by such investors, or for any loss in an investor's yield, if such investors receive early payments of principal.**

See "Description of the Certificates—Yield Considerations" herein and "Yield Considerations" in the Multifamily REMIC Prospectus.

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

- **The actual final payment of any Class may 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 "Maturity and Prepayment Considerations and Risks— Weighted Average Life and Final Distribution Dates" in the Multifamily 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 "Yield Considerations—Reinvestment Risk" in the Multifamily REMIC Prospectus and "Description of the Certificates—Yield Considerations" herein.**
- **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 Multifamily 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 a secondary market will develop for the Certificates 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 Multifamily REMIC Prospectus or the MBS Prospectus. Any representation to the contrary is a criminal offense.

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

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 Multifamily REMIC Pass-Through Certificates dated November 1, 1995 (the "Multifamily REMIC Prospectus") which is attached to the Prospectus Supplement;
- 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 (the "Information Statement").

The Information Statement is incorporated herein by reference and may be obtained from Fannie Mae by writing or calling its MBS Helpline at 3900 Wisconsin Avenue, N.W., Area 2H-3S, Washington, D.C. 20016 (telephone 1-800-BEST-MBS or 202-752-7547). The Information Statement may also be obtained from Bear, Stearns & Co. Inc. by writing or calling its Prospectus Department at One Metro-Tech Center North, Brooklyn, New York 11201 (telephone 718-272-1581). Other data specific to the Certificates is available in electronic form by calling Fannie Mae at 1-800-752-6440 or 202-752-6000.

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REFERENCE SHEET

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

Certain Characteristics of the Mortgage Loans (as of December 1, 1997)

	Approximate Principal Balance	Percent of Total Balance	Weighted Average MBS/GNMA Pass-Through Rate	Weighted Average Mortgage Interest Rate	Weighted Average Original Amortization Term (in months)	Weighted Average Remaining Amortization Term (in months)	Weighted Average Remaining Term to Balloon (in months)	Weighted Average Certificate Age (in months)	Weighted Average Remaining Lockout/ Yield Maintenance Term (in months)
MBS	$ 43,167,176	23.27%	7.1845%	8.1883%	349	346	213	3	162
	140,320,964	75.63	7.1082	7.6533	319	312	—	7	175
GNMA	2,046,960	1.10	8.0000	8.2500	180	174	—	6	114
	$185,535,100								

In addition, the table contained in Exhibit A hereto sets forth certain information regarding the characteristics of the individual MBS and the GNMA Certificate and Mortgage Loans as of December 1, 1997 (the "Issue Date"), including information regarding the pool number, property location, approximate principal balance, MBS/GNMA Pass-Through rate, mortgage interest rate, maturity date, original and remaining amortization terms, remaining term to maturity, remaining term to balloon payment (if applicable), MBS or GNMA Certificate age and issue date, and additional information regarding prepayment lockout and Yield Maintenance Charge periods applicable to the Mortgage Loans. Certain additional information regarding the MBS and the GNMA Certificate and the Mortgage Loans may be obtained from Fannie Mae as described under "Description of the Certificates—General—The MBS" and "— The GNMA Certificate" herein.

For a description of the characteristics and assumptions on the basis of which certain tabular information herein has been prepared, see "Description of the Certificates—Structuring Assumptions" herein.

Prepayment Penalties

Certain of the Mortgage Loans provide for the payment of prepayment penalties in the form of yield maintenance charges ("Yield Maintenance Charges") in connection with prepayments thereof. In the event that any Yield Maintenance Charges are included in the distributions received on the MBS or the GNMA Certificate with respect to any Distribution Date, such Yield Maintenance Charges actually collected by Fannie Mae will be allocated among Certificateholders in the manner described under "Description of the Certificates—Distributions of Interest—*General*."

Interest Rates

The Certificates will bear interest at the rates set forth on the cover hereof and described herein. See "Description of the Certificates—Distributions of Interest—*Notional Class*" and "—*Weighted Average Coupon Class*" herein.

Notional Class

The notional principal balance of the X Class will be equal to 100% of the aggregate outstanding principal balance of the A, B, C and D Classes immediately prior to the related Distribution Date. See "Description of the Certificates—Distributions of Interest—*Notional Class*" herein.

Distribution of Principal

Principal Distribution Amount

To the A, B, C and D Classes, in that order, to zero.

Weighted Average Lives (years)*

	CPR Prepayment Assumption**				
Class	**0%**	**15%**	**35%**	**65%**	**100%**
A	6.0	6.0	6.0	6.0	6.0
B	13.1	11.7	11.0	10.5	10.0
C	16.8	14.9	14.0	13.3	12.7
D	24.1	19.6	17.6	16.7	15.9
X	16.6	14.2	13.1	12.5	12.0

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

** Assumes no prepayment before any applicable Lockout/Yield Maintenance Charge end dates. See "Risk Factors—Prepayment Considerations and Risks" herein.

RISK FACTORS

Yield Considerations

The effective yield to Certificateholders in the Trust will depend upon the purchase price of the related Certificates, the rate of principal payments, including prepayments, on the Mortgage Loans, and the actual characteristics of the Mortgage Loans. Generally, if the actual rate of payments on the Mortgage Loans is slower than the rate anticipated by an investor who purchased a Certificate of the A, B, C or D Class at a discount, the actual yield to such investor will be lower than such investor's anticipated yield. If the actual rate of payment on the Mortgage Loans is faster than the rate anticipated by an investor who purchased a Certificate of the X Class or who purchased a Certificate of the A, B, C or D Class at a premium, the actual yield to such investor will also be lower than such investor's anticipated yield.

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

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

There will be no reimbursement to investors for any premium paid by investors or for any loss in yield if such investors receive early payments of principal.

Reinvestment Risk

Subject to the effect of the applicable prepayment lockout periods and the payment of any applicable Yield Maintenance Charges, the Mortgage Loans may be prepaid at any time. In addition, the principal balance of any or all of the Mortgage Loans may be distributed following, among other events, a default on the Mortgage Loans, and the principal balance of any Mortgage Loan may be distributed in whole or in part following a casualty or condemnation of the related Mortgaged Property, any of which could take place during an otherwise applicable lockout or Yield Maintenance Charge period. Accordingly, it is not possible to predict the rate at which distributions of principal of the Certificates will be received. Since prevailing interest rates are subject to fluctuation, there can be no assurance that investors in the Certificates will be able to reinvest the distributions thereon at yields equaling or exceeding the yields on the Certificates. It is possible that yields on such reinvestments will be lower, and may be significantly lower, than the yields on the Certificates. Prospective investors in the Certificates should carefully consider the related reinvestment risks in light of other investments that may be available to such investors.

Prepayment Considerations and Risks

The rate of distributions of principal of the A, B, C and D Classes is related directly to the rate of payments of principal of the Mortgage Loans, which may be in the form of scheduled amortization or prepayments (for this purpose, the term "prepayment" includes prepayments and liquidations resulting from default, casualty or condemnation), as well as to the sequential order in which each such Class will receive distributions in respect of principal. Certain of the Mortgage Loans prohibit voluntary prepayments during specified lockout periods. Most of the Mortgage Loans provide for payment of a Yield Maintenance Charge in connection with prepayments. Depending on other factors present at the time, Mortgage Loans having Yield Maintenance Charges may be less likely to be prepaid than Mortgage Loans that do not have such charges. A Yield Maintenance Charge, however, would not be paid in the event that a borrower defaults on payment of its Mortgage Loan and the proceeds of liquidation of such Mortgage Loan are insufficient to allow for allocation of an amount thereof to such charge. The liquidation proceeds would be applied to the recovery of all principal, interest and liquidation expenses before any application to a Yield Maintenance Charge in respect of the related Mortgage Loan. In addition, certain state laws limit the amounts that a lender may collect from a borrower as an additional charge in connection with the prepayment of a mortgage loan. Furthermore, the enforceability under the laws of a number of states of provisions providing for Yield Maintenance Charges upon an involuntary prepayment is unclear. See "Maturity and Prepayment Considerations and Risks—Early Repayment of Mortgage Loans" in the Multifamily REMIC Prospectus.

In the event that any Yield Maintenance Charges are included in the distributions received on the MBS or GNMA Certificate with respect to any Distribution Date, such amounts will be included in the distributions to be made on certain Classes, including the X Class, as described under "Description of the Certificates—Distributions of Interest—*General*" herein. Fannie Mae, however, does not guarantee that any Yield Maintenance Charges due under any Mortgage Loan will in fact be collected from mortgagors or, if applicable, GNMA or paid to holders of the MBS or GNMA Certificate and therefore to applicable Certificateholders. Accordingly, Holders of the applicable Classes will receive Yield Maintenance Charges only to the extent actually received by Fannie Mae and, even if collected, allocation thereof to such Holders may be insufficient to offset fully the adverse effects on the anticipated yield thereon arising out of the corresponding prepayment.

In an environment of declining interest rates, lenders servicing mortgage loans often are asked by borrowers to refinance the mortgage loans through issuance of new loans secured by mortgages on the same properties. The resulting prepayments, if they involve the Mortgage Loans, will result in the distribution to Certificateholders of the principal balances of the prepaid Mortgage Loans.

In general, when the level of prevailing interest rates declines sufficiently relative to the interest rate on fixed-rate mortgage loans, the rate of prepayment is likely to increase, although the prepayment rate is influenced by a number of other factors as well, including general economic conditions. In addition, it is increasingly difficult to generalize as to the degree to which interest rates must decline before significant prepayments are likely to be experienced. Increased borrower sophistication regarding the benefits of refinancing and extensive solicitation by lenders may result in an increase in the rate at which the Mortgage Loans are prepaid due to refinancing. On the other hand, lenders may have originated certain Mortgage Loans at above-market interest rates to provide a means for the payment of certain closing costs or interest rate buydown deposits. Such Mortgage Loans may have been made to borrowers who, for a variety of reasons, may not seek or readily be able to refinance mortgage loans.

Acceleration of mortgage payments as a result of the sale of the related Mortgaged Property is another factor affecting the prepayment rates. In addition, multifamily lending is generally viewed as exposing the lender to a greater risk of loss than one- to four-family residential lending. Mortgage Loan defaults will result in distributions of the full principal balance of the related MBS or GNMA Certificate, thereby affecting prepayment rates.

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 (as defined below). Capitalized terms used and not otherwise defined in this Prospectus Supplement have the respective meanings assigned to such terms in the Multifamily REMIC Prospectus (including the Glossary contained therein) or the Trust Agreement (as the context may require).

General

Structure. The Trust 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 (subject to a permitted variance of plus or minus 5%) will be issued by Fannie Mae pursuant thereto. A description of Fannie Mae and its business, together with certain financial statements and other financial information, is contained in the Information Statement.

The Certificates (other than the R Class) will be designated as the "regular interests," and the R Class will be designated as the "residual interest," in the REMIC constituted by the Trust. The assets of the Trust will consist of the MBS and the GNMA Certificate. Each MBS represents the entire beneficial interest in one or more Mortgage Loans and the GNMA Certificate represents the entire beneficial ownership interest in a single Mortgage Loan.

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. *Fannie Mae will not guarantee the collection or the payment to the Certificateholders of any Prepayment Premiums or Yield Maintenance Charges.* Accordingly, Certificateholders entitled to receive Yield Maintenance Charges will receive them only to the extent actually received in respect of the MBS and the GNMA Certificate. The guaranty of Fannie Mae is not backed by the full faith and credit of the United States.

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

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 Multi-Family REMIC Prospectus.

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

The distribution to the Holder of the R Certificate of the proceeds of any remaining assets of the Trust 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 Certificate, will be issued in minimum denominations of $1,000 and integral multiples of $1 in excess thereof. The R Class will be issued as a single certificate and will not have a principal balance.

Distribution Dates. Distributions on the Certificates will be made on the 25th day of each month or, if such 25th day is not a business day, on the first business day next succeeding such 25th day (each, a "Distribution Date"), commencing in the month following the Settlement Date. See "Distributions of Interest—*General*" and "—*Interest Accrual Period*" and "Distributions of Principal—*Principal Distribution Amount*" herein.

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

REMIC Trust Factors. As soon as practicable following the eleventh calendar day of each month, Fannie Mae will publish or otherwise make available for each Class of Certificates the factor (carried to eight decimal places) which in the case of each such Class, when multiplied by the original principal balance of a Certificate of such Class, will be equal to the amount of principal remaining to be distributed with respect to such Certificate after giving effect to the distribution of principal to be made on the following Distribution Date. In the event an adjustment to the Trust Factor is necessary with respect to any Distribution Date, Fannie Mae will publish or otherwise make available an adjusted Trust Factor as soon as practicable following any such adjustment.

The MBS

The MBS will have the aggregate unpaid principal balance and weighted average 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 such MBS. The Mortgage Loans underlying the MBS will be conventional Level Payment Mortgage Loans secured by first mortgages or deeds of trust on multifamily residential properties, each either fully amortizing or providing for a balloon payment at maturity. See the "The Mortgage Pools" and "Yield Considerations" in the MBS Prospectus for a further description of the Mortgage Loans. The characteristics of the MBS and the related Mortgage Loans as of the Issue Date are expected to be as follows:

MBS	
Aggregate Unpaid Principal Balance	$183,488,140
Weighted Average MBS Pass-Through Rate	7.1262%
Related Mortgage Loans	
WAC (per annum percentage)	7.7792%
WAM	320 months
CAGE	6 months

The table contained in Exhibit A sets forth certain information regarding the characteristics of the individual MBS underlying Mortgage Loans as of the Issue Date, including information regarding pool number, property location, approximate principal balance, MBS Pass-Through Rate, mortgage interest rate, maturity date, original and remaining amortization terms, remaining term to maturity, remaining balloon term (if applicable), MBS Certificate age and issue date, and additional information regarding prepayment lockout and Yield Maintenance Charge periods relating to the underlying Mortgage Loans.

The GNMA Certificate

The GNMA Certificate will have the aggregate unpaid principal balance and Pass-Through Rate set forth below and the general characteristics described under "Description of the GNMA Certificate." The characteristics of the GNMA Certificate and the related Mortgage Loan as of the Issue Date are expected to be as follows:

GNMA Certificate	
Aggregate Unpaid Principal Balance	$2,046,960
GNMA Pass-Through Rate	8.0%
Related Mortgage Loan	
WAC	8.25%
WARM	174 months
WALA	6 months

The table in Exhibit A sets forth certain information regarding the characteristics of the GNMA Certificate and the underlying Mortgage Loan.

Final Data Statement

Following the issuance of the Certificates, Fannie Mae will prepare a Final Data Statement setting forth, among other information, the current unpaid principal balances of the Mortgage Loans 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
Fixed Rate	A, B, C and D
Weighted Average Coupon	X
Interest Only	X
No Payment Residual	R

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

General. The interest-bearing Certificates will bear interest at the respective per annum interest rates set forth on the cover hereof and 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.

Certain of the Mortgage Loans provide for the payment of prepayment penalties in the form of Yield Maintenance Charges in connection with prepayments thereof. On any Distribution Date, Yield Maintenance Charges collected by Fannie Mae during the related Interest Accrual Period will be distributed on the Classes of Certificates as follows: to each of the Class A, B, C and D Classes, an amount equal to the product of (a) a fraction, the numerator of which is the amount distributed as principal to such Class on such Distribution Date, and the denominator of which is the total amount distributed as principal to all Classes of Certificates on such Distribution Date, (b) the Base Interest Fraction for such Distribution Date and (c) the aggregate amount of Yield Maintenance Charges collected during the related Interest Accrual Period. Any Yield Maintenance Charges collected during the related Interest Accrual Period remaining after such distributions will be distributed on the X Class.

The "Base Interest Fraction" with respect to any Distribution Date is a fraction (a) whose numerator is the greater of (x) zero and (y) the excess of (i) 6.52% over (ii) the Yield Rate for such Distribution Date and (b) whose denominator is the excess of (i) the weighted average Pass-Through Rate of the MBS and the GNMA Certificate as of the first day of such Interest Accrual Period over (ii) the Yield Rate for such Distribution Date; provided, however that under no circumstances shall the Base Interest Fraction be greater than one, and if such Yield Rate is greater than the weighted average Pass-Through Rate of the MBS and the GNMA Certificate as of the first day of such Interest Accrual Period, then the Base Interest Fraction shall equal zero. The "Yield Rate" for any Distribution Date will be equal to the "ask yield" of the 8⅞% United States Treasury Bond due August 2017 as published in *The Wall Street Journal* (or if not so published, such yield as published in a newspaper of general circulation selected by Fannie Mae in its sole discretion) on the 15th day of the month of such Distribution Date (or if such 15th day is not a business day, as of the immediately preceding business day); provided, that, if more than one such yield is published on such date, the last-in-time yield quote shall be used.

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

Classes	Interest Accrual Period
All interest-bearing Classes	Calendar month preceding the month in which the Distribution Date occurs

See "Description of the Certificates—Yield Considerations" herein.

Notional Class. The X Class will be a Notional Class and will have no principal balance. The X Class will bear interest during each Interest Accrual Period at the rate per annum equal to the excess of (a) the weighted average of the interest rates on the MBS and the GNMA Certificate, weighted on the basis of the principal balances thereof as of the first day of such Interest Accrual Period, over (b) 6.52% per annum.

For example, during the initial Interest Accrual Period, the Notional Class is expected to bear interest at the interest rate set forth below:

Class	Initial Interest Rate (1)
X	0.6158%

(1) The initial interest rate is subject to fluctuation due to the permitted variance of plus or minus 5% relating to the aggregate principal balance of the MBS and the GNMA Certificate.

The notional principal balance of the Notional Class will be equal to the applicable percentage of the outstanding principal balances of the following Classes immediately prior to the related Distribution Date:

Class	Percentage of Principal Balance of Specified Classes
X	100% of the A, B, C and D 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 the principal distributions of the MBS and the GNMA Certificate or the underlying Mortgage Loans. Although a Notional Class will not have a principal balance, a REMIC Trust Factor (as described herein) will be published with respect to any such Class that will be applicable to the notional principal balance thereof, and references herein to the principal balances of the Certificates generally shall be deemed to refer also to the notional principal balance of any Notional Class.

Weighted Average Coupon Class. The X Class will be a Weighted Average Coupon Class. The X Class will bear interest during each Interest Accrual Period at a rate per annum equal to the weighted average rate calculated as described above under "—*Notional Class*." Fannie Mae's determination of the rate of interest for such Class 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.

Distributions of Principal

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

Principal Type*	Classes
Sequential Pay	A, B, C and D
Notional	X
No Payment Residual	R

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

Principal Distribution Amount

On each Distribution Date, principal will be distributed on the Certificates in an amount (the "Principal Distribution Amount") equal to the sum of (i) the principal distributions concurrently made on the MBS, (ii) the principal distributions reported by GNMA to be receivable on the GNMA Certificate during the month of such Distribution Date and (iii) the amount, if any, of principal distributions received on the GNMA Certificate during the month of the preceding Distribution Date that were not distributed on the Certificates on such preceding Distribution Date. See "General—*REMIC Trust Factors*" herein.

Fannie Mae will calculate the amount specified in clause (ii) above for each Distribution Date based in part on the preliminary GNMA Certificate factor reported on or about the seventh business day of the month of such Distribution Date. In some months, distributions of principal may be received on the GNMA Certificate in amounts that exceed the amount reported in such GNMA Certificate factor. In such event, Fannie Mae may at its option include such amount in the distribution of principal to be made on the Certificates on the applicable Distribution Date. Further, in some months, the factor for the GNMA Certificate may not be reported. In such event, Fannie Mae will calculate the remaining principal balance to which the GNMA Certificate would be reduced on the basis of an assumed amortization schedule. Fannie Mae will create that schedule by using available remaining term to maturity and interest rate information and adjusting such remaining term to maturity to the current month. Such calculations will reflect payment factor information previously reported to Fannie Mae and calculated subsequent scheduled amortization (but not prepayments) on the related Mortgage Loan. Fannie Mae's determination of the principal payments by the methodology described above will be final.

On each Distribution Date, the Principal Distribution Amount will be distributed, sequentially, as principal of the A, B, C and D Classes, in that order, until the respective principal balances thereof are reduced to zero. **Sequential Pay Classes**

Structuring Assumptions

Pricing Assumptions. Unless otherwise specified, the information in the tables under "Yield Considerations" and "Decrement Tables" has been prepared on the basis of the actual characteristics of the MBS and the GNMA Certificate (as described in Exhibit A hereto) and the following assumptions (the "Pricing Assumptions"):

(i) the Settlement Date for the Certificates is December 30, 1997;

(ii) all principal payments (including prepayments) on the Mortgage Loans are distributed on the Certificates on the Distribution Date relating to the month in which such payments are received;

(iii) the Mortgage Loans prepay at the percentages of CPR specified in the related table, provided that no prepayments occur through the applicable Lockout/Yield Maintenance Charge end dates, as applicable;

(iv) distributions on the Certificates are always received on the 25th of the month, whether or not a business day; and

(v) no Yield Maintenance Charges are received on the MBS or the GNMA Certificate.

CPR Assumptions. Prepayments on mortgage loans may be measured by a prepayment standard or model. The model used herein is the "Constant Prepayment Rate" or "CPR" model. The CPR model represents an assumed constant rate of prepayment each month, expressed as a per annum percentage of the then outstanding principal balance of the pool of mortgage loans. *CPR does not purport to be either an historical description of the prepayment experience of any pool of mortgage loans or a prediction of the anticipated rate of prepayment of any pool of mortgage loans, including the Mortgage Loans underlying the MBS and the GNMA Certificate backing the Certificates.* See "—Yield Considerations" and "—Decrement Tables" herein and "Yield Considerations" and "Maturity and Prepayment Considerations and Risks" in the Multifamily REMIC Prospectus.

Yield Considerations

General. The yield to maturity for each Certificate will depend upon the purchase price thereof, the rate of principal payments (including prepayments resulting from liquidations of Mortgage Loans due to defaults, casualties or condemnations affecting the Mortgaged Properties) and the actual characteristics of the Mortgage Loans. There can be no assurance that the Mortgage Loans will prepay at any of the rates assumed herein or at any other particular rate, 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 expected. An investor should purchase Certificates only after performing an analysis of such Certificates based upon the investor's own assumptions as to future rates of prepayment. It is not likely that the Mortgage Loans will prepay at the indicated CPR levels until maturity or that all of such Mortgage Loans will prepay at the same rate.

The timing of changes in the rate of principal prepayments may significantly affect the actual yield to maturity to an investor, even if the average rate of principal prepayments is consistent with the expectations of such investor. In general, the earlier the payment of principal of the Mortgage Loans, the greater the effect on an investor's yield to maturity. As a result, the effect on an investor's yield of principal prepayments occurring at a rate higher (or lower) than the rate anticipated by the investor during the period immediately following the issuance of the related Certificates will not be offset by a subsequent like reduction (or increase) in the rate of principal prepayments. For a description of the prepayment provisions of the Mortgage Loans, see Exhibit A hereto.

The effective yields on the interest bearing Classes will be reduced below the yields otherwise produced because principal and interest payable on a Distribution Date will not be distributed until the 25th day following the end of the related Interest Accrual Period and will not bear interest during such delay. No interest 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 interest bearing Classes will be lower than would have been the case if there were no such delay. Investors must make their own decisions as to the appropriate assumptions, including prepayment assumptions, to be used in deciding whether to purchase the Certificates.

Prepayment Provisions. The rate of prepayment on the Mortgage Loans will depend on a variety of factors, including the characteristics of such Mortgage Loans, the level of prevailing interest rates or the assessment of prepayment premiums and other economic, geographic and social factors. See "Risk Factors—Prepayment Considerations and Risks" herein.

The table below indicates the sensitivity of the pre-tax corporate bond equivalent yields to maturity of the Interest Only Class to various constant percentages of CPR. The yields set forth in the table were calculated by determining the monthly discount rates that, when applied to the assumed streams of cash flows to be paid on the applicable Class, would cause the discounted present value of such assumed streams of cash flows to equal the assumed aggregate purchase price of such Class and converting such monthly rates to corporate bond equivalent rates. Such calculations do not take into account variations that may occur in the interest rates at which investors may be able to reinvest funds received by them as distributions on the Certificates and consequently do not purport to reflect the return on any investment in the Certificates when such reinvestment rates are considered.

The Interest Only Class. **As indicated in the tables below, the yield to investors in the Interest Only Class will be highly sensitive to the rate of principal payments (including principal prepayments) of the Mortgage Loans. Subject to certain restrictions, the Mortgage Loans may be prepaid prior to their stated maturities.**

There can be no assurance that the Mortgage Loans will prepay at any of the rates assumed herein or at any other particular rate, that the pre-tax yields on the Certificates will correspond to any of the pre-tax yields shown herein or that the aggregate purchase price of the X Class will be as assumed below.

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

Class	Price*
X	4.625%

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

Sensitivity of the X Class to Prepayments*

	CPR Prepayment Assumption				
	0%	15%	35%	65%	100%
Pre-Tax Yields to Maturity	9.4%	8.7%	8.2%	7.8%	7.4%

* Assumes no prepayment before any applicable Lockout/Yield Maintenance Charge end dates.

A portion of any Yield Maintenance Charge actually received may be allocated to the X Class and will increase the yield on such Class. However, any such allocation may be insufficient to offset fully the adverse effects on the anticipated yield arising out of the corresponding principal prepayment.

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 "Maturity and Prepayment Considerations and Risks—Weighted Average Life and Final Distribution Dates" in the Multifamily REMIC Prospectus.

The weighted average lives of the Certificates will depend, in varying degrees, on the rate of payment of principal of the related Mortgage Loans (including the timing of changes in such rate) which, in turn will depend on the characteristics of such Mortgage Loans, the level of prevailing interest rates or the assessment of prepayment penalties and other economic, geographic and social factors.

The interaction of the foregoing factors may have an effect on the Certificates at different times during the lives of the Certificates. Accordingly, no assurance can be given as to the weighted average life of any Class. Further, to the extent the price of a Certificate represents a discount or premium to its respective original principal balance, any variability in the weighted average life of a Certificate in combination with such discount or premium could result in variability in its yield to maturity. For an example of how the weighted average life of a Certificate may be affected at various constant prepayment rates, see the Decrement Tables below.

Decrement Tables

The following tables indicate the percentages of the original principal balances or notional principal balances of the specified Classes that would be outstanding after each of the dates shown at the *constant* percentages of CPR and the corresponding weighted average lives of such Classes. The tables have been prepared on the basis of the Pricing Assumptions. It is unlikely, however, that prepayments of the Mortgage Loans will conform to any level of CPR, and no representation is made that the Mortgage Loans will prepay at the CPRs shown or at any other constant prepayment rate.

Percent of Original Principal Balances Outstanding††

	A Class					B Class					C Class					D Class					X† Class				
	CPR Prepayment Assumption					CPR Prepayment Assumption					CPR Prepayment Assumption					CPR Prepayment Assumption					CPR Prepayment Assumption				
Date	**0%**	**15%**	**35%**	**65%**	**100%**	**0%**	**15%**	**35%**	**65%**	**100%**	**0%**	**15%**	**35%**	**65%**	**100%**	**0%**	**15%**	**35%**	**65%**	**100%**	**0%**	**15%**	**35%**	**65%**	**100%**
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
December 1998	94	94	94	94	94	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	99	99	99	99	99
December 1999	87	87	87	87	87	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	97	97	97	97	97
December 2000	79	79	79	79	79	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	96	96	96	96	96
December 2001	71	71	71	71	71	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	94	94	94	94	94
December 2002	63	63	63	63	63	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	92	92	92	92	92
December 2003	53	53	53	53	53	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	90	90	90	90	90
December 2004	43	43	43	43	43	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	88	88	88	88	88
December 2005	32	32	32	32	32	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	86	86	86	86	86
December 2006	20	20	20	20	20	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	83	83	83	83	83
December 2007	7	5	2	0	0	100	100	100	95	0	100	100	100	100	85	100	100	100	100	100	80	80	79	78	58
December 2008	0	0	0	0	0	92	72	45	7	0	100	100	100	100	75	100	100	100	100	100	78	74	69	62	55
December 2009	0	0	0	0	0	74	40	3	0	0	100	100	100	75	65	100	100	100	100	100	74	68	62	55	53
December 2010	0	0	0	0	0	55	9	0	0	0	100	100	77	57	53	100	100	100	100	100	71	63	56	51	50
December 2011	0	0	0	0	0	35	0	0	0	0	100	85	55	40	32	100	100	100	100	100	67	57	51	47	45
December 2012	0	0	0	0	0	0	0	0	0	0	92	48	19	2	0	100	100	100	100	78	59	49	42	38	30
December 2013	0	0	0	0	0	0	0	0	0	0	75	9	0	0	0	100	100	75	48	24	55	40	29	18	9
December 2014	0	0	0	0	0	0	0	0	0	0	52	0	0	0	0	100	83	50	26	17	50	31	19	10	6
December 2015	0	0	0	0	0	0	0	0	0	0	7	0	0	0	0	100	58	31	18	15	40	22	12	7	6
December 2016	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	97	48	23	15	14	37	18	9	6	5
December 2017	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	81	33	13	8	1	31	12	5	3	*
December 2018	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	74	25	8	2	0	28	10	3	1	0
December 2019	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	67	19	4	1	0	25	7	2	*	0
December 2020	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	58	14	2	*	0	22	5	1	*	0
December 2021	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	50	9	1	*	0	19	4	*	*	0
December 2022	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	40	6	*	*	0	15	2	*	*	0
December 2023	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	33	4	*	*	0	12	2	*	*	0
December 2024	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	25	3	*	*	0	10	1	*	*	0
December 2025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	17	2	*	*	0	7	1	*	*	0
December 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9	1	*	*	0	3	*	*	*	0
December 2027	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	6.0	6.0	6.0	6.0	6.0	13.1	11.7	11.0	10.5	10.0	16.8	14.9	14.0	13.3	12.7	24.1	19.6	17.6	16.7	15.9	16.6	14.2	13.1	12.5	12.0

* Indicates an outstanding balance greater than 0% and less than 0.5% of the original principal balance.
** Determined as described under "—Weighted Average Lives of the Certificates" above.
† In the case of a Notional Class, the Decrement Table indicates the percentages of the original notional principal balance outstanding.
†† Assumes no prepayment before any applicable Lockout/Yield Maintenance Charge end dates.

Characteristics of the R Class

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

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

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

DESCRIPTION OF THE GNMA CERTIFICATE

General

The Government National Mortgage Association is a wholly-owned corporate instrumentality of the United States within the Department of Housing and Urban Development. Section 306(g) of Title III of the National Housing Act of 1934, as amended (the "Housing Act"), authorizes GNMA to guarantee the timely payment of the principal of, and interest on, certificates that are based on and backed by a pool of mortgage loans insured by the Federal Housing Administration ("FHA") under the Housing Act or Title V of the Housing Act of 1949, or partially guaranteed by the Department of Veterans Affairs under the Servicemen's Readjustment Act of 1944, as amended, or Chapter 37 of Title 38, United States Code.

Section 306(g) of the Housing Act provides that "the full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection." To meet its obligations under such guaranties, GNMA is authorized, under Section 306(d) of the Housing Act, to borrow from the United States Treasury with no limitations as to amount.

The GNMA Certificate will be a "fully modified pass-through" mortgage-backed security issued and serviced by a mortgage banking company or other financial concern approved by GNMA as a seller-servicer of loans insured by the FHA. The Mortgage Loan underlying the GNMA Certificate is fixed-rate, level-pay and fully amortizing. The Mortgage Loan is secured by a mortgage, deed of trust or deed to secure debt that creates a first lien on the applicable borrower's fee simple estate in a multifamily property consisting of five or more dwelling units (a "Mortgaged Property").

Certain information regarding the GNMA Certificate is set forth in Exhibit A hereto. In addition, following the issuance of the Certificates, Fannie Mae will prepare a Final Data Statement setting forth certain information related to the GNMA Certificate as of the Issue Date. See "Description of the Certificates—Final Data Statement."

FHA Insurance Programs

FHA multifamily insurance programs generally are designed to assist private and public mortgagors in obtaining insured financing for the construction, purchase or rehabilitation of rental housing pursuant to the Housing Act. Mortgages are provided by FHA-approved institutions, which include mortgage bankers, commercial banks, savings and loan associations, trust companies, insurance companies, pension funds, state and local housing finance agencies and certain other approved entities.

Mortgages for multifamily projects must not exceed either the statutory dollar amount or loan ratio limitations established by the particular section of the Housing Act under which the mortgage is being insured, except that the FHA may increase the dollar amount limitations by up to 110 percent in certain high cost areas and by up to 140 percent on a project-by-project basis. References herein to estimated values and costs associated with maximum mortgage amounts represent estimates made by the FHA.

Mortgages insured under the programs described below will have such maturities and amortization features as the FHA may approve, provided that generally the minimum mortgage term will be at least ten years and the maximum mortgage term will not exceed the lesser of 40 years and 75 percent of the estimated remaining economic life of the improvements on the mortgaged property.

Tenant eligibility for FHA-insured projects generally is not restricted by income, except for projects as to which rental subsidies are made available with respect to some or all of the units therein or to specified tenants.

The following is a summary of the FHA insurance program under which the Mortgage Loan is insured.

Section 232/223(f) (Mortgage Insurance for Nursing Homes and Other Care Facilities)

Section 232 provides for federal insurance of private construction mortgage loans to finance new or rehabilitated nursing homes, intermediate care facilities, board and care homes, assisted living for the frail elderly or allowable combinations thereof, including equipment to be used in their operation. Section 232 also provides for supplemental loans to finance the purchase and installation of fire safety equipment in these facilities. However, these loans are governed by different restrictions and limitations than those set forth below for the actual facilities.

The maximum mortgage amount that is insurable under Section 232 for new construction and substantial rehabilitation is, for profit-motivated mortgagors, 90 percent of the estimated value of the project, including the equipment to be used in the operation, when the proposed improvements are completed and the equipment is installed, and 95 percent of such value for private nonprofit mortgagors.

A mortgage executed in connection with the purchase or refinancing of existing projects under Section 232 pursuant to Section 223(f) of the Housing Act must have a principal amount no greater than 85 percent for a profit-motivated mortgagor (90 percent for a private nonprofit mortgagor) of the estimated value of the project, including major equipment and any repairs and improvements. Such mortgage also may not exceed the amount that could be amortized by 85 percent for profit-motivated mortgagors (90 percent for nonprofit) of the net projected project income available for payment of debt service. If the project is to be refinanced by the insured mortgage without a change in ownership, the maximum mortgage may not exceed the cost to refinance the existing indebtedness, as determined by the FHA. If the mortgage insured pursuant to Section 223(f) is to be used in part to finance the acquisition of the project by the mortgagor, in addition to the above-mentioned limits, the maximum loan amount is 85 percent of the cost of acquisition for profit-motivated mortgagors and 90 percent for nonprofit mortgagors.

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 Multifamily REMIC Prospectus, describes the current federal income tax treatment of investors in the Certificates. These two tax discussions do not purport to deal with all federal tax consequences applicable to all categories of investors, some of which may be subject to special rules. Investors should consult their own tax advisors in determining the federal, state, local and any other tax consequences to them of the purchase, ownership and disposition of the Certificates.

REMIC Election and Special Tax Attributes

An election will be made to treat the Trust as a REMIC for federal income tax purposes. Arnold & Porter, special tax counsel to Fannie Mae, will deliver its opinion to Fannie Mae that, assuming compliance with the Trust Agreement, the Trust will qualify as a REMIC for federal income tax purposes. The Certificates, other than the R Class, will be designated as the "regular interests," and the R Class will be designated as the "residual interest," in the REMIC constituted by the Trust.

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

Taxation of Beneficial Owners of Regular Certificates

The Notional Class will be, and certain other Classes of Certificates may be, issued with original issue discount for federal income tax purposes, which generally will result in recognition of some taxable income in advance of the receipt of the cash attributable to such income. The Prepayment Assumption that will be used in determining the rate of accrual of original issue discount is described below. See "Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Original Issue Discount*" in the Multifamily REMIC Prospectus. No representation is made as to whether the Mortgage Loans underlying the MBS and the GNMA Certificate will prepay at that or any other rate. See "Description of the Certificates—Weighted Average Life" herein and "Maturity and Prepayment Considerations and Risks—Weighted Average Life and Final Distribution Dates" in the Multifamily 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 Multifamily REMIC Prospectus.

The Prepayment Assumption will be applied on a pool-by-pool basis. The Prepayment Assumption that will be used for each pool will be 0% CPR until the Lockout/Yield Maintenance end date for each such pool as provided on Exhibit A herein and 35% CPR thereafter. Because the Lockout/Yield Maintenance end date for each pool is not the same, during the period beginning on the earliest Lockout/Yield Maintenance end date of the pools and ending on the last Lockout/Yield Maintenance end date of the pools, the effective Prepayment Assumption will increase, from 0% CPR to 35% CPR, in proportion to the percentage of Lockout/Yield Maintenance end dates that have passed. Such increase in the effective Prepayment Assumption will result in an acceleration in the rate of accrual of original issue discount with respect to the Certificates as each pool reaches its Lockout/Yield Maintenance end date.

The Taxpayer Relief Act of 1997 adds provisions to the Code that require the recognition of gain upon the "constructive sale of an appreciated financial position." A constructive sale of an appreciated financial position occurs if a taxpayer enters into certain transactions or series of such transactions with respect to a financial instrument that have the effect of substantially eliminating the taxpayer's risk of loss and opportunity for gain with respect to the financial instrument. These provisions do not apply to Classes of Certificates other than the Notional Class.

Taxation of Beneficial Owners of Residual Certificates

Under the Regulations, the R Class will not have significant value. Special rules regarding the treatment of "excess inclusions" by certain thrift institutions no longer apply because of the amendment of sections 593 and 860E of the Code by the Small Business Job Protection Act of 1996. See "Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*" in the Multifamily REMIC Prospectus.

For purposes of determining the portion of the taxable income of the Trust that generally will not be treated as excess inclusions, the rate to be used is 7.38% (which is 120% of the "federal long-term rate"). See "Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*" and "—Foreign Investors—*Residual Certificates*" in the Multifamily REMIC Prospectus. The federal income tax consequences of any consideration paid to a transferee on the transfer of an R Certificate are unclear; any transferee receiving such consideration should consult its own tax advisors.

The Taxpayer Relief Act of 1997 adds provisions to the Code that will apply to an "electing large partnership." If an electing large partnership holds an R Certificate, all interests in the electing large partnership are treated as held by disqualified organizations for purposes of the tax imposed upon a pass-through entity by section 860E(e) of the Code. An exception to this tax, otherwise available to a pass-through entity that is furnished certain affidavits by record holders of interests in the entity and that does not know such affidavits are false, is not available to an electing large partnership.

PLAN OF DISTRIBUTION

The Dealer will receive the Certificates in exchange for the MBS and the GNMA Certificate 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.

LEGAL MATTERS

Certain legal matters will be passed upon for Fannie Mae by Brown & Wood LLP; and an opinion with respect to certain tax matters will be delivered to Fannie Mae by Arnold & Porter. Certain legal matters will also be passed upon for the Dealer by Stroock & Stroock & Lavan LLP.

Exhibit A

The MBS, GNMA Certificate and Mortgage Loans

Pool Number	City	State	Approximate Principal Balance as of Issue Date	MBS/GNMA Pass-Through Rate	Mortgage Interest Rate	Maturity Date	Original Amortization Term (mos.)	Remaining Amortization Term (mos.)	Remaining Term to Maturity (mos.)	Remaining Term to Balloon (mos.)	Certificate Age (mos.)	Issue Date	Lockout/Yield Maintenance End Date**	Remaining Lockout/Yield Maintenance Term (mos.)
FN109121	Lino Lakes	MN	$ 2,186,544	7.070%	8.070%	03/01/2012	360	351	171	171	9	03/01/97	09/01/2011	165
FN160273(*)	Various	Various	28,394,620	7.625	8.100	07/01/2015	240	211	211	—	29	06/01/95	07/01/2014	199
FN375122	Tulsa	OK	6,088,832	7.665	8.560	05/01/2015	360	353	209	209	7	05/01/97	05/01/2012	173
FN375253	Union City	GA	2,552,018	7.300	9.250	11/01/2014	360	356	203	203	4	08/01/97	11/01/2011	167
FN375301	Manassas	VA	3,087,515	7.680	8.330	08/01/2022	300	296	296	—	4	08/01/97	02/01/2012	170
FN375309	Lorain	OH	2,696,434	7.125	8.025	08/01/2017	240	236	236	—	4	08/01/97	08/01/2012	176
FN375311	Wesminster	CO	5,055,514	7.025	8.100	08/01/2017	240	236	236	—	4	08/01/97	08/01/2012	176
FN375333	Catonsville	MD	2,038,361	7.200	8.000	09/01/2022	360	357	297	297	3	08/01/97	09/01/2007	117
FN375358	Milwaukee	WI	2,436,215	7.170	8.000	10/01/2027	360	358	358	—	2	09/01/97	10/01/2012	178
FN375366	Roanoke	VA	3,193,515	7.220	8.000	09/01/2027	360	357	357	—	3	09/01/97	09/01/2012	177
FN375371	High Point	NC	2,417,370	7.020	8.875	03/01/2015	360	358	207	207	2	10/01/97	04/01/2012	172
FN375412	Ossining	NY	1,995,704	7.090	7.890	10/01/2012	300	298	178	178	2	09/01/97	04/01/2012	172
FN375423	Indianapolis	IN	4,793,530	7.195	7.995	10/01/2017	360	358	238	238	2	10/01/97	04/01/2017	232
FN375427	Placerville	CA	2,341,991	7.187	8.237	10/01/2015	360	358	214	214	2	10/01/97	10/01/2012	178
FN375436	Indianapolis	IN	5,888,105	7.380	8.280	10/01/2015	300	298	214	214	2	10/01/97	10/01/2007	118
FN375488	North Brunswick	NJ	14,981,105	6.865	7.215	11/01/2022	300	299	299	—	1	10/01/97	11/01/2017	239
FN375502	Salem	OR	6,163,025	6.925	7.725	11/01/2012	360	359	179	179	1	11/01/97	11/01/2007	119
FN375506	Various	MD	34,273,242	6.900	7.250	11/01/2027	360	359	359	—	1	11/01/97	11/01/2007	119
FN375514	Key West	FL	1,299,100	6.950	7.850	11/01/2027	360	359	359	—	1	11/01/97	11/01/2012	179
FN375531	New York	NY	865,000	7.040	7.390	12/01/2027	360	360	360	—	0	12/01/97	12/01/2017	240
FN375539	Sacramento	CA	4,541,693	6.950	7.600	11/01/2017	360	360	239	239	0	12/01/97	11/01/2012	179
FN375561	Reynoldsville	OH	5,525,000	7.100	7.750	12/01/2022	300	299	299	—	1	11/01/97	12/01/2012	180
FN375564	Lemoore	CA	2,160,000	6.740	8.375	12/01/2015	360	360	216	216	0	12/01/97	12/01/2012	180
FN375566	Hemet	CA	4,400,000	6.950	7.600	12/01/2027	360	360	360	—	0	12/01/97	12/01/2012	180
FN375588	Lancaster/Richardson	TX	11,813,700	6.970	7.620	12/01/2027	360	360	360	—	0	12/01/97	12/01/2012	180
FN380006	Richmond	VA	7,800,000	6.900	7.250	12/01/2027	360	360	360	—	0	12/01/97	12/01/2012	180
FN380012	Saginaw	MI	5,500,000	6.975	7.875	12/01/2027	360	360	360	—	0	12/01/97	12/01/2012	180
FN380015	Youngstown	OH	9,000,000	7.020	7.920	12/01/2027	360	360	360	—	0	12/01/97	12/01/2012	180
GN389427(**)	Detroit	MI	2,046,960	8.000	8.250	06/01/2012	180	174	174	—	6	06/01/97	06/01/2007	114
Total Weighted Average			$185,535,100	7.136	7.784		324		288		6			

* Lockout through 7/1/2000 then Yield Maint. thru 7/1/2014.

** Lockout through 6/1/2007. FHA Program Section 232.

NOTE:

The information with respect to the MBS, the GNMA Certificate and the Mortgage Loans set forth on this Exhibit A has been collected and summarized by the Dealer and provided to Fannie Mae. Fannie Mae has made no independent verification of such information and, therefore, does not warrant its truth or accuracy.

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

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Prospectus Supplement

Multifamily REMIC Prospectus

$185,535,100
(Approximate)

FannieMae

Guaranteed REMIC
Pass-Through Certificates
Fannie Mae Multifamily
REMIC Trust 1997-M9

PROSPECTUS SUPPLEMENT

Bear, Stearns & Co. Inc.

December 9, 1997