

\$599,469,380
Federal National Mortgage Association



Guaranteed REMIC Pass-Through Certificates
Fannie Mae REMIC Trust 1994-89

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 1994-89 (the "Trust"). The assets of the Trust will consist of (i) the "regular interests" in a separate trust fund (the "Lower Tier REMIC") and (ii) a non-interest bearing cash deposit of \$999.99 (the "Retail Cash Deposit") to be applied as described herein. The assets of the Lower Tier REMIC will consist of (i) certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the "Trust MBS"), (ii) certain of the Class 87-F REMIC certificates (the "Class 87-F REMIC Certificates") evidencing beneficial ownership interests in Fannie Mae REMIC Trust 1994-87 (the "1994-87 Trust") and (iii) a non-interest bearing cash deposit of \$4,158,489.29 (such deposit as reduced from time to time, the "Cash Deposit") to be applied as described herein. The assets of the 1994-87 Trust consist of certain of the Class 33-F and Class 33-S REMIC certificates (collectively the "Underlying REMIC Certificates") evidencing beneficial ownership interests in Fannie Mae REMIC Trust 1994-33 (the "Underlying REMIC Trust"). The assets of the Underlying REMIC Trust consist of direct or indirect beneficial ownership interests in certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the "1994-33 MBS" and, together with the Trust MBS, the "MBS"). Each MBS will represent a beneficial interest in a pool (the "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 interest by Fannie Mae.

Prospective investors in the CC Class should consider carefully, as should prospective investors in any Class of Certificates, whether such an investment is appropriate for their investment objectives. See "Description of the Certificates—The Retail Certificates" herein.

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

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

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)	CUSIP Number	Final Distribution Date	Class	Original Principal Balance	Principal Type(1)	Interest Rate	Interest Type(1)	CUSIP Number	Final Distribution Date
A	\$250,646,558	SEQ	8.00%	FIX	31359H5W0	January 2020	F	\$100,000,000	STP	(3)	FLT	31359H6H2	March 2009
B	49,643,254	SEQ	8.00	FIX	31359H5X8	September 2021	FB	20,000,000	SEQ	(3)	FLT	31359H6J8	March 2009
C	56,143,790	SEQ	8.00	FIX	31359H5Y6	June 2023	FD	1,800,000	SEQ	(3)	FLT	31359H6K5	March 2009
CC	7,500,000	SEQ/RTL	7.75	FIX	31359H5Z3	June 2023	FC	5,000,000	STP	(3)	FLT	31359H6L3	March 2009
CA	(2)	NTL	8.00	FIX/IO	31359H6A7	June 2023	FE	5,000,000	STP	(3)	FLT	31359H6M1	March 2009
E	6,890,622	AD/LIQ	8.00	FIX	31359H6B5	March 1999	FP	20,000,000	SCH	(3)	FLT	31359H6N9	March 2009
G	5,059,681	AD	8.00	FIX	31359H6C3	October 2001	FG	5,169,380	SUP	(3)	FLT	31359H6P4	March 2009
H	3,461,788	AD	8.00	FIX	31359H6D1	April 2003	FA	30,000,000	STP	(3)	FLT	31359H6Q2	March 2009
J	16,488,311	AD	8.00	FIX	31359H6E9	August 2008	R	0	NPR	0	NPR	31359H6R0	July 2024
ZQ	15,415,996	SEQ	8.00	Z	31359H6F6	July 2024	RL(4)	0	NPR	0	EXE	31359H6S8	July 2024
D	1,250,000	SEQ	8.00	FIX	31359H6G4	July 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 CA Class will be a Notional Class, will have no principal balance and will bear interest on its notional principal balance (initially, \$234,375). The notional principal balance of the CA Class will be calculated based on the principal balance of a Sequential Class. See "Description of the Certificates—Distributions of Interest—Notional Class" herein.
- (3) The F, FB, FD, FC, FE, FP, FG and FA 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.
- (4) The RL Class will be entitled to receive on each Distribution Date through the Distribution Date occurring in March 1995 the excess, if any, of the Cash Deposit over the Required Cash Deposit (as defined herein), determined as described herein. 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 Certificates, except for the CC, ZQ, R and RL Classes, will be available through the book-entry system of the Federal Reserve Banks on or about July 29, 1994 (the "Settlement Date"). It is expected that the ZQ, 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. It is expected that delivery of the CC Class will be made through the book-entry facilities of The Depository Trust Company on or about such date.

Kidder, Peabody & Co.
Incorporated

June 16, 1994

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The yields to investors in the A, B, C, CA, CC, D, E, G, H, J and ZQ Classes will be directly related to, among other things, the rate of distributions on the Trust MBS, which in turn will be sensitive in varying degrees to the rate of principal payments of the related Mortgage Loans and the actual characteristics of such Mortgage Loans. The yields to investors in the F, FA, FB, FC, FD, FE, FG and FP Classes will be related to, among other things, the rate of distributions on the Underlying REMIC Certificates, which in turn will be very sensitive to the rate of principal payments of the related Mortgage Loans, the actual characteristics of such Mortgage Loans and the priority sequences affecting principal distributions on the Underlying REMIC Certificates. The yield to investors in each Class will also be sensitive to the purchase price paid for the related Class and, in the case of any Floating Rate or Inverse Floating Rate Classes, the level of the applicable Index (as defined herein). Accordingly, investors should consider the following risks:

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

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

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

- The rate of distributions of principal of the F, FA, FB, FC, FD, FE, FG and FP Classes will be directly or indirectly related to the rate of principal distributions on one class of Underlying REMIC Certificates, which comprises a portion of a Component class that consists of three components. Two components of such class of Underlying REMIC Certificates have Principal Balance Schedules; however, prepayments on the related Mortgage Loans may have occurred at a rate faster or slower than that initially assumed in the Underlying Prospectus Supplement (as defined below). The third component is a Support component that receives principal payments on any Distribution Date only if scheduled payments have been made on the PAC classes and components issued by the Underlying REMIC Trust. Accordingly, there is no assurance that principal distributions will be made on such component on any particular Distribution Date. There is no information in this Prospectus Supplement as to whether the Underlying REMIC Certificates have performed as originally anticipated. Such information may be obtained by performing an analysis of current Fannie Mae principal factors in the context of applicable information contained in the Underlying Prospectus Supplement. It should be noted that there may have been material changes in facts and circumstances since the date the Underlying Prospectus Supplement was 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 document.
- The actual final payment of any Class will likely occur earlier, and could occur much earlier, than the Final Distribution Date for such Class specified on the cover page. See “Description of the Certificates—Weighted Average Lives of the Certificates” herein and “Description of the Certificates—Weighted Average Life and Final Distribution Dates” in the REMIC Prospectus.
- The rate of principal distributions of the Certificates is uncertain and investors may be unable to reinvest the distributions thereon at yields equaling the yields on the Certificates. See “Description of the Certificates—Reinvestment Risk” 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 CC Class (the “Retail Certificates”) may not be an appropriate investment for all prospective investors. The Retail Certificates would not be an appropriate investment for any investor requiring a particular distribution of principal on a specified date or an otherwise predictable stream of principal distributions. There is no assurance that any investor in the Retail Certificates will receive a principal distribution on any particular Distribution Date. Any investor who purchases a Retail Certificate at a premium (or a discount) should consider the risk that relatively early (or late) principal distributions following issuance of the Certificates could result in an actual yield that is lower than such investor’s anticipated yield. In addition, although the Dealer intends to make a secondary market in the Retail Certificates, it has no obligation to do so, and any such market making may be discontinued at any time. Finally, there can be no assurance that the price at which an investor may be able to sell a Retail Certificate will be the same as the price at which such investor purchased such Certificate. See “Description of the Certificates—The Retail Certificates” herein.

The Dealer intends to make a market for the Certificates but is not obligated to do so. There can be no assurance that such a secondary market will develop or, if developed, that it will continue. Thus, investors may not be able to sell their Certificates readily or at prices that will enable them to realize their anticipated yield. No investor should purchase Certificates unless such investor understands and is able to bear the risk that the value of the Certificates will fluctuate over time and that the Certificates may not be readily salable.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of this Prospectus Supplement, the REMIC Prospectus, the Prospectus Supplement for the 1994-87 Trust (the “1994-87 Prospectus Supplement”), the Prospectus Supplement for the Underlying REMIC Trust (the “Underlying Prospectus Supplement”) or the MBS Prospectus. Any representation to the contrary is a criminal offense.

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

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

- Fannie Mae’s Prospectus for Guaranteed REMIC Pass-Through Certificates dated April 7, 1994 (the “REMIC Prospectus”), which is attached to this Prospectus Supplement;
- Fannie Mae’s Prospectus for Guaranteed Mortgage Pass-Through Certificates dated January 1, 1994 (the “MBS Prospectus”);
- Fannie Mae’s Information Statement dated March 31, 1994 and any supplements thereto published by Fannie Mae through the date of purchase (collectively, the “Information Statement”); and
- The 1994-87 Prospectus Supplement and the Underlying Prospectus Supplement.

The MBS Prospectus and the Information Statement are incorporated herein by reference and, together with the 1994-87 Prospectus Supplement and the Underlying Prospectus Supplement, 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).

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REFERENCE SHEET

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

The Retail Certificates

Description

The Retail Certificates represent an indirect interest in certain Mortgage Loans. The Retail Certificates are guaranteed by Fannie Mae but not guaranteed by, and are not a debt or obligation of, the United States. See “Description of the Certificates—General—*Fannie Mae Guaranty*” herein.

Liquidity

If a Retail Certificate is sold prior to its maturity, an investor may receive sales proceeds (less applicable transaction costs) that are less than the amount originally invested. The Dealer intends to make a market for the purchase and sale of the Retail Certificates after their initial issuance, but is not obligated to do so. There is no assurance that such a secondary market will develop or, if it develops, that it will continue. See “Description of the Certificates—The Retail Certificates—*Investment Determination*” herein.

Federal Income Taxes

Interest on the Retail Certificates will be taxed in the year it is earned, which may not be the year it is paid. Relevant federal income tax information for the preceding calendar year will be mailed to investors who own Retail Certificates, as required by the Internal Revenue Service. Investors should be aware, however, that such information need not be furnished before March 15 of any calendar year following a calendar year in which income accrues on a Retail Certificate. See “Description of the Certificates—The Retail Certificates—*Retail Principal Distributions—Tax Information*” and “Certain Additional Federal Income Tax Consequences” herein.

Maturity

Unlike many other fixed income securities, the Retail Certificates do not have fixed principal redemption schedules or fixed principal distribution dates. The timing of principal distributions may vary considerably based upon a number of factors, including changes in prevailing interest rates. If prevailing interest rates decrease, principal distributions on the Retail Certificates may accelerate, and any reinvestment of such distributions might be at such lower prevailing interest rates. Conversely, if prevailing interest rates increase, principal distributions on the Retail Certificates may slow down, and investors might not be able to reinvest their principal at such higher prevailing interest rates. In such case, the market value of such Retail Certificates is likely to have declined. See “Description of the Certificates—The Retail Certificates—*Certain Principal Distribution Considerations*” herein.

Assumed Group 1 Mortgage Loan Characteristics (as of July 1, 1994)

Approximate Principal Balance	Approximate Weighted Average Remaining Term to Maturity (in months)	Calculated Loan Age (in months)	Approximate Weighted Average Coupon
\$123,750,000	360	0	8.55%
\$103,125,000	359	1	8.55%
\$ 82,500,000	358	2	8.55%
\$ 61,875,000	356	4	8.55%
\$ 41,250,000	352	8	8.55%

The actual remaining terms to maturity, calculated loan ages and interest rates of most of the Group 1 Mortgage Loans will differ from the weighted averages shown above, perhaps significantly. See “Description of the Certificates—The Trust MBS” herein.

Characteristics of the Class 87-F REMIC Certificates and the Underlying REMIC Certificates

The table contained in Appendix A hereto sets forth certain information with respect to the Class 87-F REMIC Certificates and each class of Underlying REMIC Certificates, including certain information regarding the Mortgage Loans underlying each such class. Certain additional information as to the Class 87-F REMIC Certificates or particular Underlying REMIC Certificates may be obtained by performing an analysis of current Fannie Mae principal factors of such Certificates in the context of applicable information contained in the 1994-87 Prospectus Supplement or the Underlying Prospectus Supplement, as applicable, which in each case may be obtained from Fannie Mae as described herein.

See “Description of the Certificates—The Class 87-F REMIC Certificates and the Underlying REMIC Certificates” herein.

Interest Rates

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

The Floating Rate Certificates will bear interest during their initial Interest Accrual Period (or, in the case of the F Class, during its initial three Interest Accrual Periods) at the Initial Interest Rates set forth below, and will bear interest during each Interest Accrual Period thereafter, subject to the applicable Maximum and Minimum Interest Rates, at the rates determined as described below.

Class	Initial Interest Rate	Maximum Interest Rate	Minimum Interest Rate	Formula for Calculation of Interest Rate
F(1)	5.000%	9.50%	0.45%	LIBOR + 45 basis points
FB	5.075%	9.50%	0.45%	LIBOR + 45 basis points
FD	4.950%	9.50%	0.45%	LIBOR + 45 basis points
FC	4.930%	9.48%	0.43%	LIBOR + 43 basis points
FE	4.970%	9.52%	0.47%	LIBOR + 47 basis points
FP	5.075%	9.50%	0.45%	LIBOR + 45 basis points
FG	4.950%	9.50%	0.45%	LIBOR + 45 basis points
FA	4.950%	9.50%	0.45%	LIBOR + 45 basis points

(1) The F Class will bear interest during its initial three Interest Accrual Periods, ending October 24, 1994, at its Initial Interest Rate set forth in the table above.

If on any Distribution Date occurring on or prior to the March 1995 Distribution Date, interest distributed on the Class 87-F REMIC Certificates is insufficient to make required interest distributions on the Floating Rate Certificates, the Cash Deposit will be applied to the extent necessary to make such required interest distributions.

See “Description of the Certificates—Distributions of Interest—*General*,” “—*Interest Accrual Periods*” and “—*Floating Rate Classes*” herein.

Notional Class

Class	Percentage of Principal Balance of Specified Class
CA	3.125% of the CC Class

See “Description of the Certificates—Distributions of Interest—*Notional Class*” herein.

Distributions of Principal

Accrual Amount

To the E, G, H and J Classes, in that order, until the respective principal balances thereof are reduced to zero, and thereafter to the ZQ Class.

Group 1 Principal Distribution Amount

To the Group 1 Classes to zero as described herein under “Description of the Certificates—Distributions of Principal.”

Group 2 Principal Distribution Amount

1. 74.8785710259% of such amount to the Strip Classes (F, FA, FC and FE), in proportion to their original principal balances, until the principal balances thereof are reduced to zero.
2. 11.6596632026% of such amount to the FB and FD Classes, in that order, until the principal balances thereof are reduced to zero.
3. 13.4617657715% of such amount to the FP and FG Classes as described herein under “Description of the Certificates—Distributions of Principal.”

Weighted Average Lives (years) *

Class	PSA Prepayment Assumption				
	0%	100%	230%	350%	500%
A	17.9	6.3	3.5	2.6	2.1
B	26.4	15.0	8.0	5.6	4.2
C, CC** and CA	28.0	19.9	11.3	7.8	5.7
E	2.5	2.5	2.5	2.5	2.5
G	6.0	6.0	6.0	6.0	6.0
H	8.0	8.0	8.0	8.0	7.1
J	11.6	11.6	11.6	10.1	7.7
ZQ	29.5	26.4	18.8	14.5	10.9
D	29.5	26.4	18.8	13.5	9.6
F, FC, FE and FA	7.7	5.2	4.1	3.6	3.0
FB	7.2	4.6	3.5	3.1	2.6
FD	13.9	12.7	11.0	9.5	7.9

Class	PSA Prepayment Assumption					
	0%	100%	150%	230%	350%	500%
FP	6.4	3.9	3.9	3.9	4.0	3.4
FG	12.9	10.6	7.2	4.6	2.1	1.6

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

** The weighted average lives shown in the table for the CC Class apply to such Class taken as a whole. As a result of the distribution percentage and allocation described herein, the weighted average lives of the CC Certificates beneficially owned by individual investors may vary significantly from the weighted average life of the Class taken as a whole.

DESCRIPTION OF THE CERTIFICATES

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

General

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

The assets of the Trust will consist of (i) the Lower Tier Regular Interests and (ii) a non-interest bearing cash deposit of \$999.99 (the “Retail Cash Deposit”), 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 Retail Cash Deposit will be used, if necessary, to round the amount of any principal distribution on the CC Class to an amount equal to an integral multiple of \$1,000, as described herein. The Retail Cash Deposit will not be available for application toward any distributions on the other Classes of Certificates offered hereby.

The assets of the Lower Tier REMIC will consist of (i) the Trust MBS, (ii) the Class 87-F REMIC Certificates (which evidence beneficial ownership interests in the 1994-87 Trust) and (iii) a non-interest bearing cash deposit of \$4,158,489.29 (such deposit as reduced from time to time, the “Cash Deposit”). 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 (i) the Trust MBS, (ii) the distributions of principal and interest on the Class 87-F REMIC Certificates and (iii) the Cash Deposit.

Fannie Mae Guaranty. Fannie Mae guarantees to each holder of an MBS the timely payment of scheduled installments of principal of and interest on the underlying Mortgage Loans, whether or not received, together with the full principal balance of any foreclosed Mortgage Loan, whether or not such balance is actually recovered. The guaranty obligations of Fannie Mae with respect to the Class 87-F REMIC Certificates and the Underlying REMIC Certificates are described in the 1994-87 Prospectus Supplement and the Underlying Prospectus Supplement, respectively. In addition, Fannie Mae will be obligated to distribute on a timely basis to the Holders of Certificates required installments of principal and interest and to distribute the principal balance of each Class of Certificates in full no later than the applicable Final Distribution Date, whether or not sufficient funds are available in the Collateral Account. The guaranties of Fannie Mae are not backed by the full faith and credit of the United States. See “Description of the Certificates—Fannie Mae’s Guaranty” in the REMIC Prospectus, “Description of the Certificates—General—*Fannie Mae Guaranty*” in the 1994-87 Prospectus Supplement and the Underlying Prospectus Supplement and “Description of Certificates—The Corporation’s Guaranty” in the MBS Prospectus.

Characteristics of Certificates. The Certificates, other than the CC, ZQ, 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. The CC Certificates will be represented by one or more Certificates to be registered at all times in the name of the nominee of the Depository (as defined herein), which Depository will maintain the CC Certificates through its book-entry facilities. When used herein, the terms “Holders” and “Certificateholders” refer to (i) such entities whose names appear on the book-entry records of a Federal Reserve Bank as the entities for whose accounts such Certificates (other than the CC, ZQ, R and RL Certificates) have been deposited and (ii) the nominee of the Depository, in the case of the CC Certificates. A Holder is not necessarily the beneficial owner of a book-entry Certificate. Beneficial owners will ordinarily hold book-entry Certificates through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. See “Description of the Certificates—Denominations, Certificate Form” in the REMIC Prospectus.

The ZQ, R and RL Certificates will not be issued in book-entry form but will be issued in fully registered, certificated form. As to any ZQ, R or RL Certificate, “Holder” or “Certificateholder” refers to the registered owner thereof. The ZQ, 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 any ZQ, R or 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 such Certificate at the office of the Paying Agent.

Distributions, if any, on the ZQ and RL Classes 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 ZQ Class, and 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 related Certificates at the office of the Paying Agent. The Paying Agent initially will be State Street.

Authorized Denominations. The Certificates, other than the CC, R and RL Certificates, will be issued in minimum denominations of \$1,000 and integral multiples of \$1 in excess thereof. The CC Certificates will be issued in minimum denominations of \$1,000 and integral multiples thereof. The RL Certificates will be issued in minimum percentage interests of 10% and integral multiples of 1% percentage interests in excess thereof. The R Class will be issued as a single Certificate and will not have a principal balance.

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

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

REMIC Trust Factors. As soon as practicable following the eleventh calendar day of each month, Fannie Mae will publish or otherwise make available for each Class of Certificates the factor (carried to eight decimal places) which (i) in the case of each such Class other than the Retail Certificates, when multiplied by the original principal balance of a Certificate of such Class, will equal the amount of principal remaining to be distributed with respect to such Certificate and (ii) in the

case of the Retail Certificates, when multiplied by the aggregate original principal balance of such Class, will equal the aggregate amount of principal remaining to be distributed with respect to such Class, in each case after giving effect to the distribution of principal to be made on the following Distribution Date and any interest to be added as principal to the principal balances of any Accrual Classes on such Distribution Date. As a result, the factor for the Retail Certificates will reflect the reduction in aggregate principal balance of such Class taken as a whole, and will not reflect the reduction in principal balance of the Retail Certificates owned by any particular investor. For purposes of determining the factor for the Retail Certificates, any rounding of the distribution of principal thereof will be disregarded.

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

Liquid Asset. The E Class is intended to qualify as a “liquid asset” for purposes of the liquidity requirements applicable to federal savings associations, federal savings banks and state chartered associations whose deposits are insured by Federal Deposit Insurance Corporation.

Voting the Trust MBS, the Class 87-F REMIC Certificates and the Underlying REMIC Certificates. In the event any issue arises under the applicable trust agreement governing the Trust MBS or the Class 87-F REMIC Certificates that requires the vote of holders of certificates outstanding thereunder, the Trustee will vote the related Trust MBS or Class 87-F REMIC Certificates in accordance with instructions received from Holders of Certificates of the related Classes having principal balances aggregating not less than 51% of the aggregate principal balance of all such Classes outstanding. In the event any issue arises under the trust agreement governing the Underlying REMIC Trust that requires the vote of holders of certificates outstanding thereunder, the Trustee will give instructions to the trustee of the 1994-87 Trust in accordance with instructions received from Holders of Certificates of the Group 2 Classes (as specified herein) having principal balances aggregating not less than 51% of the aggregate principal balances of all such Classes outstanding. The trustee of the 1994-87 Trust will then vote the Underlying REMIC Certificates in accordance with the instructions of the holders of the certificates issued by the 1994-87 Trust, including the instructions from the Trustee. In the absence of such instructions, the Trustee will vote or give instructions in a manner consistent, in its sole judgment, with the best interests of such Certificateholders.

The Retail Certificates

General

The CC Certificates will be Retail Certificates. The Retail Certificates will be represented by one or more certificates to be registered at all times in the name of the nominee of The Depository Trust Company, a New York-chartered limited purpose trust company, or any successor depository selected or approved by Fannie Mae (the “Depository”). The Depository will maintain the Retail Certificates in integral multiples of \$1,000 through its book-entry facilities. In accordance with its normal procedures, the Depository will record the positions held by each Depository participating firm (each, a “Depository Participant”) in the Retail Certificates, whether held for its own account or as a nominee for another person. State Street will act as paying agent for, and perform certain administrative functions with respect to, the Retail Certificates.

No person acquiring a beneficial ownership interest in the Retail Certificates (a “beneficial owner” or an “investor”) will be entitled to receive a physical certificate representing such ownership interest. An investor’s interest in a Retail Certificate will be recorded, in integral multiples of \$1,000, on the records of the brokerage firm, bank, thrift institution or other financial intermediary (a “financial intermediary”) that maintains such investor’s account for such purpose. In turn, the

financial intermediary's record ownership of such Certificate will be recorded, in integral multiples of \$1,000, on the records of the Depository (or of a Depository Participant that acts as agent for the financial intermediary if such intermediary is not a Depository Participant). Therefore, the investor must rely on the foregoing arrangements to evidence its interest in the Retail Certificates. Beneficial ownership of Retail Certificates may be transferred only by compliance with the procedures of an investor's financial intermediary and of the Depository Participants. In general, beneficial ownership of the Retail Certificates will be subject to the rules, regulations and procedures governing the Depository and Depository Participants as in effect from time to time.

Method of Distribution

Each distribution of principal and interest on the Retail Certificates will be distributed by the Paying Agent to the Depository in immediately available funds. The Depository will be responsible for crediting the amount of such distributions to the accounts of the Depository Participants entitled thereto, in accordance with the Depository's normal procedures, which currently provide for distributions in next-day funds settled through the New York Clearing House. Each Depository Participant and each financial intermediary will be responsible for disbursing such distributions to the beneficial owners of the Retail Certificates that it represents.

Retail Interest Distributions

Interest to be distributed on the Retail Certificates on each Distribution Date will consist of one month's interest at the per annum rate of 7.75% on the outstanding principal balance of such Certificates immediately prior to such Distribution Date. For further discussion, see "Distributions of Interest" herein.

Retail Principal Distributions

General. Distributions of principal of the Retail Certificates on any Distribution Date (collectively, a "Retail Principal Distribution") will be made, in each case in integral multiples of \$1,000, in accordance with the priorities and limitations set forth herein. On each Distribution Date, the Depository will determine the portion of the Retail Principal Distribution, if any, to be made on Retail Certificates held for the account of each Depository Participant. Each Depository Participant and each financial intermediary will in turn determine the portion of the Retail Principal Distribution to be made on the Retail Certificates held for the account of each investor that it represents.

Rounding of Retail Principal Distributions. On each Distribution Date on which amounts are available for the distribution of principal of the Retail Certificates (as described under "Distributions of Principal" herein), the amount of such distribution will be rounded, as necessary, to an amount equal to an integral multiple of \$1,000. Such rounding will be accomplished on the first Distribution Date on which a Retail Principal Distribution is made by withdrawing from the Retail Cash Deposit the amount of funds, if any, needed to round the amount otherwise allocable as principal of the Retail Certificates to the next higher integral multiple of \$1,000. On each succeeding Distribution Date on which a Retail Principal Distribution is to be made, the aggregate amount allocable to the Retail Certificates will be applied first to repay any funds withdrawn from the Retail Cash Deposit on the preceding Distribution Date, and then the remainder of such allocable amount, if any, will be similarly rounded upward and applied as a Retail Principal Distribution. This procedure will continue on succeeding Distribution Dates until the principal balance of the Retail Certificates has been reduced to zero. Thus, the Retail Principal Distribution on any Distribution Date may be slightly more or less than would be the case in the absence of such rounding procedures, but such difference will in no event exceed \$999.99 on any Distribution Date. The aggregate of all Retail Principal Distributions made through any Distribution Date will in no event be less than would have been the case in the absence of such rounding procedures.

Retail Principal Distribution by Random Lot. On each Distribution Date on which a Retail Principal Distribution is to be made, the Retail Certificates in respect of which distributions of principal are to be made (in integral multiples of \$1,000) will be determined in accordance with the then applicable random lot procedures of the Depository and the established procedures of the Depository Participants and financial intermediaries. Accordingly, a Depository Participant or financial intermediary may elect to allot such Retail Principal Distribution to the accounts of some investors (which could include such Depository Participant or financial intermediary) without allotting such distributions to the accounts of other investors.

Tax Information. Information allowing beneficial owners of the Retail Certificates to calculate properly the taxable income attributable to the Retail Certificates will be made available by Fannie Mae to Depository Participants and financial intermediaries as required by federal income tax law. Financial intermediaries, in turn, will be obligated to supply such information to individuals and other beneficial owners who are not “exempt recipients.” Beneficial owners should be aware, however, that generally such information need not be furnished before March 15 of any calendar year following a calendar year in which income accrues on a Retail Certificate. Prospective investors in the Retail Certificates also should be aware that beneficial owners of Retail Certificates should treat any premium and any market discount with respect to such Certificates in the same manner as beneficial owners of other “regular interests” in a REMIC. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates” in the REMIC Prospectus. Because the Retail Certificates will not receive payments of principal on a pro rata basis, however, a payment in full of a Retail Certificate may be treated as a prepayment for purposes of the premium and market discount rules. Additional tax consequences affecting beneficial owners of Retail Certificates are discussed under “Certain Additional Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates” herein and “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates” in the REMIC Prospectus.

Certain Principal Distribution Considerations

Because the rate of Retail Principal Distributions is dependent upon the rate of principal distributions (including prepayments) on the Group 1 Mortgage Loans and the priority sequence affecting principal distributions on the Group 1 Classes described under “Distributions of Principal—Group 1 Principal Distribution Amount” herein, no assurance can be given as to the Distribution Date on which the Retail Certificates will begin to receive principal distributions, as to the rate at which such distributions will continue thereafter or as to the date on which the principal balance of all the Retail Certificates will be distributed in full. In addition, it is possible that certain investors in the Retail Certificates may not receive Retail Principal Distributions until the Final Distribution Date for such Class. Any investor who purchases a Retail Certificate at a premium (or a discount) should consider the risk that relatively early (or late) principal distributions following issuance of the Certificates could result in an actual yield that is lower than such investor’s anticipated yield. Furthermore, since prevailing interest rates are subject to fluctuation, there can be no assurance that investors in the Retail Certificates will be able to reinvest the distributions thereon at yields equaling or exceeding the yield on the Retail Certificates. It is possible that yields on any such reinvestment will be lower, and may be significantly lower, than the yield on the Retail Certificates. Prospective investors in the Retail Certificates should carefully consider the related reinvestment risks in light of other investments that may be available to such investors. See “Distributions of Principal,” “Yield Considerations” and “Weighted Average Lives of the Certificates” herein.

As described under “Distributions of Principal” herein, the amount of principal allocated on each Distribution Date to the Retail Certificates primarily will depend on the sufficiency of the Group 1 Principal Distribution Amount (as defined herein) to reduce to zero the principal balances of those Classes of Certificates that have higher principal payment priorities than the Retail Certificates. As a result, the amount of principal distributable on the Retail Certificates on any Distribution Date will be very sensitive to the level of prepayments of the Group 1 Mortgage Loans.

The following table shows the amounts that would be available for distributions of principal of the Retail Certificates during the periods indicated at various constant percentages of PSA (as defined under “Structuring Assumptions—*Prepayment Assumptions*” herein), based on the allocations of principal described under “Distributions of Principal—*Group 1 Principal Distribution Amount*” herein. The amounts shown have been calculated on the basis of the Pricing Assumptions (as defined herein) and on the assumption that principal distributions on the Retail Certificates are not rounded to integral multiples of \$1,000 and are made on the 25th day of each month in which such distributions are required to be made. **Because of the distribution priorities and allocations described above and because investors in the Retail Certificates will receive principal distributions in integral multiples of \$1,000, there is no assurance that any investor will receive a distribution of principal on any particular Distribution Date.**

Aggregate Retail Principal Distributions
(for illustrative purposes only)
(Amounts in thousands)

Twelve Consecutive Months Through	PSA Prepayment Assumption					
	50%	100%	150%	230%	350%	500%
July 1995	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
July 1996	0	0	0	0	0	0
July 1997	0	0	0	0	0	0
July 1998	0	0	0	0	0	0
July 1999	0	0	0	0	0	1,548
July 2000	0	0	0	0	0	3,602
July 2001	0	0	0	0	1,955	2,350
July 2002	0	0	0	0	2,498	0
July 2003	0	0	0	0	1,955	0
July 2004	0	0	0	1,772	1,092	0
July 2005	0	0	0	1,779	0	0
July 2006	0	0	0	1,521	0	0
July 2007	0	0	173	1,300	0	0
July 2008	0	0	1,505	1,110	0	0
July 2009	0	0	1,367	18	0	0
July 2010	0	0	1,241	0	0	0
July 2011	0	134	1,126	0	0	0
July 2012	0	1,337	1,022	0	0	0
July 2013	0	1,270	927	0	0	0
July 2014	0	1,207	140	0	0	0
July 2015	0	1,148	0	0	0	0
July 2016	0	1,093	0	0	0	0
July 2017	1,293	1,042	0	0	0	0
July 2018	1,662	268	0	0	0	0
July 2019	1,686	0	0	0	0	0
July 2020	1,712	0	0	0	0	0
July 2021	1,147	0	0	0	0	0
July 2022	0	0	0	0	0	0
July 2023	0	0	0	0	0	0
July 2024	0	0	0	0	0	0
Total Principal Payments*	<u>\$7,500</u>	<u>\$7,500</u>	<u>\$7,500</u>	<u>\$7,500</u>	<u>\$7,500</u>	<u>\$7,500</u>

* Total principal payments may not equal the sums of the respective columns due to rounding.

There can be no assurance that the Group 1 Mortgage Loans will have the assumed characteristics or will prepay at any of the *constant* rates shown in the table or at any other particular rate, or that the amounts available for distribution of principal of the Retail Certificates will correspond to any

of the amounts shown herein. The rates of Retail Principal Distributions will be directly related to the actual amortization and prepayments of the Group 1 Mortgage Loans, which will likely include Mortgage Loans that have remaining terms to maturity shorter or longer than those assumed and interest rates higher or lower than those assumed. As a result, the amounts available for distribution of principal of the Retail Certificates are likely to differ from those shown in the table above even if all the Group 1 Mortgage Loans prepay at the indicated constant percentages of PSA. In particular, the diverse remaining terms to maturity of the Group 1 Mortgage Loans could produce lower yields than those produced by Mortgage Loans having the assumed characteristics. In addition, it is not likely that the Group 1 Mortgage Loans will prepay at a constant level of PSA until maturity or that all of such Mortgage Loans will prepay at the same rate. The timing of changes in the rate of prepayments may significantly affect the actual amounts available for distribution of principal to an investor (and the resulting yield to maturity), even if the average rate of principal prepayments is consistent with an investor's expectation. In general, the earlier the payment of principal of the Group 1 Mortgage Loans, the greater the effect on an investor's yield to maturity. As a result, the effect on an investor's yield of principal prepayments occurring at a rate slower (or faster) than the rate anticipated by the investor during the period immediately following the issuance of the Retail Certificates will not be equally offset by a subsequent like increase (or decrease) in the rate of principal prepayments. Investors must make their own decisions as to the appropriate prepayment assumption to be used in deciding whether to purchase the Retail Certificates.

The weighted average lives of the Retail Certificates shown in the table referenced under "Decrement Tables" herein apply to such Class taken as a whole; as a result of the distribution priorities and allocations described above, the weighted average lives of the Retail Certificates beneficially owned by individual investors may vary significantly from the weighted average life of the Class as a whole. Although distributions of principal and interest on the Retail Certificates are guaranteed by Fannie Mae as described herein, Fannie Mae can give no assurance as to any particular principal distribution scenario, as to any particular weighted average life for the Retail Certificates or as to the date or dates on which any particular investor will receive distributions of principal. In addition, there is no assurance that procedures of the financial intermediaries or the Depository will not change. Investors in the Retail Certificates should understand, as should investors in the other Classes of Certificates, that they are assuming all risks and benefits associated with the rate of principal distributions on such Certificates, whether such rate is rapid or slow, and with variations in such rate from time to time. Investors in the Retail Certificates should also consider that the effective yields to Holders of the Retail Certificates will be lower than the yields otherwise produced because principal and interest payable on a Distribution Date will not be distributed until the 25th day following the end of the related Interest Accrual Period and will not bear interest during such delay.

Investment Determination

The Retail Certificates may not be an appropriate investment for all prospective investors. The Retail Certificates, like the other Classes of Certificates, would not be an appropriate investment for any investor requiring a particular distribution of principal on a specific date or an otherwise predictable stream of principal distributions. There is no assurance that any investor in the Retail Certificates will receive a principal distribution (in integral multiples of \$1,000) on any particular Distribution Date. Any investor who purchases a Retail Certificate at a premium (or a discount) should consider the risk that relatively early (or late) principal distributions following issuance of the Certificates could result in an actual yield that is lower than such investor's anticipated yield. In addition, although the Dealer intends to make a secondary market in the Retail Certificates, it has no obligation to do so, and any such market making may be discontinued at any time. There is no assurance that such a secondary market will develop, that any such market will continue or that information on any such secondary market will be as readily available as information regarding certain other types of investments. The price of the Retail Certificates in any such secondary market will be affected by various factors, and the volatility of such price may differ from that evidenced by certain other types of investments. Finally, there can be no assurance that the price at which an investor may

be able to sell a Retail Certificate will be the same as the purchase price at which such investor purchased such Certificate.

The Trust MBS and the Group 1 Mortgage Loans

The Trust MBS underlying the Certificates will have the aggregate unpaid principal balance and Pass-Through Rate set forth below and the general characteristics described in the MBS Prospectus. The Trust MBS will provide that principal and interest on the Mortgage Loans underlying the Trust MBS (the “Group 1 Mortgage Loans”) will be passed through monthly, commencing on the 25th day of the month following the month of initial issuance of the Trust MBS (or, if such 25th day is not a business day, on the first business day next succeeding such day). The Group 1 Mortgage Loans will be conventional Level Payment Mortgage Loans secured by a first mortgage or deed of trust on a one- to four-family (“single-family”) residential property and having an original maturity of up to 30 years, as described under “The Mortgage Pools” and “Yield Considerations” in the MBS Prospectus. The characteristics of the Trust MBS and the Group 1 Mortgage Loans as of July 1, 1994 (the “Issue Date”) are expected to be as follows:

Aggregate Unpaid Principal Balance	\$412,500,000
MBS Pass-Through Rate	8.00%
Range of WACs (per annum percentages)	8.25% to 10.50%
Range of WAMs	241 months to 360 months
Approximate Weighted Average WAM	358 months
Approximate Weighted Average CAGE	2 months

The Class 87-F REMIC Certificates, the Underlying REMIC Certificates and the Group 2 Mortgage Loans

The Class 87-F REMIC Certificates represent beneficial interests in the 1994-87 Trust, the assets of which consist of the Underlying REMIC Certificates. For a further discussion of the 1994-87 Trust and the Class 87-F REMIC Certificates, see the 1994-87 Prospectus Supplement.

The Underlying REMIC Certificates represent beneficial ownership interests in the Underlying REMIC Trust, the assets of which evidence the direct or indirect beneficial ownership interests in certain MBS having the general characteristics set forth in the MBS Prospectus. Each such 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 and having an original maturity of up to 15 years, as described under “The Mortgage Pools” and “Yield Considerations” in the MBS Prospectus. The Underlying REMIC Certificates and the Class 87-F REMIC Certificates each provide that principal and/or interest payments thereon will be made monthly, commencing on the 25th day of the month following the initial issuance thereof (or, in each case, if such 25th day is not a business day, on the first business day next succeeding such 25th day).

The table contained in Appendix A hereto sets forth certain information with respect to the Class 87-F REMIC Certificates and the Underlying REMIC Certificates, including the numerical designation of the related trust, the class designation of such certificates, 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 Lower Tier REMIC or the 1994-87 Trust, as applicable, the current principal factor for such class and the current principal balance of such class contained in the Lower Tier REMIC or the 1994-87 Trust, as applicable, 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 1994-33 MBS (the “Group 2 Mortgage Loans”) as of the Issue Date and the underlying security type.

Prepayment Considerations and Risks

The rate of distributions of principal of the A, B, C, CC, D, E, G, H, J and ZQ Classes will be sensitive in varying degrees to the rate of principal payments of the Group 1 Mortgage Loans and the characteristics of the Group 1 Mortgage Loans actually included in the related Pool.

The rate of distributions of principal of the F, FA, FB, FC, FD, FE, FG and FP Classes will be sensitive in varying degrees to the rate of principal distributions on the Class 87-F REMIC Certificates. The rate of principal distributions on the Class 87-F REMIC Certificates will be the same as the rate of principal distributions on the Underlying REMIC Certificates, which in turn will be very sensitive to the rate of principal payments of the Group 2 Mortgage Loans and the priority sequences affecting principal distributions on the Underlying REMIC Certificates. One class of Underlying REMIC Certificates is a Notional class, has no principal balance and is entitled to receive only interest distributions. The other class of Underlying REMIC Certificates is a Component class consisting of three components. Two components of such class of Underlying REMIC Certificates have Principal Balance Schedules; however, prepayments on the Group 2 Mortgage Loans may have occurred at a rate faster or slower than that initially assumed in the Underlying Prospectus Supplement. The third component is a Support component that receives principal payments on any Distribution Date only if scheduled payments have been made on the PAC classes and components issued by the Underlying REMIC Trust. Accordingly, there is no assurance that principal distributions will be made on such component on any particular Distribution Date. There is no information in this Prospectus Supplement as to whether the Underlying REMIC Certificates have performed as originally anticipated. Such information may be obtained by performing an analysis of current Fannie Mae principal factors in the context of applicable information contained in the Underlying Prospectus Supplement. It should be noted that there may have been material changes in facts and circumstances since the date the Underlying Prospectus Supplement was 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 document.

Final Data Statement

Following the issuance of the Certificates, Fannie Mae will prepare a Final Data Statement setting forth, among other things, the current principal balance of the Class 87-F REMIC Certificates as of the Issue Date and the Pool number, the current WAC (or original WAC, if the current WAC is not available) and the current WAM (or Adjusted WAM, if the current WAM is not available) of the Group 1 Mortgage Loans, along with the weighted average of all the current or original WACs and the weighted average of all the current or Adjusted WAMs, based on the current unpaid principal balances of the Group 1 Mortgage Loans as of the Issue Date. The Final Data Statement will not accompany this Prospectus Supplement but will be made available by Fannie Mae. To request the Final Data Statement, telephone Fannie Mae at 1-800-BEST-MBS or 202-752-8547. The contents of the Final Data Statement and other data specific to the Certificates are available in electronic form by calling Fannie Mae at 1-800-752-6440 or 202-752-6000.

Distributions of Interest

Categories of Classes

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

<u>Interest Type*</u>	<u>Classes</u>
Fixed Rate	All Classes except the Floating Rate, R and RL Classes
Floating Rate	F, FA, FB FC, FD, FE, FG and FP
Interest Only	CA
Accrual	ZQ
Excess	RL
No Payment Residual	R

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

General. The interest-bearing Certificates will bear interest at the respective per annum interest rates set forth on the cover or described herein. Interest on the interest-bearing Certificates is calculated on the basis of a 360-day year consisting of twelve 30-day months and is distributable monthly on each Distribution Date, commencing (except with respect to any Accrual Classes) in the month after the Settlement Date. Interest to be distributed or, in the case of any Accrual Classes, added to principal on each interest-bearing Certificate on a Distribution Date will consist of one month’s interest on the outstanding principal balance of such Certificate immediately prior to such Distribution Date. In addition, if on any Distribution Date occurring on or prior to the March 1995 Distribution Date, interest distributed on the Class 87-F REMIC Certificates is insufficient to make required interest distributions on the Floating Rate Classes, the Cash Deposit will be applied to the extent necessary to make such required interest distributions.

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

<u>Classes</u>	<u>Interest Accrual Period</u>
F, FA, FB, FC, FD, FE, FG and FP (collectively, the “No Delay Classes”)	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
All other interest-bearing Classes (collectively, the “Delay Classes”)	Calendar month preceding the month in which the Distribution Date occurs

See “Yield Considerations” herein.

Notional Class. The CA Class will be a Notional Class. A Notional Class will have no principal balance and will bear interest at the per annum interest rate set forth on the cover or described herein during each Interest Accrual Period on the related notional principal balance. The notional principal balance of the Notional Class will be equal to the indicated percentage of the outstanding principal balance of the following Class immediately prior to the related Distribution Date:

<u>Class</u>	<u>Percentage of Principal Balance of Specified Class</u>
CA	3.125% of the CC Class

The notional principal balance of a Notional Class is used for purposes of the determination of interest distributions thereon and does not represent an interest in the principal distributions of the MBS or the underlying Mortgage Loans. Although a Notional Class will not have a principal balance,

a REMIC Trust Factor (as described herein) will be published with respect to any such Class that will be applicable to the notional principal balance thereof, and references herein to the principal balances of the Certificates generally shall be deemed to refer also to the notional principal balance of any Notional Class.

Accrual Class. The ZQ Class is an Accrual Class. Interest will accrue on the Accrual Class at the per annum rate set forth on the cover hereof; however, such interest will not be distributed until the Distribution Date following the Distribution Date on which the principal balance of the J Class has been reduced to zero. Interest so accrued and unpaid on the Accrual Class will be added as principal to the principal balance thereof on each Distribution Date. Distributions of principal of the Accrual Class will be distributed as described herein.

Floating Rate Classes. Each of the following Classes will bear interest during its initial Interest Accrual Period (or, in the case of the F Class, during its initial three Interest Accrual Periods) 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(1)	5.000%	9.50%	0.45%	LIBOR + 45 basis points
FB	5.075%	9.50%	0.45%	LIBOR + 45 basis points
FD	4.950%	9.50%	0.45%	LIBOR + 45 basis points
FC	4.930%	9.48%	0.43%	LIBOR + 43 basis points
FE	4.970%	9.52%	0.47%	LIBOR + 47 basis points
FP	5.075%	9.50%	0.45%	LIBOR + 45 basis points
FG	4.950%	9.50%	0.45%	LIBOR + 45 basis points
FA	4.950%	9.50%	0.45%	LIBOR + 45 basis points

(1) The F Class will bear interest during its initial three Interest Accrual Periods, ending October 24, 1994, at its Initial Interest Rate set forth in the table above.

In addition, if on any Distribution Date occurring on or prior to the March 1995 Distribution Date, interest distributed on the Class 87-F REMIC Certificates is insufficient to make required interest distributions on the Floating Rate Classes, the Cash Deposit will be applied to the extent necessary to make such required interest distributions.

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

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

Calculation of LIBOR

On each Index Determination Date, until the principal balances of the F, FA, FB, FC, FD, FE, FG and FP Classes (the "LIBOR Classes") have been reduced to zero, Fannie Mae will establish LIBOR for the related Interest Accrual Period in the manner described in the REMIC Prospectus under

“Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes—*LIBOR*.”

If on the initial Index Determination Date, Fannie Mae is unable to determine LIBOR in the manner specified in the REMIC Prospectus, LIBOR for the next succeeding Interest Accrual Period will be 4.5%.

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>
Group 1 Classes	
Sequential	A, B, C, CC, D and ZQ
Notional	CA
Accretion Directed	E, G, H and J
Liquid Asset	E
Retail	CC
Group 2 Classes	
Strip	F, FA, FC and FE
Sequential	FB and FD
Scheduled	FP
Support	FG
No Payment Residual	R and RL

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

Principal Distribution Amount

Principal will be distributed monthly on the Certificates in an amount (the “Principal Distribution Amount”) equal to the sum of (i) the aggregate distributions of principal concurrently made on the Trust MBS (the “Group 1 Principal Distribution Amount”), (ii) the aggregate distributions of principal concurrently made on the Class 87-F REMIC Certificates (the “Group 2 Principal Distribution Amount”) and (iii) any interest accrued and added on such Distribution Date to the principal balance of the Accrual Class (the “Accrual Amount”).

Accrual Amount

On each Distribution Date, the interest, if any, accrued and added to the principal balance of the ZQ Class will be distributed, sequentially, as principal of the E, G, H and J Classes, in that order, until the respective principal balances thereof are reduced to zero, and thereafter to the ZQ Class.

Accretion
Directed
and
Accrual
Classes

Group 1 Principal Distribution Amount

On each Distribution Date, the Group 1 Principal Distribution Amount will be distributed as principal of the Group 1 Classes, in the order and proportions set forth in the following table, until the principal balances thereof are reduced to zero:

	<u>Class listed in the preceding column</u>	<u>CC Class</u>	<u>D Class</u>	
A	100%	0%	0%	} Sequential and Accretion Directed Classes
B	100%	0%	0%	
C	88.2156609467%	11.7843390533%	0%	
E	97.4262040187%	0%	2.5737959813%	
G	97.4262040187%	0%	2.5737959813%	
H	97.4262040187%	0%	2.5737959813%	
J	97.4262040187%	0%	2.5737959813%	
ZQ	97.4262040187%	0%	2.5737959813%	

Group 2 Principal Distribution Amount

On each Distribution Date, the Group 2 Principal Distribution Amount will be distributed as principal of the Group 2 Classes as follows:

- (a) 74.8785710259% of such amount, concurrently, to the F, FC, FE and FA Classes, in proportion to their original principal balances (or 71.4285714286%, 3.5714285714%, 3.5714285714% and 21.4285714286%, respectively), until the principal balances thereof are reduced to zero; } Strip
Classes
- (b) 11.6596632026% of such amount, sequentially, to the FB and FD Classes, in that order, until the respective principal balances thereof are reduced to zero; and } Sequential
Classes
- (c) 13.4617657715% of such amount, to the FP and FG Classes, in the following order of priority:
 - (i) to the FP Class, until the principal balance thereof is reduced to its Scheduled Balance for such Distribution Date; } Scheduled
Class
 - (ii) to the FG Class, until the principal balance thereof is reduced to zero; and } Support
Class
 - (iii) to the FP Class, without regard to its Scheduled Balance and until the principal balance thereof is reduced to zero. } Scheduled
Class

Structuring Assumptions

Pricing Assumptions. Unless otherwise specified, the information in the tables in this Prospectus Supplement has been prepared, based on (i) the actual characteristics of each Pool underlying the 1994-33 MBS and the priority sequences affecting the principal distributions on the Underlying

REMIC Certificates, and (ii) the following assumptions (such characteristics and assumptions, collectively, the “Pricing Assumptions”):

- each Group 1 Mortgage Loan bears interest at a rate of 8.55% per annum and the following principal amounts of the Group 1 Mortgage Loans have the remaining terms to maturity and CAGEs, respectively, as specified:

\$123,750,000	360 months	0 months
\$103,125,000	359 months	1 month
\$ 82,500,000	358 months	2 months
\$ 61,875,000	356 months	4 months
\$ 41,250,000	352 months	8 months

- the Mortgage Loans prepay at the *constant* percentages of PSA specified in the related table;
- the closing date for the sale of the Certificates is the Settlement Date; and
- the first Distribution Date for the Certificates occurs in the month following the Settlement Date.

Prepayment Assumptions. Prepayments of mortgage loans commonly are measured relative to a prepayment standard or model. The model used in this Prospectus Supplement is the Public Securities Association’s standard prepayment model (“PSA”). To assume a specified rate of PSA (for example, 230% 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. It is highly unlikely that prepayments will occur at any PSA rate or at any other constant rate.

Structuring Range. The Principal Balance Schedule has been prepared on the basis of the Pricing Assumptions and the assumption that the Group 2 Mortgage Loans prepay at a *constant* PSA rate within the Structuring Range set forth below.

<u>Related Class</u>	<u>Structuring Range</u>
FP	Between 100% and 150%

There is no assurance that the principal balance of the Class listed above will conform on any Distribution Date to the applicable balance specified for such Distribution Date in the Principal Balance Schedule herein, or that distributions of principal on the related Class will begin or end on the respective Distribution Dates specified therein. Because any excess of the principal distribution on any Distribution Date over the amount necessary to reduce the applicable Class to its scheduled balance will be distributed, the ability to so reduce such Class will not be enhanced by the averaging of high and low principal payments from month to month. In addition, even if prepayments occur at rates falling within the Structuring Range specified above, principal distributions may be insufficient to reduce the applicable Class to its scheduled balance if such prepayments do not occur at a *constant* PSA rate. Moreover, because of the diverse remaining terms to maturity of the Group 2 Mortgage Loans (which will include recently originated Mortgage Loans), the Class specified above may not be reduced to its scheduled balance, even if prepayments occur at a *constant* rate within the Structuring Range specified above.

Initial Effective Range. The Effective Range for a Class is the range of prepayment rates (measured by *constant* PSA rates) that would reduce such Class to its Principal Balance Schedule on

each Distribution Date. The Initial Effective Range set forth in the table below is based upon the assumed characteristics of the Group 2 Mortgage Loans specified in the Pricing Assumptions.

<u>Related Class</u>	<u>Initial Effective Range</u>
FP	Between 100% and 150%

The actual Effective Range at any time will be based upon the actual characteristics of the Group 2 Mortgage Loans at such time, which are likely to vary (and may vary considerably) from the Pricing Assumptions. The actual Effective Range calculated on the basis of the actual characteristics likely will differ from the Initial Effective Range. As a result, the Scheduled Class might not be reduced to its scheduled balance even if prepayments were to occur at a *constant* PSA rate within the Initial Effective Range (particularly if such rate were at the lower or higher end of such range). In addition, even if prepayments occur at rates falling within the actual Effective Range, principal distributions may be insufficient to reduce the Scheduled Class to its scheduled balance if such prepayments do not occur at a *constant* PSA rate. It is highly unlikely that the Group 2 Mortgage Loans will prepay at any *constant* PSA rate. In general, the actual Effective Range may narrow, widen or shift upward or downward to reflect actual prepayment experience over time. The principal payment stability of the Scheduled Class will be supported in part by the FG Class. When the FG Class is retired, the Scheduled Class will no longer have an Effective Range and will be more sensitive to prepayments.

Principal Balance Schedule

<u>Distribution Date</u>	<u>FP Class Scheduled Balance</u>	<u>Distribution Date</u>	<u>FP Class Scheduled Balance</u>
Initial Balance	\$20,000,000.00	April 1999	\$ 7,078,509.05
August 1994	19,839,271.63	May 1999	6,902,860.10
September 1994	19,672,194.23	June 1999	6,728,124.46
October 1994	19,498,909.67	July 1999	6,554,297.33
November 1994	19,319,490.54	August 1999	6,381,373.95
December 1994	19,134,012.76	September 1999	6,209,349.57
January 1995	18,942,555.58	October 1999	6,037,898.28
February 1995	18,745,201.51	November 1999	5,866,321.31
March 1995	18,542,036.26	December 1999	5,694,645.65
April 1995	18,333,148.67	January 2000	5,522,897.41
May 1995	18,118,630.68	February 2000	5,351,101.86
June 1995	17,898,577.23	March 2000	5,179,283.46
July 1995	17,673,086.22	April 2000	5,007,465.87
August 1995	17,442,258.42	May 2000	4,835,671.97
September 1995	17,206,197.40	June 2000	4,663,923.91
October 1995	16,965,009.44	July 2000	4,492,243.09
November 1995	16,718,803.51	August 2000	4,320,650.20
December 1995	16,467,691.09	September 2000	4,149,165.25
January 1996	16,211,786.18	October 2000	3,977,807.59
February 1996	15,951,205.17	November 2000	3,806,595.89
March 1996	15,686,066.73	December 2000	3,635,548.21
April 1996	15,416,604.01	January 2001	3,464,681.98
May 1996	15,143,609.64	February 2001	3,294,014.05
June 1996	14,867,523.86	March 2001	3,124,002.61
July 1996	14,588,732.35	April 2001	2,955,011.29
August 1996	14,307,519.01	May 2001	2,787,046.22
September 1996	14,026,787.11	June 2001	2,620,113.06
October 1996	13,747,369.09	July 2001	2,454,217.05
November 1996	13,469,258.20	August 2001	2,289,363.02
December 1996	13,192,447.71	September 2001	2,125,555.36
January 1997	12,916,930.96	October 2001	1,962,798.10
February 1997	12,642,701.28	November 2001	1,801,094.88
March 1997	12,388,335.33	December 2001	1,694,072.66
April 1997	12,137,105.48	January 2002	1,591,336.27
May 1997	11,887,078.51	February 2002	1,490,377.69
June 1997	11,638,248.21	March 2002	1,391,157.04
July 1997	11,390,608.39	April 2002	1,293,635.51
August 1997	11,144,152.90	May 2002	1,197,775.29
September 1997	10,898,875.62	June 2002	1,103,539.52
October 1997	10,654,770.45	July 2002	1,010,892.31
November 1997	10,411,831.34	August 2002	919,798.68
December 1997	10,170,052.25	September 2002	830,224.56
January 1998	9,929,427.20	October 2002	742,136.73
February 1998	9,689,950.21	November 2002	655,502.86
March 1998	9,451,615.35	December 2002	570,291.40
April 1998	9,259,313.98	January 2003	498,031.47
May 1998	9,072,322.12	February 2003	434,226.47
June 1998	8,886,303.11	March 2003	371,161.44
July 1998	8,701,251.84	April 2003	308,825.49
August 1998	8,517,163.22	May 2003	247,207.97
September 1998	8,334,032.20	June 2003	186,298.43
October 1998	8,151,853.77	July 2003	126,086.66
November 1998	7,970,622.90	August 2003	66,562.63
December 1998	7,790,334.64	September 2003	7,716.52
January 1999	7,610,984.04	October 2003 and thereafter	0.00
February 1999	7,432,566.16		
March 1999	7,255,076.12		

Yield Considerations

General. The yield to maturity for each Certificate will depend upon the purchase price thereof, the rate of principal payments on the related Mortgage Loans, the actual characteristics of such Mortgage Loans and, in the case of the Group 2 Classes, the level of the Index and the priority sequence affecting distributions on the Underlying REMIC Certificates. There can be no assurance that the pre-tax yields shown herein or that the aggregate purchase price of the related Certificates will be as assumed. An investor should purchase Certificates only after performing an analysis of such Certificates based upon the investor's own assumptions as to future rates of prepayments and, if applicable, levels of the Index.

There can be no assurance that the Group 1 Mortgage Loans will have the characteristics assumed herein or that any of the Mortgage Loans will prepay at any of the rates assumed herein or at any other particular rate. Because the rate of principal distributions on the Certificates will be related to the rate of amortization of the related Mortgage Loans, which, in the case of the Group 1 Mortgage Loans, are likely to include Mortgage Loans with remaining terms to maturity shorter or longer than those assumed and interest rates higher or lower than those assumed, the rate of principal distributions on the related Certificates is likely to differ from the rate anticipated by an investor, even if all Mortgage Loans prepay at the indicated constant percentages of PSA. In addition, it is not likely that all Mortgage Loans will prepay at the same rate or that the level of the Index will remain constant.

The rate of distributions of principal of the Group 1 Classes will be related to the rate of principal distributions on the Trust MBS, which in turn will be related to the amortization (including prepayments) of the Group 1 Mortgage Loans. The rate of distributions of principal of the Group 2 Classes will be directly related to the rate of principal distributions on the Class 87-F REMIC Certificates, which comprise a portion of a Strip class that receives a constant portion of the principal payments on the Underlying REMIC Certificates. The Underlying REMIC Certificates in turn will be sensitive to the amortization (including prepayments) of the Group 2 Mortgage Loans and the priority sequences affecting principal distributions on the Underlying REMIC Certificates. One class of Underlying REMIC Certificates is a Notional class, has no principal balance and is entitled to receive only interest distributions. The other class of Underlying REMIC Certificates is a Component class consisting of three components. Two components of such class of Underlying REMIC Certificates have Principal Balance Schedules; however, prepayments on the Group 2 Mortgage Loans may have occurred at a rate faster or slower than that initially assumed in the Underlying Prospectus Supplement. The third component is a Support component that receives principal payments on any Distribution Date only if scheduled payments have been made on the PAC classes and components issued by the Underlying REMIC Trust. Accordingly, there is no assurance that principal distributions will be made on such component on any particular Distribution Date. There is no information in this Prospectus Supplement as to whether the Underlying REMIC Certificates have performed as originally anticipated. Such information may be obtained by performing an analysis of current Fannie Mae principal factors in the context of applicable information contained in the Underlying Prospectus Supplement. It should be noted that there may have been material changes in facts and circumstances since the date the Underlying Prospectus Supplement was 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 document.

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

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

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

The Interest Only Class. As indicated in the table below, the yield to investors in the CA Class will be sensitive to the rate of principal payments (including prepayments) of the Group 1 Mortgage Loans, which generally can be prepaid at any time. On the basis of the assumptions described below, the yield to maturity on the CA Class would be 0% if prepayments were to occur at a constant rate of approximately 431% PSA. If the actual prepayment rate of the Group 1 Mortgage Loans were to exceed the foregoing level for as little as one month while equaling such level for the remaining months, the investors in the CA Class would not fully recoup their initial investments.

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

<u>Class</u>	<u>Price*</u>
CA.....	51.42184%

* 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 CA Class to Prepayments (Pre-Tax Yields to Maturity)

<u>Class</u>	<u>PSA Prepayment Assumptions</u>				
	<u>50%</u>	<u>100%</u>	<u>230%</u>	<u>350%</u>	<u>500%</u>
CA.....	15.5%	14.9%	11.0%	4.9%	(4.5)%

Weighted Average Lives of the Certificates

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

In general, the weighted average lives of the Certificates will be shortened if the level of prepayments of principal of the related Mortgage Loans increases. However, the weighted average lives will depend upon a variety of other factors, including the timing of changes in such rate of principal payments, the priority sequence of distributions of principal of the Classes, and the priority sequences affecting principal distributions on the Underlying REMIC Certificates. See “Distributions of Principal” herein and “Distributions of Principal” in the Underlying Prospectus Supplement and for a description of the factors which may influence the weighted average life of the Underlying REMIC Certificates, see “Description of the Certificates—Weighted Average Lives of the Certificates” in the Underlying Prospectus Supplement.

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

Decrement Tables

The following tables indicate the percentages of original principal balances of the specified Classes that would be outstanding after each of the dates shown at various *constant* PSA levels and the corresponding weighted average lives of such Classes. The tables have been prepared on the basis of the Pricing Assumptions, except that with respect to the information set forth for each such Class under 0% PSA it has been assumed that (a) each Group 1 Mortgage Loan bears an interest rate of 10.50% per annum and has an original and remaining term to maturity of 360 months and (b) each Group 2 Mortgage Loan bears an interest rate of 9.00% per annum and has an original term to maturity of 180 months and a remaining term to maturity of 176 months. It is not likely that (i) all of the underlying Mortgage Loans will have the interest rates, CAGEs or remaining terms to maturity assumed or (ii) the underlying Mortgage Loans will prepay at a *constant* PSA level. In addition, the diverse remaining terms to maturity of the Mortgage Loans in the related Mortgage Loan Group (which will include recently originated Mortgage Loans) could produce slower or faster principal distributions than indicated in the tables at the specified *constant* PSA levels, even if the distributions of the weighted average remaining terms to maturity and the distributions of the weighted average CAGEs of the Mortgage Loans related to a particular Class are identical to the applicable distributions of the remaining terms to maturity and CAGEs specified in the Pricing Assumptions.

Percent of Original Principal Balances Outstanding

Date	A Class					B Class					C, CC*** and CA† Classes					E Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	230%	350%	500%	0%	100%	230%	350%	500%	0%	100%	230%	350%	500%	0%	100%	230%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
July 1995	99	96	92	89	85	100	100	100	100	100	100	100	100	100	100	81	81	81	81	81
July 1996	98	88	76	66	53	100	100	100	100	100	100	100	100	100	100	61	61	61	61	61
July 1997	97	78	56	38	18	100	100	100	100	100	100	100	100	100	100	40	40	40	40	40
July 1998	96	68	38	16	0	100	100	100	100	62	100	100	100	100	100	16	16	16	16	16
July 1999	95	59	23	0	0	100	100	100	91	0	100	100	100	100	79	0	0	0	0	0
July 2000	93	50	10	0	0	100	100	100	21	0	100	100	100	100	31	0	0	0	0	0
July 2001	92	41	0	0	0	100	100	95	0	0	100	100	100	74	0	0	0	0	0	0
July 2002	90	34	0	0	0	100	100	47	0	0	100	100	100	41	0	0	0	0	0	0
July 2003	88	26	0	0	0	100	100	5	0	0	100	100	100	15	0	0	0	0	0	0
July 2004	86	19	0	0	0	100	100	0	0	0	100	100	76	0	0	0	0	0	0	0
July 2005	84	13	0	0	0	100	100	0	0	0	100	100	53	0	0	0	0	0	0	0
July 2006	81	6	0	0	0	100	100	0	0	0	100	100	32	0	0	0	0	0	0	0
July 2007	78	*	0	0	0	100	100	0	0	0	100	100	15	0	0	0	0	0	0	0
July 2008	75	0	0	0	0	100	74	0	0	0	100	100	*	0	0	0	0	0	0	0
July 2009	72	0	0	0	0	100	47	0	0	0	100	100	0	0	0	0	0	0	0	0
July 2010	68	0	0	0	0	100	22	0	0	0	100	100	0	0	0	0	0	0	0	0
July 2011	63	0	0	0	0	100	0	0	0	0	100	98	0	0	0	0	0	0	0	0
July 2012	58	0	0	0	0	100	0	0	0	0	100	80	0	0	0	0	0	0	0	0
July 2013	53	0	0	0	0	100	0	0	0	0	100	63	0	0	0	0	0	0	0	0
July 2014	47	0	0	0	0	100	0	0	0	0	100	47	0	0	0	0	0	0	0	0
July 2015	40	0	0	0	0	100	0	0	0	0	100	32	0	0	0	0	0	0	0	0
July 2016	33	0	0	0	0	100	0	0	0	0	100	17	0	0	0	0	0	0	0	0
July 2017	25	0	0	0	0	100	0	0	0	0	100	4	0	0	0	0	0	0	0	0
July 2018	16	0	0	0	0	100	0	0	0	0	100	0	0	0	0	0	0	0	0	0
July 2019	5	0	0	0	0	100	0	0	0	0	100	0	0	0	0	0	0	0	0	0
July 2020	0	0	0	0	0	71	0	0	0	0	100	0	0	0	0	0	0	0	0	0
July 2021	0	0	0	0	0	8	0	0	0	0	100	0	0	0	0	0	0	0	0	0
July 2022	0	0	0	0	0	0	0	0	0	0	52	0	0	0	0	0	0	0	0	0
July 2023	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2024	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	17.9	6.3	3.5	2.6	2.1	26.4	15.0	8.0	5.6	4.2	28.0	19.9	11.3	7.8	5.7	2.5	2.5	2.5	2.5	2.5

Date	G Class					H Class					J Class					ZQ Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	230%	350%	500%	0%	100%	230%	350%	500%	0%	100%	230%	350%	500%	0%	100%	230%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
July 1995	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	108	108	108	108	108
July 1996	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	117	117	117	117	117
July 1997	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	127	127	127	127	127
July 1998	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	138	138	138	138	138
July 1999	87	87	87	87	87	100	100	100	100	100	100	100	100	100	100	149	149	149	149	149
July 2000	49	49	49	49	49	100	100	100	100	100	100	100	100	100	100	161	161	161	161	161
July 2001	8	8	8	8	0	100	100	100	100	77	100	100	100	100	100	175	175	175	175	175
July 2002	0	0	0	0	0	48	48	48	48	0	100	100	100	100	16	189	189	189	189	189
July 2003	0	0	0	0	0	0	0	0	0	0	95	95	95	95	0	205	205	205	205	142
July 2004	0	0	0	0	0	0	0	0	0	0	79	79	79	58	0	222	222	222	222	98
July 2005	0	0	0	0	0	0	0	0	0	0	62	62	62	0	0	240	240	240	219	67
July 2006	0	0	0	0	0	0	0	0	0	0	44	44	44	0	0	260	260	260	169	46
July 2007	0	0	0	0	0	0	0	0	0	0	23	23	23	0	0	282	282	282	131	31
July 2008	0	0	0	0	0	0	0	0	0	0	1	1	1	0	0	305	305	305	100	21
July 2009	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	307	307	257	77	14
July 2010	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	307	307	214	59	10
July 2011	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	307	307	177	44	7
July 2012	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	307	307	146	33	4
July 2013	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	307	307	119	25	3
July 2014	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	307	307	97	19	2
July 2015	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	307	307	78	14	1
July 2016	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	307	307	62	10	1
July 2017	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	307	307	48	7	1
July 2018	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	307	268	37	5	*
July 2019	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	307	217	27	3	*
July 2020	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	307	168	19	2	*
July 2021	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	307	122	13	1	*
July 2022	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	307	77	8	1	*
July 2023	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	271	34	3	*	*
July 2024	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	6.0	6.0	6.0	6.0	6.0	8.0	8.0	8.0	8.0	7.1	11.6	11.6	11.6	10.1	7.7	29.5	26.4	18.8	14.5	10.9

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

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

*** The weighted average lives shown in the table for the CC Class apply to such Class taken as a whole. As a result of the distribution percentage and allocation described herein, the weighted average lives of the CC Certificates beneficially owned by individual investors may vary significantly from the weighted average life of the Class taken as a whole.

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

Date	D Class					F, FC, FE and FA Classes					FB Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	230%	350%	500%	0%	100%	230%	350%	500%	0%	100%	230%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
July 1995	100	100	100	100	100	95	91	88	87	85	95	90	87	86	84
July 1996	100	100	100	100	100	90	79	72	69	65	89	77	69	66	61
July 1997	100	100	100	100	100	84	66	55	50	41	82	63	51	46	36
July 1998	100	100	100	100	100	77	55	41	36	25	75	51	36	30	18
July 1999	100	100	100	100	100	71	47	31	25	16	68	42	25	19	8
July 2000	100	100	100	100	100	63	38	22	17	9	60	33	15	10	1
July 2001	100	100	100	100	97	57	30	15	11	5	53	24	7	3	0
July 2002	100	100	100	100	67	50	22	10	6	3	46	15	2	0	0
July 2003	100	100	100	100	46	43	15	7	4	2	38	7	0	0	0
July 2004	100	100	100	92	32	35	11	5	3	1	30	3	0	0	0
July 2005	100	100	100	71	22	27	8	4	2	1	21	*	0	0	0
July 2006	100	100	100	55	15	16	6	2	1	*	8	0	0	0	0
July 2007	100	100	100	43	10	9	3	1	*	*	1	0	0	0	0
July 2008	100	100	100	33	7	4	1	*	*	*	0	0	0	0	0
July 2009	100	100	84	25	5	0	0	0	0	0	0	0	0	0	0
July 2010	100	100	70	19	3	0	0	0	0	0	0	0	0	0	0
July 2011	100	100	58	14	2	0	0	0	0	0	0	0	0	0	0
July 2012	100	100	48	11	1	0	0	0	0	0	0	0	0	0	0
July 2013	100	100	39	8	1	0	0	0	0	0	0	0	0	0	0
July 2014	100	100	32	6	1	0	0	0	0	0	0	0	0	0	0
July 2015	100	100	25	4	*	0	0	0	0	0	0	0	0	0	0
July 2016	100	100	20	3	*	0	0	0	0	0	0	0	0	0	0
July 2017	100	100	16	2	*	0	0	0	0	0	0	0	0	0	0
July 2018	100	87	12	2	*	0	0	0	0	0	0	0	0	0	0
July 2019	100	71	9	1	*	0	0	0	0	0	0	0	0	0	0
July 2020	100	55	6	1	*	0	0	0	0	0	0	0	0	0	0
July 2021	100	40	4	*	*	0	0	0	0	0	0	0	0	0	0
July 2022	100	25	2	*	*	0	0	0	0	0	0	0	0	0	0
July 2023	88	11	1	*	*	0	0	0	0	0	0	0	0	0	0
July 2024	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	29.5	26.4	18.8	13.5	9.6	7.7	5.2	4.1	3.6	3.0	7.2	4.6	3.5	3.1	2.6

Date	FD Class					FP Class						FG Class					
	PSA Prepayment Assumption					PSA Prepayment Assumption						PSA Prepayment Assumption					
	0%	100%	230%	350%	500%	0%	100%	150%	230%	350%	500%	0%	100%	150%	230%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
July 1995	100	100	100	100	100	94	88	88	88	88	88	100	100	93	88	82	74
July 1996	100	100	100	100	100	87	73	73	73	73	73	100	100	80	68	51	32
July 1997	100	100	100	100	100	80	57	57	57	57	52	100	100	68	47	23	0
July 1998	100	100	100	100	100	72	44	44	44	44	31	100	100	60	33	6	0
July 1999	100	100	100	100	100	63	33	33	33	32	20	100	100	54	25	0	0
July 2000	100	100	100	100	100	54	22	22	22	22	12	100	100	52	22	0	0
July 2001	100	100	100	100	63	46	12	12	13	14	7	100	100	51	22	0	0
July 2002	100	100	100	78	33	38	5	5	7	8	3	100	89	51	22	0	0
July 2003	100	100	89	47	20	29	1	1	4	5	2	100	71	51	22	0	0
July 2004	100	100	64	31	12	19	0	0	1	3	1	100	54	41	22	0	0
July 2005	100	100	44	20	7	8	0	0	0	2	1	100	41	30	18	0	0
July 2006	100	69	27	11	3	0	0	0	0	1	*	78	28	20	11	0	0
July 2007	100	40	14	5	1	0	0	0	0	1	*	42	16	11	6	0	0
July 2008	44	12	4	1	*	0	0	0	0	*	*	18	5	3	2	0	0
July 2009	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2010	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2011	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2012	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2013	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2014	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2015	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2016	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2017	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2018	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2019	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2020	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2021	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2022	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2023	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2024	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	13.9	12.7	11.0	9.5	7.9	6.4	3.9	3.9	3.9	4.0	3.4	12.9	10.6	7.2	4.6	2.1	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.

Characteristics of the R and RL Classes

The R and RL Classes will not have principal balances and will not bear interest. The Holder of the R Class will be entitled to receive the proceeds of the remaining assets of the Trust, including the Retail Cash Deposit, after the principal balances of all Classes have been reduced to zero, and the Holders of the RL Class will be entitled to receive the proceeds of the remaining assets of the Lower Tier REMIC, if any, after the principal balances of the Lower Tier Interests have been reduced to zero. It is not anticipated that there will be any material assets remaining in either such circumstance. In addition, the Holders of the RL Class will be entitled to receive, on each Distribution Date through the Distribution Date in March 1995, the excess, if any, of the Cash Deposit, after giving effect to distributions on such Distribution Date on the Group 2 Classes, over the Required Cash Deposit for such Distribution Date. The “Required Cash Deposit” for any Distribution Date through the Distribution Date occurring in March 1995 is (i) the amount of interest that would accrue on the aggregate outstanding principal balance of the Group 2 Classes from such Distribution Date through the Distribution Date occurring in March 1995, assuming that LIBOR on each Index Determination Date during such period is above 9.05%, minus (ii) the amount of interest that would accrue during such period on the then current principal balance of the Class 87-F REMIC Certificates at a rate of 5.00% per annum.

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

The Holder of the R Class will be considered to be the holder of the “residual interest” in the REMIC constituted by the Trust, and the 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 R Class or the RL Class that may be required under the Code.

CERTAIN ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES

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

REMIC Elections and Special Tax Attributes

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

As a consequence of the qualification of the 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 Notional Class and the Accrual Class will be, and certain other Classes of Certificates may be, issued with original issue discount for federal income tax purposes, which generally will result in recognition of some taxable income in advance of the receipt of the cash attributable to such income. The Prepayment Assumption that will be used in determining the rate of accrual of original issue discount will be 230% 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 MBS 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, certain Classes of Certificates may be treated as having been issued at a premium for federal income tax purposes. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Certificates Purchased at a Premium*” in the REMIC Prospectus.

Additional tax consequences affecting beneficial owners of Retail Certificates are discussed under “Description of the Certificates—The Retail Certificates—*Retail Principal Distributions—Tax Information*” herein.

Taxation of Beneficial Owners of Residual Certificates

Under the Regulations, neither the R 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 120% of the “federal long-term rate.” The rate will be published on or about June 20, 1994. 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.

PLAN OF DISTRIBUTION

General. The Dealer will receive the Certificates in exchange for the Trust MBS and the Class 87-F 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.

Increase in Certificates. Prior to the Settlement Date, Fannie Mae and the Dealer may agree to offer hereby Group 1 Classes of Certificates in addition to those contemplated as of the date hereof. In such event, the Trust MBS will be increased in principal balance, but it is expected that all additional Trust MBS will have the same characteristics as described herein under “Description of the Certificates—The Trust MBS.” The proportion that the original principal balance of each Group 1 Class bears to the aggregate original principal balance of all the Group 1 Classes of Certificates will remain the same. The dollar amounts reflected in the Aggregate Retail Principal Distributions table will be increased in pro rata amounts that correspond to the increase of the principal balance of the Retail Certificates.

LEGAL MATTERS

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

1994-87 Trust

1994-87 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 Lower Tier REMIC	July 1994 Class Factor	Principal Balance in the Lower Tier REMIC as of the Issue Date	Approximate Weighted Average WAC	Approximate Weighted Average WAM (in months)	Approximate Weighted Average CAGE (in months)	Underlying Security Type
1994-87	F	June 1994	31359HZ98	(2)	FLT	March 2009	STP	\$333,699,496	56.4293818798%	0.992909450	\$186,969,380	N/A	N/A	N/A	MBS

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

(2) The Class 87-F REMIC Certificates bear interest during their interest accrual periods, subject to the Maximum and Minimum Interest Rate, at the rate determined as described below:

Class	Maximum Interest Rate	Minimum Interest Rate	Formula for Calculation of Interest Rate
87-F*	9.50%	0.45%	LIBOR + 45 basis points

* The Class 87-F REMIC Certificates will bear interest through the Interest Accrual Period ending March 24, 1995, at 5.00%.

See “Description of the Certificates—Distributions of Interest” in the 1994-87 Prospectus Supplement and “Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes” in the REMIC Prospectus for a description of LIBOR.

In addition, if on any Distribution Date occurring on or prior to the March 1995 Distribution Date, interest distributed on the Class 87-F REMIC Certificates is insufficient to make required interest distributions on the Group 2 Classes, the Cash Deposit will be applied to the extent necessary to make such required interest distributions. See “Description of the Certificates—Distributions of Interest—*General*” herein.

Underlying REMIC Certificates

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Underlying REMIC 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 1994-87 Trust	July 1994 Class Factor	Principal Balance in the 1994-87 Trust as of the Issue Date	Approximate Weighted Average WAC	Approximate Weighted Average WAM (in months)	Approximate Weighted Average CAGE (in months)	Underlying Security Type
1994-33	F	March 1994	31359HAN4	(4)	FLT	March 2009	CPT(2)(3)	\$468,634,669	81.0866167833%	0.974509950	\$ 370,313,780	6.958%	173	6	MBS
1994-33	S	March 1994	31359HAP9	(4)	INV/IO	March 2009	NTL	(5)	10.8508512509	0.974509950	(5)	6.958	173	6	MBS

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

(2) The F1 and F2 Components with respect to the Class 33-F REMIC Certificates have Principal Balance Schedules; however, prepayments on the Group 2 Mortgage Loans may have occurred at a rate faster or slower than that initially assumed. This Prospectus Supplement contains no information as to whether such Components 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 of such Underlying REMIC Certificates in the context of applicable information contained in the Underlying Prospectus Supplement, which may be obtained from Fannie Mae as described herein.

(3) The F3 Component with respect to the Class 33-F REMIC Certificates is a Support component issued by the Underlying REMIC Trust that receives principal payments on any Distribution Date only if scheduled payments have been made on the PAC classes and components issued by the Underlying REMIC Trust. Accordingly, there is no assurance that principal distributions will be made on such component of Underlying REMIC Certificates on any particular Distribution Date.

(4) These classes bear interest during their respective interest accrual periods, subject to the applicable Maximum and Minimum Interest Rates, at the respective rates determined as described below:

Class	Maximum Interest Rate	Minimum Interest Rate	Formula for Calculation of Interest Rate
33-F*	8.50%	0.40%	LIBOR + 40 basis points
33-S*	8.10	0.00	8.1% – LIBOR

* The Class 33-F and Class 33-S REMIC Certificates will bear interest through the Interest Accrual Period ending March 24, 1995, at 4.10% and 4.40%, respectively.

See “Description of the Certificates—Distribution of Interest” in the Underlying Prospectus Supplement and “Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes” in the REMIC Prospectus for a description of LIBOR.

(5) The Class 33-S REMIC Certificates have no principal balance and bear interest on their notional principal balance in an aggregate amount initially equal to \$368,634,669. The notional principal balance of the Class 33-S REMIC Certificates in the 1994-87 Trust as of the Issue Date is \$38,980,397. The notional principal balance of the Class 33-S REMIC Certificates is calculated based on the principal balance of the Class 33-F REMIC Certificates.

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

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\$599,469,380

**Federal National
Mortgage Association**



**Guaranteed REMIC
Pass-Through Certificates
Fannie Mae REMIC Trust 1994-89**

PROSPECTUS SUPPLEMENT

**Kidder, Peabody & Co.
Incorporated**

June 16, 1994