

\$51,000,000
Federal National Mortgage Association



Guaranteed REMIC Pass-Through Certificates
Fannie Mae REMIC Trust 1994-71

The Guaranteed REMIC Pass-Through Certificates offered hereby (the "Certificates") will represent beneficial ownership interests in one of two trust funds. The Certificates, other than the RL Class, will represent beneficial ownership interests in Fannie Mae REMIC Trust 1994-71 (the "Trust"). The assets of the Trust will consist of the "regular interests" in a separate trust fund (the "Lower Tier REMIC"). The assets of the Lower Tier REMIC will consist of (i) a single "interest only" and a single "principal only" Fannie Mae Stripped Mortgage-Backed Security (the "Trust SMBS") evidencing the beneficial ownership interests in certain interest and principal distributions made in respect of certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates ("MBS") held in the form of a Fannie Mae Guaranteed MBS Pass-Through Certificate (the "Mega Certificate") and included in Fannie Mae Stripped Mortgage-Backed Security Trust 000172-CL and (ii) certain of the Class 61-DB REMIC Certificates (the "Underlying REMIC Certificates") evidencing beneficial ownership interests in Fannie Mae REMIC Trust 1994-61 (the "Underlying REMIC Trust"). The assets of the Underlying REMIC Trust consist of 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. Under certain circumstances described herein, investors will not receive, and Fannie Mae's Guaranty will not cover, the full amount of interest accrued on the F Class at the LIBOR-based formula rate. See "Description of the Certificates—General—Fannie Mae Guaranty" and "—Calculation of Interest Distributions" herein.

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. IN ADDITION, THIS PROSPECTUS SUPPLEMENT DOES NOT CONTAIN COMPLETE INFORMATION ABOUT THE CERTIFICATES. INVESTORS SHOULD PURCHASE CERTIFICATES ONLY AFTER READING THIS PROSPECTUS SUPPLEMENT AND EACH OF THE OTHER DISCLOSURE DOCUMENTS (AS DEFINED HEREIN).

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

(Cover continued on next page)

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 LIMITED TO THE SPECIFIC TERMS DESCRIBED HEREIN AND 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	\$ 50,000,000	(2)	(3)	FLT	March 2024
S	\$ 1,000,000	STP	(3)	INV/IO	August 2022
R	0	NPR	0	NPR	March 2024
RL(4)	0	NPR	0	EXE	March 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 Group 1 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) These Classes will bear interest based on "LIBOR," as described under "Description of the Certificates—Distributions of Interest" herein and "Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes" in the REMIC Prospectus and will be entitled to receive the entire Interest Distribution Amount (as defined herein) in the priority set forth herein on each Distribution Date.
- (4) After the principal balance of the F Class has been reduced to zero and any unpaid interest deficiency on the F Class (together with any accrued and unpaid interest thereon) has been paid in full, the RL Class will be entitled to receive monthly distributions of all amounts from the remaining assets of the Lower Tier REMIC, if any, not allocated to payments on the S Class. See "Description of the Certificates—Characteristics of the R and RL Classes" herein.

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

The Certificates will be offered by the Dealer, subject to issuance by Fannie Mae and to prior sale or to withdrawal or modification of the offer without notice, when, as and if delivered to and accepted by the Dealer, and subject to approval of certain legal matters by counsel. It is expected that the F and S Classes will be available through the book-entry system of the Federal Reserve Banks on or about April 29, 1994 (the "Settlement Date"). It is expected that the R and RL Classes in registered, certificated form will be available for delivery at the offices of the Dealer, New York, New York, on or about the Settlement Date.

Kidder, Peabody & Co.
Incorporated

March 21, 1994

(Cover continued from previous page)

The yield to investors in each Class will be directly related to the level of LIBOR. The yields to investors in the F and RL Classes will be related to, among other things, the rate of principal distributions on the Underlying REMIC Certificates, which in turn will be sensitive to the rate of principal payments of the Group 1 Mortgage Loans (as defined herein), the characteristics of the Group 1 Mortgage Loans actually included in the related Pool and the priority sequence affecting principal distributions on the Underlying REMIC Certificates. In addition, the yield to investors in the F Class will be sensitive to the amount of Excess Interest (as defined herein) available for distribution. The yield to investors in the S Class will be sensitive to, among other things, the rate of principal distributions on the Trust SMBS, which in turn will be sensitive to the rate of principal payments of the Group 2 Mortgage Loans (as defined herein) and the characteristics of the Group 2 Mortgage Loans. The yield to investors in each Class will also be sensitive to 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 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.
- The yield on the F Class will be sensitive to the level of LIBOR and to the rate of prepayments on the Mortgage Loans. 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 notional principal balance of the "Interest Only" Trust SMBS and the principal balance of the Underlying REMIC Certificates have been reduced to zero, Holders of the F Class will have no further entitlement to any unpaid interest deficiency or interest thereon.
- The distributions on the RL and S Classes will be especially sensitive to the level of LIBOR and the rate of prepayments on the Mortgage Loans. No distributions will be made on the RL Class until the principal balance of the F Class is reduced to zero and any accrued and unpaid interest on the F Class (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 Lower Tier REMIC 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.
- One of the Trust SMBS is an Interest Only security with a notional principal balance. If such notional principal balance is reduced disproportionately faster than the principal balance of the Underlying REMIC Certificates (which are "Principal Only" securities), any such disproportionate reduction could significantly reduce the amounts available to pay interest on the remaining principal balance of the F Class.
- Although the Underlying REMIC Certificates included in the Lower Tier REMIC have a Principal Balance Schedule, no assurance can be given that the Underlying REMIC Certificates will adhere to their Principal Balance Schedule or will otherwise perform as originally anticipated. Information as to the Underlying REMIC Certificates may be obtained by performing an analysis of current Fannie Mae principal factors in the context of applicable information contained in the Underlying Prospectus (as defined below) which may be obtained from Fannie Mae as described below.
- The actual final payment of the F and S Classes will likely occur earlier, and could occur much earlier, than the Final Distribution Dates for such Classes specified on the cover page. See "Description of the Certificates—Weighted Average Lives of the Certificates" herein and "Description of the Certificates—Weighted Average Life and Final Distribution Dates" in the REMIC Prospectus.
- 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 accompanying Prospectus for Guaranteed REMIC Pass-Through Certificates (the "REMIC Prospectus"), the Prospectus for Stripped Mortgage-Backed Securities dated December 31, 1993 (the "SMBS Prospectus"), the Prospectus for Guaranteed MBS Pass-Through Certificates dated December 31, 1993 (the "Mega Prospectus"), the Prospectus for Guaranteed Mortgage Pass-Through Certificates dated January 1, 1994 (the "MBS Prospectus") or the Prospectus Supplement for the Underlying REMIC Trust (the "Underlying 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, the SMBS Prospectus, the Mega Prospectus, the Underlying Prospectus and the Fannie Mae Information Statement dated February 16, 1993 and any supplements thereto (the "Information Statement") (collectively, the "Disclosure Documents"). The MBS Prospectus, the SMBS Prospectus, the Mega Prospectus and the Information Statement are incorporated herein by reference and, together with the Underlying Prospectus, may be obtained from Fannie Mae by writing or calling its MBS Helpline at 3900 Wisconsin Avenue, N.W., Area 2H-3S, Washington, D.C. 20016 (telephone 1-800-BEST-MBS or 202-752-6547). Such documents may also be obtained from Kidder, Peabody & Co. Incorporated by writing or calling its Prospectus Department at 60 Broad Street, 6th Floor, New York, New York 10004 (telephone 212-656-1584). Other data specific to the Certificates is available in electronic form by calling Fannie Mae at 1-800-752-6440 or 202-752-6000.

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
Description of the Certificates	S- 4	Calculation of LIBOR	S-10
General	S- 4	Distributions of Principal	S-10
<i>Structure</i>	S- 4	<i>Categories of Classes</i>	S-10
<i>Distributions on Underlying</i>		<i>Group 1 Principal Distribution</i>	
<i>Securities</i>	S- 4	<i>Amount</i>	S-10
<i>Fannie Mae Guaranty</i>	S- 4	<i>Group 2 Principal Distribution</i>	
<i>Characteristics of Certificates</i>	S- 5	<i>Amount</i>	S-10
<i>Authorized Denominations</i>	S- 5	Structuring Assumptions	S-10
<i>Distribution Dates</i>	S- 6	<i>Pricing Assumptions</i>	S-10
<i>Calculation of Interest</i>		<i>PSA Assumptions</i>	S-11
<i>Distributions</i>	S- 6	Characteristics of the R and	
<i>Calculation of Principal</i>		RL Classes	S-11
<i>Distributions</i>	S- 6	Yield Considerations	S-12
<i>Record Date</i>	S- 6	Weighted Average Lives of the	
<i>REMIC Trust Factors</i>	S- 6	Certificates	S-14
<i>Voting the Trust SMBS and the</i>		Decrement Tables	S-15
<i>Underlying REMIC Trust</i>	S- 6	Certain Additional Federal Income	
The Trust SMBS	S- 7	Tax Consequences	S-18
The Underlying REMIC Certificates ...	S- 7	REMIC Elections and Special Tax	
Prepayment Considerations		Attributes	S-18
and Risks	S- 7	Taxation of Beneficial Owners of	
Distributions of Interest	S- 8	Regular Certificates	S-18
<i>Categories of Classes</i>	S- 8	Taxation of Beneficial Owners of	
<i>General</i>	S- 8	Residual Certificates	S-19
<i>Interest Accrual Period</i>	S- 9	Plan of Distribution	S-20
<i>Floating Rate and Inverse Floating</i>		Legal Matters	S-20
<i>Rate Classes</i>	S- 9	Exhibit A	A-1

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 Prospectus 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 Prospectus or the Trust Agreement (as the context may require).

General

Structure. The Trust and the Lower Tier REMIC will be created pursuant to a trust agreement dated as of April 1, 1994 (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 and S Classes will be designated as the “regular interests,” and the R Class will be designated as the “residual interest,” in the REMIC constituted by the Trust. The interests in the Lower Tier REMIC other than the RL Class (the “Lower Tier Regular Interests”) will be designated as the “regular interests,” and the RL Class will be designated as the “residual interest,” in the Lower Tier REMIC.

The assets of the Trust will consist of the Lower Tier Regular Interests, and the Certificates, other than the RL Class, will evidence the entire beneficial ownership interest in the distributions of principal and interest on the Lower Tier Regular Interests.

The assets of the Lower Tier REMIC will consist of the Trust SMBS and the Underlying REMIC Certificates (which evidence beneficial ownership interests in the Underlying REMIC Trust), and the Lower Tier Regular Interests and the RL Class (collectively, the “Lower Tier Interests”) will in the aggregate evidence the entire beneficial ownership interest in the distributions of principal and interest on the Trust SMBS and the Underlying REMIC Certificates.

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 the S Class distribution on each Distribution Date of the Group 2 Principal Distribution Amount, calculated as provided herein, and required installments of interest and distribution in full of the principal balance of the S Class no later than its Final Distribution Date, whether or not sufficient funds are available.

Fannie Mae guarantees to the Holders of the F Class distribution on each Distribution Date of the Group 1 Principal Distribution Amount, calculated as provided herein, distribution on each Distribution Date of the Interest Distribution Amount less any interest payment due on the S Class, calculated as provided herein, and distribution in full of the principal balance of the F Class no later than its Final Distribution Date, whether or not sufficient funds are available. **Fannie Mae’s guaranty does not cover the receipt of any unpaid interest deficiency on the F Class (or any accrued and unpaid interest thereon) once the notional principal balance of the Interest Only Trust SMBS and the principal balance of the 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 and, accordingly, may not receive the full amount of interest accrued and unpaid**

in respect of the F Class at the LIBOR-based formula rate. 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 Certificate are described in the SMBS Prospectus and Mega Prospectus, respectively. In addition, Fannie Mae guarantees to each holder of the Underlying REMIC Certificates payment of any required installments of principal and payment in full of the principal balance thereof not later than the 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 Certificates—General—*Fannie Mae Guaranty*” in the Underlying Prospectus.

Characteristics of Certificates. The Certificates, other than the R and RL 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 “Description of the Certificates—Denominations, Book-Entry Form” in the REMIC Prospectus.

The R and RL Certificates will not be issued in book-entry form but will be issued in fully registered, certificated form. As to the R and RL Certificates, “Holders” or “Certificateholders” refers to the registered owners thereof. The R and RL Certificates 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 and RL Certificates and Fannie Mae may require payment of a sum sufficient to cover any tax or other governmental charge. See also “Characteristics of the R and RL Classes” 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.

Distributions, if any, on the RL 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 RL Class of the proceeds of any remaining assets of the Lower Tier REMIC will be made only upon presentation and surrender of the Certificates of such Class at the office of the Paying Agent.

Authorized Denominations. The Certificates, other than the R and RL Certificates, will be issued in minimum denominations of \$1,000 and integral multiples of \$1 in excess thereof. The R Class will be issued as a single certificate and will not have a principal balance. The RL 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 and S Classes 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 and S Classes 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 balances of the F and S Classes immediately prior to such Distribution Date, (ii) any unpaid interest deficiency (as defined herein) on the F Class 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 distribution of interest concurrently made on the Interest Only Trust SMBS and (ii) the distribution 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 in the following order of priority: (i) to the S Class, in an amount equal to one month’s interest on the outstanding principal balance thereof, (ii) to the F Class, in an amount equal to one month’s interest on the outstanding principal balance thereof and (iii) to the F Class in an amount equal to any unpaid interest deficiency thereon (together with any accrued and unpaid interest thereon). Interest will accrue on the F and S Classes during the one month period set forth herein under “Distributions of Interest—*Interest Accrual Period.*” In the event that the Interest Distribution Amount for any Distribution Date is insufficient to pay 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. The distributions on the Interest Only Trust SMBS may not be sufficient to pay all accrued and unpaid interest on the F Class under certain LIBOR and prepayment scenarios. See “—Prepayment Considerations and Risks” and “—Yield Considerations” herein.

Calculation of Principal Distributions. Principal on the F Class will be distributed on each Distribution Date in an amount (the “Group 1 Principal Distribution Amount”) equal to the sum of (i) the distribution of principal concurrently made on the Underlying REMIC Certificates and (ii) the amount (“Excess Interest”) by which the distribution of interest concurrently made on the Interest Only Trust SMBS exceeds the sum of (x) the interest accrued on the F and S Classes during the preceding Interest Accrual Period and (y) any unpaid interest deficiency on the F Class (together with interest, if any, accrued on a compounded basis and unpaid on any such unpaid interest deficiency). Principal on the S Class will be distributed on each Distribution Date in an amount (the “Group 2 Principal Distribution Amount”) equal to the distribution of principal concurrently made on the “Principal Only” Trust SMBS. 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 each of the F and S Classes 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 Trust. In the event any issue arises under the applicable trust agreement governing the Trust SMBS or the Underlying REMIC Trust 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 each of the F and S Classes that remain outstanding and, following the final distribution on such Classes, Holders of Certificates of the RL Class having percentage interests aggregating not less than 51% of the aggregate percentage interests of such 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.

The Trust SMBS

Each Trust SMBS will represent either interest payments on a notional principal amount of MBS or principal payments on a principal amount of MBS having the general characteristics described in the MBS Prospectus. The MBS underlying the 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 (the “Group 2 Mortgage Loans”) 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 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 or notional principal balance of the entire class, the percentage of such class in the Lower Tier REMIC, the current principal factor for such class and the current principal balance or notional principal balance of such class contained in the Lower Tier REMIC as of April 1, 1994 (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 Underlying REMIC Trust, the assets of which evidence beneficial ownership interests in certain MBS having the general characteristics set forth in the MBS Prospectus. Each MBS evidences beneficial ownership interests in a Pool of conventional Level Payment Mortgage Loans (the “Group 1 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 the class of Underlying REMIC Certificates including the numerical designation of the Underlying REMIC Trust, the class designation of the Underlying REMIC Certificates, the date of issue, the CUSIP number, the final distribution date, the principal type, the original principal balance of the entire class, the percentage of such class in the Lower Tier REMIC, the current principal factor for such class and the current principal balance of such class contained in the Lower Tier REMIC as of the Issue Date. The table also sets forth the expected weighted average WAC, expected weighted average WAM and expected weighted average CAGE of the Mortgage Loans underlying the related MBS as of the Issue Date and the underlying security type.

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 the amount of any Excess Interest, which in turn will be sensitive to the rate of payments of principal of the Group 1 Mortgage Loans and the characteristics of the Group 1 Mortgage Loans actually included in the related Pools. The Underlying REMIC Certificates are subordinate in priority of principal distributions to another class of certificates evidencing beneficial ownership interests in the Underlying REMIC Trust and, accordingly, distributions of principal of the Group 1 Mortgage Loans may for extended periods be applied to the

distribution of principal of the class of certificates having priority over the Underlying REMIC Certificates. See Exhibit A hereto. 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. In addition, although the Underlying REMIC Certificates have a Principal Balance Schedule, no assurance can be given that the Underlying REMIC Certificates will adhere to their Principal Balance Schedule or will otherwise perform as originally anticipated. Information as to the Underlying REMIC Certificates may be obtained by performing an analysis of current Fannie Mae principal factors in the context of applicable information contained in the Underlying Prospectus, which may be obtained from Fannie Mae as described herein.

The rate of distributions of principal of the S Class will be directly related to the rate of principal distributions on the Principal Only Trust SMBS, which in turn will be sensitive to the rate of payments of principal of the Group 2 Mortgage Loans.

The amount available for distributions of interest on the F Class will be directly related to the amount of interest distributed on the Interest Only Trust SMBS, which in turn will be sensitive to the rate of payments of principal of the Group 2 Mortgage Loans. If the notional principal balance of the Interest Only Trust SMBS is reduced disproportionately faster than the principal balance of the Underlying REMIC Certificates (which are “Principal Only” securities), any such disproportionate reduction could significantly reduce the amounts available to pay interest on the remaining 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 herein under “General—*Fannie Mae Guaranty*,” Fannie Mae’s guaranty does not cover the receipt of any unpaid interest deficiency on the F Class (or any accrued and unpaid interest thereon) once the notional principal balance of the Interest Only Trust SMBS and the principal balance of the 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.

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
Inverse Floating Rate	S
Interest Only	S
No Payment Residual	R
Excess	RL

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

General. The F and S Classes will bear interest at the respective per annum interest rates described herein. Interest on such Classes 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 and S Classes 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 balances of the F and S Classes immediately prior to such Distribution Date and (ii) any unpaid interest deficiency (as defined below) on the F Class (together with interest, if any, accrued on a compounded basis and unpaid on any such unpaid interest deficiency) and (b) the sum of (i) the distribution of interest concurrently made on the Interest Only Trust SMBS and (ii) the distribution 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 in the following order:

- (i) to the S Class, in an amount equal to the interest accrued on the principal balance of the S Class during the immediately preceding Interest Accrual Period;
- (ii) to the F Class, in an amount equal to the interest accrued on the principal balance of the F Class during the immediately preceding Interest Accrual Period;
- (iii) to the F Class, in 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
- (iv) to the F Class, in 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 after 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 on any remaining assets of the Lower Tier REMIC not allocated to payments on the S Class will be distributed to Holders of the RL Class.

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

<u>Classes</u>	<u>Interest Accrual Period</u>
F and S	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 and Inverse Floating Rate Classes. Each of the following Classes 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	5.3125%	10.50%	1.75%	LIBOR + 175 basis points
S	240.8000%	240.80%	0.00%	642.635% – (80.367 × LIBOR)

The yields with respect to such Classes 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 principal distributions on the Underlying REMIC Certificates and all interest distributions on the Interest Only Trust SMBS remaining after payment of interest due on the S Class 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 RL Class. Once the notional principal balance of the Interest Only Trust SMBS and the principal balance of the Underlying REMIC

Certificates have been reduced to zero, Holders of the F Class will have no further 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 rates of interest for the F and S Classes for the related Interest Accrual Period shall (in the absence of manifest error) be final and binding. Each such rate of interest may be obtained by telephoning Fannie Mae at 1-800-BEST-MBS or 202-752-6547.

Calculation of LIBOR

On each 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 3.5625%.

Distributions of Principal

Categories of Classes

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

<u>Principal Type (1)</u>	<u>Classes</u>
(2)	F
Strip	S
No Payment Residual	R and RL

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

(2) The F Class will be entitled to receive the entire Group 1 Principal Distribution Amount on each Distribution Date until the principal balance thereof is reduced to zero.

Group 1 Principal Distribution Amount

Principal will be distributed monthly on the F Class in an amount (the "Group 1 Principal Distribution Amount") equal to the sum of (i) the distribution of principal concurrently made on the Underlying REMIC Certificates and (ii) the amount ("Excess Interest") by which the distribution of interest concurrently made on the Interest Only Trust SMBS exceeds the sum of (x) the interest accrued on the F and S Classes during the preceding Interest Accrual Period and (y) any unpaid interest deficiency on the F Class (together with interest, if any, accrued on a compounded basis and unpaid on any such unpaid interest deficiency).

On each Distribution Date, the Group 1 Principal Distribution Amount will be distributed as principal of the F Class until the principal balance thereof is reduced to zero.

Group 2 Principal Distribution Amount

Principal will be distributed monthly on the S Class in an amount (the "Group 2 Principal Distribution Amount") equal to the distribution of principal concurrently made on the Principal Only Trust SMBS.

On each Distribution Date, the Group 2 Principal Distribution Amount will be distributed as principal of the S Class until the principal balance thereof is reduced to zero.

Structuring Assumptions

Pricing Assumptions. 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

priority sequence affecting the principal distributions on the Underlying REMIC Certificates and the following assumptions (the “Pricing Assumptions”):

- each Group 1 Mortgage Loan bears interest at a rate of 8.10% per annum and has an original term to maturity of 360 months, and the following percentages of the Group 1 Mortgage Loans have the remaining terms to maturity and CAGEs, respectively, as specified:

20%	360 months	0 months
20%	357 months	3 months
30%	350 months	10 months
10%	345 months	15 months
20%	340 months	20 months

- 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; and
- the first Distribution Date for the Certificates occurs in the month following the Settlement Date.

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, 450% 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 and RL Classes

The R and RL Certificates will not have principal balances and will not bear interest. The Holder of the R Class will be entitled to receive the proceeds of the remaining assets of the Trust, if any, after the principal balances of the F and S Classes have been reduced to zero and any unpaid interest deficiency on the F Class (together with any accrued and unpaid interest thereon) has been paid in full. After the principal balance of the F Class has been reduced to zero and any unpaid interest deficiency on the F Class (together with any accrued and unpaid interest thereon) has been paid in full, the Holders of the RL Class will be entitled to receive monthly distributions of all amounts from the remaining assets of the Lower Tier REMIC, if any, not allocated to payments on the S Class.

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

The Holder of the R Class will be considered to be the holder of the “residual interest” in the REMIC constituted by the Trust, and the Holders of the RL Class will be considered to be the holders of the “residual interest” in the REMIC constituted by the Lower Tier REMIC. See “Certain Federal

Income Tax Consequences” in the REMIC Prospectus. Pursuant to the Trust Agreement, Fannie Mae will be obligated to provide to such Holders (i) such information as is necessary to enable them to prepare their federal income tax returns and (ii) any reports regarding the 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 and S Classes will correspond to any of the pre-tax yields shown herein or that the aggregate purchase prices of the F and S Classes 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 to the amount of any Excess Interest, which in turn will be related to the amortization (including prepayments) of the Group 1 Mortgage Loans, the priority sequence affecting principal distributions on the Underlying REMIC Certificates and the characteristics of the Group 1 Mortgage Loans actually included in the related Pools. The Underlying REMIC Certificates are subordinate in priority of principal distributions to another class of certificates evidencing beneficial ownership interests in the Underlying REMIC Trust and, accordingly, distributions of principal of the Group 1 Mortgage Loans may for extended periods be applied to the distribution of principal of the class of certificates having priority over the Underlying REMIC Certificates. 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. 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. Furthermore, although the Underlying REMIC Certificates have a Principal Balance Schedule, no assurance can be given that the Underlying REMIC Certificates will adhere to their Principal Balance Schedule or will otherwise perform as originally anticipated. Information as to the Underlying REMIC Certificates may be obtained by performing an analysis of current Fannie Mae principal factors in the context of applicable information contained in the Underlying Prospectus, which may be obtained from Fannie Mae as described herein.

The rate of distributions of principal of the S Class will be directly related to the rate of principal distributions on the Principal Only Trust SMBS, which in turn will be sensitive to the rate of payments of principal of the Group 2 Mortgage Loans.

The amount available for distributions of interest on the F Class will be directly related to the amount of interest distributed on the Interest Only Trust SMBS, which in turn will be sensitive in varying degrees to the rate of payments of principal of the Group 2 Mortgage Loans. If the notional principal balance of the Interest Only Trust SMBS is reduced disproportionately faster than the principal balance of the Underlying REMIC Certificates (which are “Principal Only” securities), any such disproportionate reduction could significantly reduce the amounts available to pay interest on the remaining principal balance of the F Class. Further, Fannie Mae’s guaranty does not cover the receipt of any unpaid interest deficiency on the F Class (or any accrued and unpaid interest thereon) once the notional principal balance of the Interest Only Trust SMBS and the principal balance of the 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 and to the rate of prepayments on the Mortgage Loans. 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 S and RL Classes will be especially sensitive to the level of LIBOR and the rate of prepayments on the Mortgage Loans. No monthly distributions will be made on the RL 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 Lower Tier REMIC 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 tables below indicate the sensitivity of the pre-tax corporate bond equivalent yields to maturity of the F and S Classes to various constant percentages of PSA and specified levels of LIBOR. The yields set forth in the tables were calculated by determining the monthly discount rates that, when applied to the assumed streams of cash flows to be paid on the applicable 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 yields to investors in the F and S Classes will be sensitive in varying degrees to the level of LIBOR and to the rate of principal payments (including prepayments) of the Group 1 and Group 2 Mortgage Loans, in the case of the F Class, and the Group 2 Mortgage Loans in the case of the S Class, which Group 1 and Group 2 Mortgage Loans generally can be prepaid at any time. As indicated in the tables below, a high level of LIBOR will have a negative effect on the yield to investors in the S Class. It is possible that, under certain LIBOR or prepayment scenarios, investors in the S Class would not fully recoup their initial investments. In addition, the rate of principal payments (including prepayments) of the Group 1 and Group 2 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 tables was prepared on the basis of the Pricing Assumptions and the assumptions that (i) the interest rates applicable to the F and S Classes 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 prices of the F and S Classes (expressed as percentages of original principal balances) are as follows:

<u>Class</u>	<u>Price*</u>
F	100%
S	575%

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

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

LIBOR	PSA Prepayment Assumption*								
	I:	50%	100%	350%	450%	450%	550%	550%	700%
	II:	150%	250%	400%	450%	600%	700%	800%	800%
1.5625%		3.3%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
3.5625%		4.4%	3.8%	5.4%	5.4%	5.4%	5.4%	5.1%	5.4%
5.5625%		4.9%	4.3%	7.4%	7.4%	6.3%	6.6%	5.6%	7.3%
7.5625%		6.9%	5.9%	9.4%	9.4%	8.5%	8.8%	7.5%	9.3%
8.7500%		7.3%	6.3%	10.6%	10.6%	9.0%	9.3%	7.9%	10.5%

* The PSA percentages shown represent constant PSA percentages for the Group 1 Mortgage Loans underlying the Underlying REMIC Certificates (Row I) and for the Group 2 Mortgage Loans underlying the Trust SMBS (Row II).

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

LIBOR	PSA Prepayment Assumption					
	50%	100%	300%	450%	600%	800%
5.0000% and below	41.7%	38.8%	26.5%	16.7%	6.2%	(9.1)%
5.5625%	32.8%	29.9%	18.0%	8.5%	(1.7)%	(16.6)%
7.5625%	0.5%	(1.9)%	(11.9)%	(20.1)%	(29.1)%	(42.3)%
8.0000%	(9.8)%	(11.6)%	(19.9)%	(27.2)%	(35.4)%	(48.1)%

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 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 related 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 any Excess Interest available for distribution on each Distribution Date and the priority sequence 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 lives of the F and S Classes. Accordingly, no assurance can be given as to the weighted average lives of the F and S Classes. 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 lives of the F and S Classes 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 specified Classes that would be outstanding after each of the dates shown at various *constant* PSA levels and, in the case of the F Class, LIBOR levels and the corresponding weighted average lives of such Classes. 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

LIBOR = 1.5625%										LIBOR = 3.5625%									
Date	I: II:	PSA Prepayment Assumption***								I: II:	PSA Prepayment Assumption***								
		50% 150%	100% 250%	350% 400%	450% 450%	450% 600%	550% 700%	550% 800%	700% 800%		50% 150%	100% 250%	350% 400%	450% 450%	450% 600%	550% 700%	550% 800%	700% 800%	
Initial Percent		100	100	100	100	100	100	100	100		100	100	100	100	100	100	100	100	
April 1995		95	95	80	80	80	80	81	81		97	97	81	81	82	82	82	82	
April 1996		90	91	55	55	56	54	55	34		94	95	58	58	60	57	58	37	
April 1997		86	88	33	34	36	25	26	2		92	94	37	38	41	29	30	5	
April 1998		83	86	18	20	23	10	12	0		91	94	23	25	28	15	15	0	
April 1999		80	85	9	11	16	4	6	0		90	94	14	17	21	9	10	0	
April 2000		78	85	3	7	13	3	5	0		90	94	9	14	19	8	10	0	
April 2001		76	84	0	7	13	3	5	0		90	94	6	13	19	8	10	0	
April 2002		75	84	0	0	5	*	3	0		90	94	0	5	11	6	7	0	
April 2003		73	76	0	0	0	0	0	0		90	86	0	0	5	2	3	0	
April 2004		73	67	0	0	0	0	0	0		90	77	0	0	1	0	1	0	
April 2005		72	58	0	0	0	0	0	0		90	68	0	0	0	0	0	0	
April 2006		72	49	0	0	0	0	0	0		90	59	0	0	0	0	0	0	
April 2007		69	41	0	0	0	0	0	0		87	51	0	0	0	0	0	0	
April 2008		62	34	0	0	0	0	0	0		80	44	0	0	0	0	0	0	
April 2009		54	26	0	0	0	0	0	0		72	36	0	0	0	0	0	0	
April 2010		47	20	0	0	0	0	0	0		65	30	0	0	0	0	0	0	
April 2011		39	13	0	0	0	0	0	0		57	23	0	0	0	0	0	0	
April 2012		32	7	0	0	0	0	0	0		50	17	0	0	0	0	0	0	
April 2013		24	1	0	0	0	0	0	0		42	11	0	0	0	0	0	0	
April 2014		17	0	0	0	0	0	0	0		35	6	0	0	0	0	0	0	
April 2015		9	0	0	0	0	0	0	0		27	*	0	0	0	0	0	0	
April 2016		2	0	0	0	0	0	0	0		19	0	0	0	0	0	0	0	
April 2017		0	0	0	0	0	0	0	0		12	0	0	0	0	0	0	0	
April 2018		0	0	0	0	0	0	0	0		4	0	0	0	0	0	0	0	
April 2019		0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	
April 2020		0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	
April 2021		0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	
April 2022		0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	
April 2023		0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	
April 2024		0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	
Weighted Average Life (years)**		13.6	11.5	2.5	2.6	2.9	2.3	2.5	1.7		17.0	13.2	2.8	3.0	3.4	2.7	2.8	1.7	

LIBOR = 5.5625%										LIBOR = 7.5625%									
Date	I: II:	PSA Prepayment Assumption***								I: II:	PSA Prepayment Assumption***								
		50% 150%	100% 250%	350% 400%	450% 450%	450% 600%	550% 700%	550% 800%	700% 800%		50% 150%	100% 250%	350% 400%	450% 450%	450% 600%	550% 700%	550% 800%	700% 800%	
Initial Percent		100	100	100	100	100	100	100	100		100	100	100	100	100	100	100	100	
April 1995		98	98	82	82	83	83	83	83		97	97	81	81	82	82	83	83	
April 1996		97	98	60	60	62	58	59	38		95	96	58	59	60	58	58	38	
April 1997		96	98	40	41	43	31	31	7		93	96	37	39	42	30	30	7	
April 1998		96	98	26	28	31	16	17	0		93	96	23	25	30	16	16	0	
April 1999		96	98	18	20	24	11	11	0		93	96	13	17	23	10	11	0	
April 2000		96	98	13	18	21	10	11	0		93	96	8	14	20	10	10	0	
April 2001		96	98	10	18	21	10	11	0		93	96	4	13	20	10	10	0	
April 2002		96	98	0	10	13	8	8	0		93	96	0	5	12	7	8	0	
April 2003		96	89	0	4	7	4	4	0		93	88	0	0	6	3	4	0	
April 2004		96	80	0	0	3	2	2	0		93	78	0	0	2	1	1	0	
April 2005		96	71	0	0	*	0	*	0		93	69	0	0	0	0	0	0	
April 2006		96	62	0	0	0	0	0	0		93	61	0	0	0	0	0	0	
April 2007		93	54	0	0	0	0	0	0		90	53	0	0	0	0	0	0	
April 2008		86	47	0	0	0	0	0	0		82	45	0	0	0	0	0	0	
April 2009		78	40	0	0	0	0	0	0		75	38	0	0	0	0	0	0	
April 2010		71	33	0	0	0	0	0	0		67	31	0	0	0	0	0	0	
April 2011		63	26	0	0	0	0	0	0		60	25	0	0	0	0	0	0	
April 2012		56	20	0	0	0	0	0	0		52	18	0	0	0	0	0	0	
April 2013		48	14	0	0	0	0	0	0		45	13	0	0	0	0	0	0	
April 2014		41	9	0	0	0	0	0	0		37	7	0	0	0	0	0	0	
April 2015		33	4	0	0	0	0	0	0		30	2	0	0	0	0	0	0	
April 2016		25	0	0	0	0	0	0	0		22	0	0	0	0	0	0	0	
April 2017		18	0	0	0	0	0	0	0		14	0	0	0	0	0	0	0	
April 2018		10	0	0	0	0	0	0	0		7	0	0	0	0	0	0	0	
April 2019		2	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	
April 2020		0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	
April 2021		0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	
April 2022		0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	
April 2023		0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	
April 2024		0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	
Weighted Average Life (years)**		18.3	13.8	3.0	3.3	3.6	2.9	2.9	1.8		17.5	13.5	2.7	3.0	3.5	2.8	2.8	1.8	

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

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

*** The PSA percentages shown represent constant PSA percentages for the Group 1 Mortgage Loans underlying the Underlying REMIC Certificates (Row I) and the Group 2 Mortgage Loans underlying the Trust SMBS (Row II).

LIBOR = 8.7500%								
Date	I: II:	PSA Prepayment Assumption ***						
		50% 150%	100% 250%	350% 400%	450% 450%	550% 600%	550% 800%	700% 800%
Initial Percent		100	100	100	100	100	100	100
April 1995		97	98	82	82	83	83	83
April 1996		96	97	59	59	61	58	38
April 1997		95	97	38	40	43	31	7
April 1998		95	97	24	26	30	16	0
April 1999		95	97	15	18	23	11	0
April 2000		95	97	9	16	21	10	0
April 2001		95	97	6	16	21	10	0
April 2002		95	97	0	8	13	8	0
April 2003		95	89	0	1	7	4	0
April 2004		95	79	0	0	3	1	0
April 2005		95	70	0	0	0	0	0
April 2006		95	62	0	0	0	0	0
April 2007		92	54	0	0	0	0	0
April 2008		85	46	0	0	0	0	0
April 2009		77	39	0	0	0	0	0
April 2010		70	32	0	0	0	0	0
April 2011		62	26	0	0	0	0	0
April 2012		55	20	0	0	0	0	0
April 2013		47	14	0	0	0	0	0
April 2014		40	8	0	0	0	0	0
April 2015		32	3	0	0	0	0	0
April 2016		24	0	0	0	0	0	0
April 2017		17	0	0	0	0	0	0
April 2018		9	0	0	0	0	0	0
April 2019		1	0	0	0	0	0	0
April 2020		0	0	0	0	0	0	0
April 2021		0	0	0	0	0	0	0
April 2022		0	0	0	0	0	0	0
April 2023		0	0	0	0	0	0	0
April 2024		0	0	0	0	0	0	0
Weighted Average Life (years)**		18.1	13.7	2.8	3.2	3.6	2.8	1.8

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

*** The PSA percentages shown represent constant PSA percentages for the Group 1 Mortgage Loans underlying the Underlying REMIC Certificates (Row I) and the Group 2 Mortgage Loans underlying the Trust SMBS (Row II).

Percent of Original Principal Balance of S Class Outstanding***

Date	PSA Prepayment Assumption					
	50%	100%	300%	450%	600%	800%
Initial Percent	100	100	100	100	100	100
April 1995	96	94	83	74	66	55
April 1996	92	87	67	54	42	28
April 1997	89	81	54	39	26	15
April 1998	85	75	44	28	17	7
April 1999	81	70	36	20	11	4
April 2000	78	65	29	14	7	2
April 2001	74	60	23	10	4	1
April 2002	71	55	19	7	3	1
April 2003	67	51	15	5	2	*
April 2004	64	47	12	4	1	*
April 2005	60	43	10	3	1	*
April 2006	57	39	8	2	*	*
April 2007	53	35	6	1	*	*
April 2008	50	32	5	1	*	*
April 2009	46	29	4	1	*	*
April 2010	43	26	3	*	*	*
April 2011	39	23	2	*	*	*
April 2012	36	21	2	*	*	*
April 2013	33	18	1	*	*	*
April 2014	29	16	1	*	*	*
April 2015	25	13	1	*	*	*
April 2016	22	11	1	*	*	*
April 2017	18	9	*	*	*	*
April 2018	14	7	*	*	*	*
April 2019	11	5	*	*	*	*
April 2020	7	3	*	*	*	0
April 2021	3	1	*	*	*	0
April 2022	*	*	*	*	0	0
April 2023	0	0	0	0	0	0
April 2024	0	0	0	0	0	0
Weighted Average Life (years)**	14.0	10.7	4.8	3.2	2.3	1.6

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

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

*** Principal payments on the S Class are independent of the level of LIBOR.

CERTAIN ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES

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

REMIC Elections and Special Tax Attributes

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

As a consequence of the qualification of the Trust and the Lower Tier REMIC as REMICs, 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 and RL Classes, 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 450% 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. In addition, the S Class will be treated as having been issued at a premium for federal income tax purposes. It is possible, however, that the S Class may be excluded from the rules generally applicable to debt instruments issued at a premium because such Class provides for disproportionately high interest distributions relative to its principal amount. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Certificates Purchased at a Premium*” in the REMIC Prospectus.

The Treasury Department has issued final regulations relating to the tax treatment of debt instruments with original issue discount (the “OID Regulations”). These regulations replace proposed OID Regulations issued on December 22, 1992 (the “1992 Proposed OID Regulations”). The OID Regulations apply to debt instruments issued on or after April 4, 1994, and to sales or exchanges that occur on or after that date. Further, investors may rely on the OID Regulations for debt instruments issued after December 21, 1992, and for sales or exchanges that occur after that date. The OID Regulations do not provide guidance under section 1272(a)(6) of the Code, which contains special original issue discount rules applicable to the Regular Certificates.

The OID Regulations provide that for purposes of measuring the accrual of original issue discount on a debt instrument, Holders may use an interest accrual period of any length as long as each distribution date falls on either the final day or the first day of an accrual period. Fannie Mae intends

to report original issue discount based on accrual periods of one month, beginning on a payment date and ending on the day before a payment date.

The S Class will be issued at a premium greater than that permitted in the OID Regulations with respect to variable rate debt instruments. Consequently, the S Class will be considered to be a contingent debt instrument rather than a variable rate debt instrument. The OID Regulations do not contain rules for the tax treatment of contingent debt instruments and no other definitive guidance has been issued regarding such treatment. Proposed regulations governing contingent debt instruments were published in the Federal Register on April 8, 1986 (the “1986 Proposed Contingent Payment Regulations”). The 1986 Proposed Contingent Payment Regulations, however, are not binding on either taxpayers or the IRS and are subject to change before publication in final form. Absent further guidance, Fannie Mae intends to treat all interest payments on the S Class as “qualified stated interest.” See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Original Issue Discount*” in the REMIC Prospectus. Investors are urged to consult their own tax advisors on the possible application to the S Class of the 1986 Proposed Contingent Payment Regulations. Although the initial interest rate on the S Class is its maximum stated interest rate, this will not cause all payments of interest on the S Class to fail to be treated as “qualified stated interest.”

The F Class will qualify as a regular interest under the Regulations because it will receive all of the interest on one of the Lower Tier Regular Interests, which is 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) all distributions of interest made on the Interest Only Trust SMBS and not allocated to interest payments on the S Class and (ii) the distributions of principal 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, neither the R Class nor the RL Class will 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 or RL 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 (or the Lower Tier REMIC) that generally will not be treated as excess inclusions, the rate to be used is 7.89% (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 or RL Certificate are unclear; any transferee receiving such consideration should consult its own tax advisors.

Under the OID Regulations, the Lower Tier Regular Interests will be treated as a single debt instrument for original issue discount purposes because they were issued to the Trust in a single transaction. Consequently, Fannie Mae intends to calculate the taxable income (or net loss) of the Trust and of the Lower Tier REMIC (and to report to the R and RL Certificateholders) by treating the Lower Tier Regular Interests as a single debt instrument.

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 Cleary, Gottlieb, Steen & Hamilton.

Exhibit A

Trust SMBS

<u>Fannie Mae Stripped Mortgage-Backed Security Trust</u>	<u>Class</u>	<u>Date of Issue</u>	<u>CUSIP Number</u>	<u>Interest Rate</u>	<u>Interest Type (1)</u>	<u>Final Distribution Date</u>	<u>Principal Type (1)</u>	<u>Original Principal Balance of Class</u>	<u>Class % in the Trust</u>	<u>April 1994 Class Factor</u>	<u>Current Principal Balance in the Lower Tier REMIC</u>	<u>Approximate Weighted Average WAC</u>	<u>Approximate Weighted Average WAM (in months)</u>	<u>Approximate Weighted Average CAGE (in months)</u>	<u>Underlying Security Type</u>
000172-CL	1	August 1992	31364HRR0	(2)	PO	August 2022	STP	\$325,000,000	0.5337950461%	0.57642406	\$ 1,000,000	8.571%	333	22	MBS
000172-CL	2	August 1992	31364HRS8	8.00%	IO	August 2022	NTL	325,000,000	45.4259584248	0.57642406	85,100,000	8.571	333	22	MBS

Underlying REMIC Certificates

<u>Underlying REMIC Trust</u>	<u>Class</u>	<u>Date of Issue</u>	<u>CUSIP Number</u>	<u>Interest Rate</u>	<u>Interest Type (1)</u>	<u>Final Distribution Date</u>	<u>Principal Type (1) (3)</u>	<u>Original Principal Balance of Class</u>	<u>Class % in the Trust</u>	<u>April 1994 Class Factor</u>	<u>Current Principal Balance in the Lower Tier REMIC</u>	<u>Expected Weighted Average WAC</u>	<u>Expected Weighted Average WAM (in months)</u>	<u>Expected Weighted Average CAGE (in months)</u>	<u>Underlying Security Type</u>
1994-61	DB	April 1994	31359HUS1	(4)	PO	March 2024	TAC	\$63,504,455	78.7346336568%	1.00000000	\$50,000,000.00	8.100%	351	9	MBS

- (1) See “Description of the Certificates—Class Definitions and Abbreviations” in the REMIC Prospectus.
- (2) This SMBS is a “principal only” SMBS and bears no interest.
- (3) The Underlying REMIC Certificates included in the Lower Tier REMIC have a Principal Balance Schedule. No assurance can be given that the Underlying REMIC Certificates will adhere to their Principal Balance Schedule or will otherwise perform as originally anticipated. Information as to the Underlying REMIC Certificates may be obtained by performing an analysis of current Fannie Mae principal factors in the context of applicable information contained in the Underlying Prospectus which may be obtained from Fannie Mae as described herein.
- (4) This Class is a Principal Only Class and bears no interest.

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 Prospectus 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.

TABLE OF CONTENTS

	<u>Page</u>
Prospectus Supplement	
Table of Contents	S- 3
Description of the Certificates	S- 4
Certain Additional Federal Income Tax Consequences	S-18
Plan of Distribution	S-20
Legal Matters	S-20
Exhibit A	A-1
REMIC Prospectus	
Prospectus Supplement	2
Summary of Prospectus	3
Description of the Certificates	7
The Trust Agreement	20
Certain Federal Income Tax Consequences	22
Legal Investment Considerations	32
Legal Opinion	33
ERISA Considerations	33
Glossary	34

\$51,000,000

**Federal National
Mortgage Association**



**Guaranteed REMIC
Pass-Through Certificates
Fannie Mae REMIC Trust 1994-71**

PROSPECTUS SUPPLEMENT

**Kidder, Peabody & Co.
Incorporated**

March 21, 1994