

Prospectus Supplement
(To Prospectus dated December 29, 1992)

\$222,892,000
Federal National Mortgage Association



Guaranteed REMIC Pass-Through Certificates
Fannie Mae REMIC Trust 1994-21

The Guaranteed REMIC Pass-Through Certificates offered hereby (the "Certificates") will represent beneficial ownership interests in Fannie Mae REMIC Trust 1994-21 (the "Trust"). The assets of the Trust will consist of (i) "interest only" Fannie Mae Stripped Mortgage-Backed Securities (the "Trust SMBS") evidencing the beneficial ownership interests in certain interest distributions made in respect of certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates ("MBS") held in the form of Fannie Mae Guaranteed MBS Pass-Through Certificates (the "Mega Certificates") and included in Fannie Mae Stripped Mortgage-Backed Security Trusts 000223-CL and 000245-CL and (ii) the REMIC Certificates specified herein (collectively, the "Underlying REMIC Certificates") evidencing beneficial ownership interests in the respective Fannie Mae REMIC Trusts (collectively, the "Underlying REMIC Trusts"). The assets of each Underlying REMIC Trust consist of direct or indirect beneficial ownership interests in certain MBS having the characteristics described herein. Each MBS underlying the Trust SMBS and the Underlying REMIC Certificates will represent a beneficial ownership interest in a pool (each, a "Pool") of first lien, single-family, fixed-rate residential mortgage loans (the "Mortgage Loans") having the characteristics described herein.

The Certificates will be issued and guaranteed as to timely distribution of principal and, to the extent set forth herein, interest by Fannie Mae and will be offered by Fannie Mae pursuant to its Prospectus for Guaranteed Mortgage Pass-Through Certificates (the "MBS Prospectus"), its Prospectus for Stripped Mortgage-Backed Securities (the "SMBS Prospectus") and its Prospectus for Guaranteed MBS Pass-Through Certificates (the "Mega Prospectus"), each available as described herein, and its Prospectus for Guaranteed REMIC Pass-Through Certificates (the "REMIC Prospectus") accompanying this Prospectus Supplement.

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. SEE "DESCRIPTION OF THE CERTIFICATES—PREPAYMENT CONSIDERATIONS AND RISKS" AND "YIELD CONSIDERATIONS" HEREIN.

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

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

Class	Original Principal Balance	Principal Type (1)	Interest Rate	Interest Type (1)	Final Distribution Date
F	\$222,892,000	(2)	(3)	FLT	January 2024
R(4)	0	NPR	0	EXE	January 2024

- (1) See "Description of the Certificates—Class Definitions and Abbreviations" in the REMIC Prospectus and "Description of the Certificates—Distributions of Interest" and "—Distributions of Principal" herein.
- (2) The F Class will be entitled to receive the entire Principal Distribution Amount (as defined herein) on each Distribution Date until the principal balance thereof is reduced to zero. See "Description of the Certificates—Distributions of Principal" herein.
- (3) The F Class 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 and will be entitled to receive the entire Interest Distribution Amount (as defined herein) on each Distribution Date.
- (4) The R Class will be entitled to receive the monthly distributions from the remaining assets of the Trust, if any, after the principal balance of the F Class has been reduced to zero and any unpaid interest deficiency (together with any accrued and unpaid interest thereon) has been paid in full. See "Description of the Certificates—Characteristics of the R Class" herein.

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

The Certificates will be offered by the Dealer, subject to issuance by Fannie Mae, to prior sale or to withdrawal or modification of the offer without notice, when, as and if delivered to and accepted by the Dealer, and subject to approval of certain legal matters by counsel. It is expected that the F Class will be available through the book-entry system of the Federal Reserve Banks on or about January 28, 1994 (the "Settlement Date"). It is expected that the R Class in registered, certificated form will be available for delivery at the offices of Bear, Stearns & Co. Inc., 245 Park Avenue, New York, New York, 10167, on or about the Settlement Date.

Bear, Stearns & Co. Inc.
January 13, 1994

(Cover continued from previous page)

The yield to investors in each Class will be directly related to the level of LIBOR and, among other things, the rate of distributions on the Trust SMBS and the Underlying REMIC Certificates, which in turn will be sensitive in varying degrees to the rate of principal payments of the Mortgage Loans, the characteristics of the Mortgage Loans included in the related Pools and the priority sequences affecting principal distributions on the Underlying REMIC Certificates. Such yields will also be sensitive to the amount of Excess Interest (as defined herein) available for distribution, fluctuations in the index on which the interest rate for any Underlying REMIC Certificate is based and the purchase price paid for the related Class. 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 either 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.
- The yield on the F Class will be sensitive to the level of LIBOR. Under certain LIBOR and prepayment scenarios, the Interest Distribution Amount may not be sufficient to pay the full amount of interest accrued on the F Class at the LIBOR based formula rate. Any such deficiency on a particular Distribution Date will be carried forward, with interest, to subsequent Distribution Dates. Once the respective notional principal balances of the Trust SMBS and the respective principal balances and notional principal balances of the Underlying REMIC Certificates have been reduced to zero, Holders of the F Class will have no future entitlement to any unpaid interest deficiency or interest thereon.
- The distributions on the R Class will be especially sensitive to the level of LIBOR and the rate of prepayments on the Mortgage Loans, since no distributions will be made on such Class until the principal balance of the F Class is reduced to zero and any accrued and unpaid interest thereon (including any unpaid interest deficiency and accrued interest thereon) is paid in full. Under certain LIBOR and prepayment scenarios, little or no assets would remain in the Trust at such time.
- The relationship among the various factors that affect the availability of principal and interest distributions, and correspondingly, the yield on the Certificates, is complex, and an investment in the Certificates should only be made by persons familiar with the analysis of mortgage loan prepayment rates and mortgage-backed securities structures.

See “Description of the Certificates—Prepayment Considerations and Risks” and “—Yield Considerations” herein.

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

- The rate of 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 “Description of the Certificates—Reinvestment Risk” in the REMIC Prospectus.
- The Trust SMBS and certain of the Underlying REMIC Certificates are “Interest Only” securities with nominal or notional principal balances. If such nominal or notional principal balances are reduced disproportionately faster than the principal balances of the remaining Underlying REMIC Certificates, any such disproportionate reductions could significantly reduce the amounts available to pay interest on the remaining principal balance of the F Class.
- Certain of the Underlying REMIC Certificates included in the Trust have Principal Balance Schedules and, in certain cases, may not be scheduled to receive principal payments in accordance with their Principal Balance Schedules for extended periods. However, prepayments on the related Mortgage Loans may have occurred at a rate faster or slower than that initially assumed. This Prospectus Supplement contains no information as to whether any such Underlying REMIC Certificates have adhered to their Principal Balance Schedules, whether any support securities remain outstanding or whether the Underlying REMIC Certificates otherwise have performed as originally anticipated. Such information as to particular Underlying REMIC Certificates may be obtained through an analysis of current Fannie Mae principal factors in the context of applicable information contained in the related Underlying Prospectus (as defined below) which may be obtained from Fannie Mae as described below.
- The actual final payment of the F Class will likely occur earlier, and could occur much earlier, than the Final Distribution Date for such Class specified on the cover page. In particular, exercise of the right of optional liquidation of the Trust by Holders of the R Class as described herein will effect the early retirement of the F Class. 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.
- 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 SMBS Prospectus, the Mega Prospectus, the MBS Prospectus, the Prospectus Supplements for the respective Underlying REMIC Trusts (collectively, the “Underlying Prospectuses”) or the REMIC Prospectus. Any representation to the contrary is a criminal offense.

This Prospectus Supplement does not contain complete information about the Certificates. Investors should purchase Certificates only after reading this Prospectus Supplement, the REMIC Prospectus, the MBS Prospectus dated January 1, 1994, the SMBS Prospectus dated December 31, 1993, the Mega Prospectus dated December 31, 1993, the Underlying Prospectuses and the Fannie Mae Information Statement dated February 16, 1993 and any supplements thereto (the “Information Statement”). The MBS Prospectus, the SMBS Prospectus, the Mega Prospectus and the Information Statement are incorporated herein by reference and, together with the Underlying Prospectuses, may be obtained from Fannie Mae by writing or calling its MBS Helpline at 3900 Wisconsin Avenue, N.W., Area 2H-3S, Washington, D.C. 20016 (telephone 1-800-BEST-MBS or 202-752-6547). Such documents, other than the Underlying Prospectuses, may also be obtained from Bear, Stearns & Co. Inc. by writing or calling its Prospectus Department at One MetroTech Center North, Brooklyn, New York 11201 (telephone 212-272-1581).

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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 REMIC Prospectus, the MBS Prospectus, the SMBS Prospectus, the Mega Prospectus, the Underlying Prospectuses and the provisions of the Trust Agreement (defined below). Capitalized terms used and not otherwise defined in this Prospectus Supplement have the respective meanings assigned to such terms in the REMIC Prospectus (including the Glossary contained therein), the MBS Prospectus, the SMBS Prospectus, the Mega Prospectus, the Underlying Prospectuses or the Trust Agreement (as the context may require).

General

Structure. The Trust will be created pursuant to a trust agreement dated as of September 1, 1987, as supplemented by an issue supplement thereto dated as of January 1, 1994 (together, the “Trust Agreement”), executed by the Federal National Mortgage Association (“Fannie Mae”) in its corporate capacity and in its capacity as 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 F Class will be designated as the “regular interest” 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 Trust SMBS and the Underlying REMIC Certificates (which evidence beneficial ownership interests in the Underlying REMIC Trusts).

Distributions on Underlying Securities. The Trust SMBS and the Underlying REMIC Certificates provide that payments thereon will be passed through monthly, commencing on the 25th day of the month following the month of the initial issuance thereof (or, if such 25th day is not a business day, on the first business day next succeeding such 25th day).

Fannie Mae Guaranty. Fannie Mae guarantees to the Holders of Certificates (i) distribution on each Distribution Date of the Principal Distribution Amount and the Interest Distribution Amount, in each case calculated as provided herein, and (ii) distribution in full of the principal balance of the F Class no later than the Final Distribution Date, whether or not sufficient funds are available. Fannie Mae’s guaranty does not cover the receipt of any unpaid interest deficiency (or any accrued and unpaid interest thereon) once the notional principal balances of the Trust SMBS and the principal balances and notional principal balances of the respective Underlying REMIC Certificates have been reduced to zero. In such event, Holders of the F Class will have no future entitlement to any such payments. See “Distributions of Interest” herein. 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 received. The guaranty obligations of Fannie Mae with respect to the Trust SMBS and the related Mega Certificates are described in the SMBS Prospectus and Mega Prospectus, respectively. In addition, Fannie Mae guarantees to each holder of each of the Underlying REMIC Certificates payment of any required installments of principal and interest and payment in full of the principal balance, if any, thereof not later than the applicable final distribution date, whether or not sufficient funds are otherwise available therefor.

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, “The SMBS Certificates—Fannie Mae Obligations” in the SMBS Prospectus, “The Certificates—Fannie Mae’s Guaranty” in the Mega Prospectus, “Description of Certificates—The Corporation’s Guaranty” in the MBS Prospectus and “Description of the REMIC Certificates—General—*Fannie Mae Guaranty*” or “Description of the Certificates—General—*Fannie Mae Guaranty*” as applicable in the Underlying Prospectuses.

Characteristics of Certificates. The F Certificates will be issued and maintained and may be transferred by Holders only on the book-entry system of the Federal Reserve Banks. Such entities whose names appear on the book-entry records of a Federal Reserve Bank as the entities for whose accounts such Certificates have been deposited are herein referred to as “Holders” or Certificateholders.” 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 “Descriptions of the Certificates—Denominations, Book-Entry Form” in the REMIC Prospectus.

The R Class will not be issued in book-entry form but will be issued in fully registered, certificated form. As to the R Class, “Holders” or “Certificateholders” refers to the registered owners thereof. The R Class will be transferable and, if applicable, exchangeable 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 or, if applicable, exchange of the R Class 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.

Distributions, if any, on the R Class will be made by check mailed by the Paying Agent to the address of each person entitled thereto as it appears on the Certificate Register maintained by the Certificate Registrar (initially State Street) not later than each Distribution Date; provided, however, that the final distribution to the Holders of the R Class will be made only upon presentation and surrender of the Certificates of such Class at the office of the Paying Agent. The Paying Agent initially will be State Street.

Authorized Denominations. The F Certificates will be issued in minimum denominations of \$1,000 and integral multiples of \$1 in excess thereof. The R Certificates will be issued in minimum percentage interests of 10% and integral multiples of 1% percentage interests in excess thereof.

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), commencing in the month following the Settlement Date.

Calculation of Interest Distributions. Interest on the F Class 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 the F Class on a Distribution Date will be in an amount (the “Interest Distribution Amount”) equal to the lesser of (a) the sum of (i) one month’s interest on the outstanding principal balance of the F Class immediately prior to such Distribution Date, (ii) any unpaid interest deficiency (as defined herein) and (iii) interest, if any, accrued on a compounded basis and unpaid on any such unpaid interest deficiency and (b) the sum of (i) the aggregate distributions of interest concurrently made on the Trust SMBS and the Underlying REMIC Certificates and (ii) the aggregate distributions of principal concurrently made on the Underlying REMIC Certificates following the reduction of the principal balance of the F Class to zero. Interest will accrue on the F Class during the one month period set forth herein under “Distributions of Interest—Interest Accrual Periods.” In the event that the Interest Distribution Amount for any Distribution Date is less than the interest accrued on the principal balance of the F Class during the preceding Interest Accrual Period, such deficiency will accrue interest during each Interest Accrual Period thereafter, at the per annum interest rate applicable to the F Class from time to time, to the extent such deficiency remains unpaid on a subsequent Distribution Date.

Calculation of Principal Distributions. Principal on the F Class will be distributed on each Distribution Date in an amount (the “Principal Distribution Amount”) equal to the sum of (i) the aggregate distributions of principal concurrently made on the Underlying REMIC Certificates and (ii) the amount (“Excess Interest”) by which the aggregate distributions of interest concurrently made on the Trust SMBS and the Underlying REMIC Certificates exceeds the sum of (a) the interest accrued on the F Class during the preceding Interest Accrual Period, (b) any unpaid interest

deficiency and (c) interest, if any, accrued on a compounded basis and unpaid on any such unpaid interest deficiency. See “Distributions of Principal” 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 the F Class the factor (carried to eight decimal places) which, when multiplied by the original principal balance of a Certificate of such Class, will equal the remaining principal balance of such Certificate after giving effect to the distribution of principal to be made on the following Distribution Date.

Voting the Trust SMBS and the Underlying REMIC Trusts. In the event any issue arises under the applicable trust agreement governing any of the Trust SMBS or any of the Underlying REMIC Trusts that requires the vote of holders of certificates outstanding thereunder, the Trustee will vote the related Trust SMBS or Underlying REMIC Certificates in accordance with instructions received from Holders of Certificates having principal denominations aggregating not less than 51% of the aggregate principal denominations of the F Class and, following the final distribution of the F Class, Holders of Certificates having percentage interests aggregating not less than 51% of the aggregate percentage interests of the R Class. In the absence of such instructions, the Trustee will vote in a manner consistent, in its sole judgment, with the best interests of Certificateholders.

Optional Liquidation. At the option of the Holders of the R Class representing in the aggregate 100% of the ownership percentages thereof, the REMIC may adopt a plan of complete liquidation pursuant to which the Holders of the R Class, or their designees, will purchase the Trust SMBS and Underlying REMIC Certificates remaining in the Trust at such time. The Holders of the R Class, however, may not exercise this option unless (i) the outstanding principal balance of the F Class is less than 25% of the original principal balance thereof, (ii) the proceeds of such liquidation are at least equal to the sum of (x) the outstanding principal balance of the F Class and (y) any accrued and unpaid interest thereon (including any unpaid interest deficiency and interest accrued thereon) and (iii) Fannie Mae has received an opinion of counsel, satisfactory to it, that such purchase will be part of a “qualified liquidation” of the Trust within the meaning of Section 860F(a)(4)(A) of the Code. Upon such liquidation (i) the F Class will then be redeemed for an amount equal to the sum of (x) the outstanding principal balance thereof at the time of such redemption and (y) any accrued and unpaid interest thereon (including any unpaid interest deficiency and interest accrued thereon) and (ii) the R Class will be redeemed for an amount equal to the excess of (x) the aggregate liquidation proceeds over (y) the amount distributable to the F Class in redemption thereof. Such liquidation will effect an early retirement of both the F Class and the R Class.

The Trust SMBS

Each Trust SMBS will represent interest payments on a notional principal amount of MBS having the general characteristics described in the MBS Prospectus. The MBS underlying each Trust SMBS are held in the form of a Mega Certificate, the general characteristics of which are described in the Mega Prospectus.

The Mortgage Loans underlying the Trust SMBS will be conventional Level Payment Mortgage Loans secured by a first mortgage or deed of trust on a one- to four-family residential property having an original maturity of up to 30 years, as described under “The Mortgage Pools” and “Yield Considerations” in the MBS Prospectus. The table contained in Exhibit A hereto sets forth certain information with respect to each Trust SMBS including the numerical designation of the related Fannie Mae Stripped Mortgage-Backed Security Trust, the class designation of the Trust SMBS, the date of issue, the CUSIP number, the interest rate, the interest type, the final distribution date, the principal type, the original principal balance of the entire class, the percentage of such class in the Trust, the current principal factor for such class and the current principal balance of such class contained in the Trust as of the Issue Date. The table also sets forth the approximate weighted

average WAC, approximate weighted average WAM and approximate weighted average CAGE of the Mortgage Loans underlying the related MBS as of the Issue Date and the underlying security type.

The Underlying REMIC Certificates

The Underlying REMIC Certificates represent beneficial ownership interests in the respective Underlying REMIC Trusts, the assets of which evidence the direct or indirect beneficial ownership interests in (i) certain MBS having the general characteristics set forth in the MBS Prospectus, (ii) certain Fannie Mae Stripped Mortgage-Backed Securities (“SMBS”) representing beneficial ownership interests in distributions on certain MBS held in the form of one or more Mega Certificates, the general characteristics of which are described in the Mega Prospectus or (iii) certain Fannie Mae Guaranteed REMIC Pass-Through Certificates having the general characteristics set forth in the REMIC Prospectus and representing beneficial ownership interests in distributions on certain SMBS. Each MBS evidences beneficial ownership interests in a Pool of conventional Level Payment Mortgage Loans secured by a first mortgage or deed of trust on a one- to four-family residential property, as described under “The Mortgage Pools” and “Yield Considerations” in the MBS Prospectus.

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

Final Data Statement

Following the issuance of the Certificates, Fannie Mae will prepare a Final Data Statement setting forth, among other things, the current notional principal balance of each Trust SMBS as of the Settlement Date and the current principal balance or current notional principal balance, as applicable, of each of the Underlying REMIC Certificates as of the Settlement 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 or further information regarding the Trust SMBS and the Underlying REMIC Certificates, 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. It should be noted that there may have been material changes in facts and circumstances since the dates the SMBS Prospectus and the Underlying Prospectuses were prepared, including, but not limited to, changes in prepayment speeds and prevailing interest rates and other economic factors, which may limit the usefulness of the information set forth in such documents.

Prepayment Considerations and Risks

The rate of distributions of principal of the F Class will be directly related to the rate of principal distributions on the Underlying REMIC Certificates and to Excess Interest, which in turn will be sensitive in varying degrees to the rate of payments of principal of the underlying Mortgage Loans. Certain of the Underlying REMIC Certificates are subordinate in priority of principal distributions to certain other classes of certificates evidencing beneficial ownership interests in the related Underlying REMIC Trusts and, accordingly, distributions of principal of the related Mortgage Loans may for extended periods be applied to the distribution of principal of those classes of certificates having priority over such Underlying REMIC Certificates. In addition, certain of the Underlying REMIC Certificates have Principal Balance Schedules and, in some cases, may not be scheduled to receive

principal payments in accordance with their Principal Balance Schedules for extended periods. As a result of the foregoing characteristics, distributions of principal in respect of the F Class during certain periods may occur at a slower rate than would otherwise be the case. However, prepayments on the related Mortgage Loans may have occurred at a rate faster or slower than that initially assumed. This Prospectus Supplement contains no information as to whether any such Underlying REMIC Certificates have adhered to their Principal Balance Schedules, whether any support securities remain outstanding or whether the Underlying REMIC Certificates otherwise have performed as originally anticipated. Such information as to a particular Underlying REMIC Certificate may be obtained through an analysis of current Fannie Mae principal factors in the context of applicable information contained in the related Underlying Prospectus which may be obtained from Fannie Mae as described above.

The amount available for distributions of interest on the F Class will be directly related to the amount of interest distributed on the Trust SMBS and on the Underlying REMIC Certificates, which in turn will be sensitive in varying degrees to the rate of payments of principal of the related underlying Mortgage Loans. Certain of the Underlying REMIC Certificates and the Trust SMBS are “Interest Only” securities with nominal or notional principal balances. If such nominal or notional principal balances are reduced disproportionately faster than the principal balances of the remaining Underlying REMIC Certificates, the interest accrued on such remaining Underlying REMIC Certificates (some of which are also “principal only” certificates) may not be sufficient to cover interest accrued on the principal balance of the F Class. Commencing on the date on which the principal balance of the F Class is reduced to zero, remaining distributions of principal on the Underlying REMIC Certificates, if any, will be applied to any unpaid interest deficiency (and any accrued and unpaid interest thereon). However, as described above under “General—*Fannie Mae Guaranty*,” Fannie Mae’s guaranty does not cover the receipt of any unpaid interest deficiency (or any accrued and unpaid interest thereon) once the notional principal balances of the respective Trust SMBS and the principal balances and notional principal balances of the respective Underlying REMIC Certificates have been reduced to zero. In such event, Holders of the F Class will have no future entitlement to any such payments. See “Distributions of Interest” herein.

Distributions of Interest

Categories of Classes

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

<u>Interest Type*</u>	<u>Classes</u>
Floating Rate	F
Excess	R

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

General. The F Class will bear interest at the per annum interest rate described herein. Interest on the F Class 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 the F Class on a Distribution Date will be in an amount (the “Interest Distribution Amount”) equal to the lesser of (a) the sum of (i) one month’s interest on the outstanding principal balance of the F Class immediately prior to such Distribution Date, (ii) any unpaid interest deficiency (as defined below) and (iii) interest, if any, accrued on a compounded basis and unpaid on any such unpaid interest deficiency and (b) the sum of (i) the aggregate distributions of interest concurrently made on the Trust SMBS and on the Underlying REMIC Certificates and (ii) the aggregate distributions of principal concurrently made on the Underlying REMIC Certificates following the reduction of the principal balance of the F Class to zero.

On each Distribution Date, the Interest Distribution Amount will be applied to the distribution of interest on the F Class in the following order:

(i) an amount equal to the interest accrued on the principal balance of the F Class during the immediately preceding Interest Accrual Period;

(ii) an amount equal to the interest, if any, accrued and unpaid on the principal balance of the F Class prior to the immediately preceding Interest Accrual Period that has not been previously paid (an “interest deficiency”); and

(iii) an amount equal to the interest, if any, accrued on a compounded basis and unpaid on any unpaid interest deficiency during each Interest Accrual Period as to which such interest deficiency remained unpaid to the Distribution Date on which such interest deficiency is paid, at the per annum rate in effect from time to time with respect to the F Class.

On each Distribution Date following the reduction of the principal balance of the F Class to zero and the payment in full of all accrued and unpaid interest thereon (including any unpaid interest deficiency together with interest thereon), all distributions from any remaining assets of the Trust will be distributed monthly to Holders of the R Class.

Interest Accrual Period. Interest to be distributed on a Distribution Date will accrue on the F Class during the one-month period set forth below (an “Interest Accrual Period”).

<u>Class</u>	<u>Interest Accrual Period</u>
F	One month period beginning on the 25th day of the month preceding the month of the Distribution Date and ending on the 24th day of the month of the Distribution Date

Floating Rate Class. The F Class will bear interest during its initial Interest Accrual Period at the Initial Interest Rate set forth below, and will bear interest during each Interest Accrual Period thereafter, subject to the applicable Maximum and Minimum Interest Rates, at the rate determined as described below:

<u>Class</u>	<u>Initial Interest Rate</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate</u>
F	4.9375%	11.00%	1.75%	LIBOR + 175 basis points

The yield with respect to such Class will be affected by changes in LIBOR, 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 LIBOR. Conversely, higher mortgage interest rates could occur concurrently with a decrease in the level of LIBOR. Under certain circumstances of increased LIBOR levels, the Interest Distribution Amount may not be sufficient to pay the full amount of interest accrued on the F Class at the LIBOR based formula rate. Any such unpaid interest deficiency on a particular Distribution Date will be carried forward, with interest, to subsequent Distribution Dates. If an unpaid interest deficiency remains on the Distribution Date upon which the principal balance of the F Class is reduced to zero, all distributions on any Trust SMBS and Underlying REMIC Certificates remaining in the Trust will be applied to the payment of any such unpaid interest deficiency (together with any accrued and unpaid interest thereon) on such date and each Distribution Date thereafter before any distributions are made to the R Class. Once the respective notional principal balances of the Trust SMBS and the respective principal balances and notional principal balances of the Underlying REMIC Certificates have been reduced to zero, Holders of the F Class will have no future entitlement to any unpaid interest deficiency (or any accrued and unpaid interest thereon).

Each LIBOR value will be established as described herein by Fannie Mae two business days prior to the commencement of the related Interest Accrual Period. The establishment of each LIBOR value by Fannie Mae and Fannie Mae’s determination of the rate of interest for the F 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.

Calculation of LIBOR

On each LIBOR Determination Date, Fannie Mae will establish LIBOR for the related Interest Accrual Period in the manner described in the REMIC Prospectus under “Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes—*LIBOR*.”

If on the initial LIBOR 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 3.1875%.

Distributions of Principal

Categories of Classes

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

<u>Principal Type</u>	<u>Classes</u>
(1)	F
No Payment Residual(2)	R
(1) The F Class will be entitled to receive the entire Principal Distribution Amount on each Distribution Date until the principal balance thereof is reduced to zero.	
(2) See “Description of the Certificates—Class Definitions and Abbreviations” in the REMIC Prospectus.	

Principal Distribution Amount

Principal will be distributed monthly on the F Class in an amount (the “Principal Distribution Amount”) equal to the sum of (i) the aggregate distributions of principal concurrently made on the Underlying REMIC Certificates and (ii) the amount (“Excess Interest”) by which the aggregate distributions of interest concurrently made on the Trust SMBS and on the Underlying REMIC Certificates exceeds the sum of (a) the interest accrued on the F Class during the preceding Interest Accrual Period, (b) any unpaid interest deficiency and (c) interest, if any, accrued on a compounded basis and unpaid on any such unpaid interest deficiency.

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

Structuring Assumptions

Pricing Assumptions. Unless otherwise specified in Exhibit A, the information in the tables in this Prospectus Supplement has been prepared on the basis of the actual characteristics of the Pools underlying the Trust SMBS and the Underlying REMIC Certificates and the priority sequences affecting the principal distributions on the Underlying REMIC Certificates and the following assumptions (the “Pricing Assumptions”):

- the Mortgage Loans prepay at the *constant* percentages of PSA specified in the related tables;
- the closing date for the sale of the Certificates is the Settlement Date;
- the first Distribution Date for the Certificates occurs in the month following the Settlement Date; and
- the right to cause the optional liquidation of the Trust described herein is not exercised by the Holders of the R Class.

PSA Assumptions. Prepayments of mortgage loans commonly are measured relative to a prepayment standard or model. The model used in this Prospectus Supplement is the Public Securities Association’s standard prepayment model (“PSA”). To assume a specified rate of PSA (for example, 300% 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 Considerations and Risks” in the REMIC Prospectus. There is no assurance that prepayments will occur at any PSA rate or at any other constant rate.

Characteristics of the R Class

The R Certificates will not have principal balances and will not bear interest. The Holders of the R Class will be entitled to receive the monthly distributions from the remaining assets of the Trust, if any, after (i) the principal balance of the F Class has been reduced to zero and (ii) any unpaid interest deficiency and accrued and unpaid interest thereon have been paid in full.

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. Any transferee of an R Certificate must execute and deliver an affidavit and an Internal Revenue Service Form W-9 on which the transferee provides its taxpayer identification number. See “Description of the Certificates—Additional Characteristics of Residual Certificates” and “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates” in the REMIC Prospectus. Transferees of an R Certificate should consult with their own tax advisors for further information regarding such transfers.

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

Yield Considerations

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 F Class will correspond to any of the pre-tax yields shown herein or that the aggregate purchase price of the F Class will be as assumed. In addition, there can be no assurance that LIBOR will correspond to the levels shown herein. The rate of distributions of principal of the F Class will be directly related to the rate of principal distributions on the Underlying REMIC Certificates and the amount of Excess Interest, which in turn will be related to the amortization (including prepayments) of the Mortgage Loans underlying the Pools and the priority sequences affecting principal distributions on certain of the Underlying REMIC Certificates. Certain of the Underlying REMIC Certificates are subordinate in priority of principal distributions to certain other classes of certificates evidencing beneficial ownership interests in the related Underlying REMIC Trusts, and, accordingly, distributions of principal of the related Mortgage Loans may for extended periods be applied to the distribution of principal of those classes of certificates having priority over such Underlying REMIC Certificates. In addition, certain of the Underlying REMIC Certificates have Principal Balance Schedules and, in some cases, may not be scheduled to receive principal payments in accordance with their Principal Balance Schedules for extended periods. As a result of the foregoing characteristics, distributions of principal in respect of the F Class during certain periods may occur at a slower rate than would otherwise have been the case. However, prepayments on the related Mortgage Loans may have occurred at a rate faster or slower than that initially assumed. Consequently, such Underlying REMIC Certificates may not adhere to their Principal Balance Schedules, and any support securities may not remain outstanding. Further, 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 LIBOR will remain constant.

The amount available for distributions of interest on the F Class will be directly related to the amount of interest distributed on the Trust SMBS and on the Underlying REMIC Certificates, which in turn will be sensitive in varying degrees to the rate of payments of principal of the related underlying Mortgage Loans. Certain of the Underlying REMIC Certificates and the Trust SMBS are “Interest Only” securities with nominal or notional principal balances. If such nominal or notional principal balances are reduced disproportionately faster than the principal balances of the remaining Underlying REMIC Certificates, the interest accrued on such remaining Underlying REMIC Certificates (some of which are also “principal only” certificates) may not be sufficient to cover interest accrued on the principal balance of the F Class. Further, Fannie Mae’s guaranty does not cover the receipt of any unpaid interest deficiency (or any accrued and unpaid interest thereon) once the notional principal balances of the respective Trust SMBS and the principal balances and notional principal balances of the respective Underlying REMIC Certificates have been reduced to zero. In such event, Holders of the F Class will have no further entitlement to any such payments. See “Distributions of Interest” herein.

The yield on the F Class will also be sensitive to the level of LIBOR. Under certain LIBOR and prepayment scenarios, the Interest Distribution Amount may not be sufficient to pay the full amount of interest accrued on the F Class at the LIBOR based formula rate. Although any such deficiency will be carried forward, with interest, to subsequent Distribution Dates, the effective yield on the F Class may be reduced below the yield otherwise produced because interest payable on a Distribution Date will not be distributed until and unless funds become available.

The distributions on the R Class will be especially sensitive to the level of LIBOR and the rate of prepayments on the Mortgage Loans, since no distributions will be made on such Class until the principal balance of the F Class is reduced to zero and any accrued and unpaid interest thereon (including any unpaid interest deficiency and any accrued and unpaid interest thereon) is paid in full. Under certain LIBOR and prepayment scenarios, little or no assets would remain in the Trust at such time.

The timing of changes in the rate of prepayments or the level of LIBOR may significantly affect the actual yield to maturity to investors, even if the average rate of principal prepayments or the average level of LIBOR is consistent with the expectations of investors. In general, the earlier the payment of principal of the Mortgage Loans or change in the level of LIBOR, the greater the effect on an investor’s yield to maturity. As a result, the effect on an investor’s yield of principal prepayments or the level of LIBOR occurring at a rate or level higher (or lower) than the rate or level anticipated by the investor during the period immediately following the issuance of the Certificates may not be offset by a subsequent like reduction (or increase) in the rate of principal prepayments or level of LIBOR.

The table below indicates the sensitivity of the pre-tax corporate bond equivalent yields to maturity of the F Class to various constant percentages of PSA and specified levels of LIBOR. 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 F 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 yield to investors in the F Class will be sensitive to the level of LIBOR and to the rate of principal payments (including prepayments) of the Mortgage Loans, which 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 LIBOR 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 LIBOR.

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

<u>Class</u>	<u>Price*</u>
F	100%

* 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 F Class to Prepayments and LIBOR (Pre-Tax Yields to Maturity)

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>150%</u>	<u>300%</u>	<u>700%</u>	<u>1,200%</u>
1.1875%	3.0%	3.0%	3.0%	3.0%	3.0%
3.1875%	5.0%	5.0%	5.0%	5.0%	5.0%
5.1875%	7.0%	7.0%	7.0%	6.3%	5.3%
7.1875%	9.0%	9.0%	9.0%	9.0%	7.9%
9.2500%	11.1%	11.1%	10.3%	9.1%	7.9%

Weighted Average Lives of the Certificates

The weighted average life of a Certificate is determined by (a) multiplying the amount of the reduction, if any, of the principal balance of such Certificate from one Distribution Date to the next Distribution Date by the number of years from the Settlement Date to the second such Distribution Date, (b) summing the results and (c) dividing the sum by the aggregate amount of the reductions in principal balance of such Certificate referred to in clause (a). The weighted average life of a Certificate will be influenced by the level of LIBOR, the rate and distributions among Pools of prepayments of principal of the underlying Mortgage Loans, whether the Holders of the R Class exercise their option to liquidate the Trust when the principal balance of the F Class is less than 25% of its original principal balance and other factors. 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 Mortgage Loans increases. However, the weighted average lives will depend upon a variety of other factors, including the level of LIBOR, the timing of changes in the rate of principal payments, the amount of Excess Interest available for distribution on each Distribution Date and the priority sequences of principal distributions on the Underlying REMIC Certificates. See “Distributions of Principal” herein.

The interaction of the foregoing factors may have varying effects at different times during the life of the F Class. Accordingly, no assurance can be given as to the weighted average life of the F 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 Certificates could result in variability in the related yields to maturity. For an example of how the weighted average life of the F Class may be affected at various *constant* prepayment rates and levels of LIBOR, see the Decrement Tables below.

Decrement Tables

The following decrement tables indicate the percentages of original principal balance of the F Class that would be outstanding after each of the dates shown at various *constant* PSA levels and LIBOR levels and the corresponding weighted average life of such Class. Such tables have been prepared on the basis of (i) the Pricing Assumptions and (ii) the assumption that the interest rates applicable to the F Class for each Interest Accrual Period subsequent to the initial Interest Accrual Period will be calculated based on the indicated level of LIBOR. It is not likely that (i) all of the underlying Mortgage Loans will have the interest rates, CAGEs or remaining terms to maturity assumed, (ii) the underlying Mortgage Loans will prepay at a *constant* PSA level or (iii) LIBOR will correspond to the levels shown herein. In addition, the diverse remaining terms to maturity of the Mortgage Loans could produce slower or faster principal distributions than indicated in the table at the specified PSA levels, even if distributions of the weighted average remaining terms to maturity and CAGEs of the Mortgage Loans are identical to the distributions of the remaining terms to maturity and CAGEs assumed.

Percent of Original Principal Balance of F Class Outstanding

Date	LIBOR = 1.1875%					LIBOR = 3.1875%				
	PSA Prepayment Assumption					PSA Prepayment Assumption				
	50%	150%	300%	700%	1,200%	50%	150%	300%	700%	1,200%
Initial Percent	100	100	100	100	100	100	100	100	100	100
January 1995	89	90	90	90	92	91	92	92	92	93
January 1996	79	81	83	86	38	83	85	86	90	40
January 1997	69	73	77	49	7	75	79	83	54	8
January 1998	60	66	73	21	0	67	74	80	26	0
January 1999	51	44	54	6	0	60	53	63	11	0
January 2000	43	23	36	0	0	52	33	46	1	0
January 2001	35	10	26	0	0	46	21	37	0	0
January 2002	25	0	15	0	0	37	7	27	0	0
January 2003	13	0	3	0	0	26	0	16	0	0
January 2004	0	0	0	0	0	10	0	7	0	0
January 2005	0	0	0	0	0	0	0	0	0	0
January 2006	0	0	0	0	0	0	0	0	0	0
January 2007	0	0	0	0	0	0	0	0	0	0
January 2008 and thereafter	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	5.2	4.4	5.1	3.1	2.0	6.0	4.9	5.9	3.3	2.0

Date	LIBOR = 5.1875%					LIBOR = 7.1875%					LIBOR = 9.2500%				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	50%	150%	300%	700%	1,200%	50%	150%	300%	700%	1,200%	50%	150%	300%	700%	1,200%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
January 1995	93	93	94	93	95	91	91	92	92	94	93	93	94	93	95
January 1996	86	88	90	93	41	82	84	86	90	40	86	88	90	93	41
January 1997	80	85	89	56	10	72	78	83	54	9	79	84	89	57	10
January 1998	74	81	88	29	*	63	72	81	26	0	72	81	88	29	*
January 1999	69	63	71	14	0	55	51	65	12	0	65	62	72	14	0
January 2000	64	44	55	4	0	46	30	49	2	0	59	43	55	4	0
January 2001	59	33	47	0	0	37	16	41	0	0	52	31	47	0	0
January 2002	52	20	37	0	0	26	*	31	0	0	44	18	37	0	0
January 2003	42	6	26	0	0	12	0	20	0	0	32	2	27	0	0
January 2004	28	0	17	0	0	0	0	11	0	0	15	0	18	0	0
January 2005	13	0	11	0	0	0	0	5	0	0	0	0	11	0	0
January 2006	0	0	6	0	0	0	0	0	0	0	0	0	6	0	0
January 2007	0	0	2	0	0	0	0	0	0	0	0	0	2	0	0
January 2008 and thereafter	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	7.1	5.7	6.8	3.4	2.1	5.4	4.8	6.1	3.3	2.0	6.5	5.5	6.9	3.4	2.1

* 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.

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

An election will be made to treat the Trust as a REMIC for federal income tax purposes. The F Class will be designated as the “regular interest,” 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 “qualifying real property loans” for mutual savings banks and domestic building and loan associations, “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. See “Certain Federal Income Tax Consequences—Special Tax Attributes” in the REMIC Prospectus.

Taxation of Beneficial Owners of Regular Certificates

The F Class will be issued with original issue discount for federal income tax purposes, which generally will result in recognition of some taxable income in advance of the receipt of the cash attributable to such income. The Prepayment Assumption that will be used in determining the rate of accrual of original issue discount will be 300% PSA. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Original Issue Discount*” in the REMIC Prospectus. No representation is made as to whether the Mortgage Loans underlying the Trust SMBS or the Underlying REMIC Certificates will prepay at that 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.

The F Class will qualify as a regular interest under the Regulations because it will receive interest at a variable rate subject to a “funds-available cap.” The funds-available cap will limit the amount of interest to be paid on the F Class to the sum of (i) the aggregate distributions of interest concurrently made on the Trust SMBS and on the Underlying REMIC Certificates and (ii) the aggregate distributions of principal concurrently made on the Underlying REMIC Certificates following the reduction of the principal balance of the F Class to zero. The F Class, however, will be issued with original issue discount because under certain circumstances all or a portion of the interest that has accrued at the variable rate may not be paid currently.

Taxation of Beneficial Owners of Residual Certificates

Under the Regulations, the R Class will not have significant value. As a result, an organization to which section 593 of the Code applies and which is the beneficial owner of an R Certificate may not use its allowable deductions to offset any “excess inclusions” with respect to such Certificate. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*” in the REMIC Prospectus.

For purposes of determining the portion of the taxable income of the Trust that generally will not be treated as excess inclusions, the rate to be used is 7.37% (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 REMIC Prospectus. The federal income tax consequences of any consideration paid to a transferee on the transfer of an R Certificate are unclear; any transferee receiving such consideration should consult its own tax advisors.

PLAN OF DISTRIBUTION

The Dealer will receive the Certificates in exchange for the Trust SMBS and the Underlying REMIC 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.

LEGAL MATTERS

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

Exhibit A

Trust SMBS

Fannie Mae Stripped Mortgage-Backed Security Trust	Class	Date of Issue	CUSIP Number	Interest Rate	Interest Type (1)	Final Distribution Date	Principal Type (1)	Original Principal Balance of Class	Class % in the Trust	January 1994 Class Factor	Current Principal Balance in the Trust	Approximate Weighted Average WAC	Approximate Weighted Average WAM (in months)	Approximate Weighted Average CAGE (in months)	Underlying Security Type
000223-CL	2	May 1993	31364HVV0	9.0%	IO	June 2021	NTL	\$192,553,917	53.2598446180%	0.49832773	\$51,105,459	9.606%	317	36	MBS
000245-CL	2	September 1993	31364HD87	8.5	IO	September 2023	NTL	276,500,000	37.9746835443	0.77609033	81,489,485	8.951	337	19	MBS

Underlying REMIC Certificates

Underlying REMIC Trust	Class	Date of Issue	CUSIP Number	Interest Rate	Interest Type (1)	Final Distribution Date	Principal Type (1) (2)	Original Principal Balance of Class	Class % in the Trust	January 1994 Class Factor	Current Principal Balance in the Trust	Approximate Weighted Average WAC	Approximate Weighted Average WAM (in months)	Approximate Weighted Average CAGE (in months)	Underlying Security Type
1991-11	E	February 1991	31358FK32	1076.36%	IO	February 2021	PAC	\$ 342,200	100.0000000000%	0.70575129	\$ 241,508	9.684%	308	44	MBS
1991-147	PA	November 1991	31358KFX0	1009.00	IO	November 2021	PAC	320,600	100.0000000000	0.64896609	208,059	9.561	325	29	MBS
1992-33	J	March 1992	31358MCV4	1080.9125	IO	March 2022	SCH	400,000	31.9517500000	1.00000000	127,807	9.028	320	34	MBS
1992-34	H	March 1992	31358MDP6	982.775	IO	July 2020	PAC	1,129,600	77.6137570822	0.67394293	590,863	8.625	327	27	MBS
1992-180	M	October 1992	31358Q5G6	1058.73371	IO	December 2016	PAC	989,474	57.5532050362	0.85564371	487,267	8.465	338	18	MBS
1993-1	J	January 1993	31358R3W1	8.00	IO	July 2022	NTL	(3)	100.0000000000	0.90603817	(3)	8.448	341	16	MBS
1993-237	B	November 1993	31359FFM5	(4)	PO	November 2023	PAC	51,000,000	96.0784313725	1.00000000	49,000,000	7.956	348	10	MBS
1993-255	G	December 1993	31359FF60	(4)	PO	December 2023	SUP	4,676,550	100.0000000000	0.99752515	4,664,976	7.483	355	4	MBS
1993-257	A	December 1993	31359FX52	(4)	PO	June 2023	TAC	141,748,000	33.5950002822	1.00000000	47,620,241	7.543	349	9	MBS
1993-257	B	December 1993	31359FX60	(4)	PO	June 2023	TAC	68,285,000	100.0000000000	1.00000000	68,285,000	7.543	349	9	MBS
1993-257	C	December 1993	31359FX78	(4)	PO	June 2023	SUP	51,667,000	100.0000000000	1.00000000	51,667,000	7.543	349	9	MBS
1994-19	FG	January 1994	31359GMT0	(5)	FLT/IO	January 2024	NTL	(6)	51.6700000000	1.00000000	(6)	7.960 (7)	348 (7)	11 (7)	MBS

- (1) See “Description of the Certificates—Class Definitions and Abbreviations” in the REMIC Prospectus.
- (2) Certain of the Underlying REMIC Certificates included in the Trust have Principal Balance Schedules and, in certain cases, may not be scheduled to receive principal payments in accordance with their Principal Balance Schedules for extended periods. However, prepayments on the related Mortgage Loans may have occurred at a rate faster or slower than that initially assumed. This Prospectus Supplement contains no information as to whether any such Underlying REMIC Certificates have adhered to their Principal Balance Schedules, whether any support securities remain outstanding or whether any Underlying REMIC Certificates otherwise have performed as originally anticipated. Such information as to a particular Underlying REMIC Certificate may be obtained through an analysis of current Fannie Mae principal factors in the context of applicable information contained in the related Underlying Prospectus which may be obtained from Fannie Mae as described herein.
- (3) The 1-J Class has no principal balance and bears interest on its notional principal balance. The original notional principal balance of the 1-J Class was \$31,746,960 and the current notional principal balance of the 1-J Class in the Trust is \$28,763,958.
- (4) These Classes are Principal Only Classes and bear no interest.
- (5) The 19-FG Class bears interest during each Interest Accrual Period pursuant to the following formula: If the level of LIBOR is less than or equal to 6.00%, the interest rate will be a per annum rate equal to 0.00%. If the level of LIBOR is greater than 6.00%, the per annum rate will be equal to $(120 \times \text{LIBOR}) - 720\%$, subject to Maximum and Minimum Interest Rates of 7.50% and 0.00%, respectively. The interest rate for the initial Interest Accrual Period will be 0.00%.
- (6) The 19-FG Class has no principal balance and bears interest on its notional principal balance. The original and current notional principal balance of the Class is \$250,000,000 and the amount thereof in the Trust is \$129,175,000.
- (7) These numbers reflect assumed characteristics of the Pools underlying REMIC Trust 1994-19 and are used with respect to the 19-FG Class in the tables in this Prospectus Supplement.

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, the REMIC Prospectus, the MBS Prospectus, the SMBS Prospectus, the Mega Prospectus, the Underlying Prospectuses and the Information Statement 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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\$222,892,000

**Federal National
Mortgage Association**



**Guaranteed REMIC
Pass-Through Certificates
Fannie Mae REMIC Trust 1994-21**

PROSPECTUS SUPPLEMENT

Bear, Stearns & Co. Inc.

January 13, 1994