

\$30,160,000  
Federal National Mortgage Association



Guaranteed REMIC Pass-Through Certificates  
Fannie Mae REMIC Trust 1995-15  
Individual Investor Class (LL Class)

The LL Class (the "Retail Class" or "Retail Certificates") offered hereby is part of an issue of Guaranteed REMIC Pass-Through Certificates (the "Certificates"), and represents beneficial ownership interests in Fannie Mae REMIC Trust 1995-15 (the "Trust"). The assets of the Trust will consist of (i) certain of the Class 84-K REMIC Certificates (the "Underlying REMIC Certificate") evidencing ownership interests in Fannie Mae REMIC Trust 1992-84 (the "Underlying REMIC Trust") and (ii) a non-interest bearing cash deposit of \$999.99 (the "Retail Cash Deposit"). Distributions of principal and interest to the Retail Certificates will be derived solely from payments on the Underlying REMIC Certificate and any amounts withdrawn from the Retail Cash Deposit. The assets of the Underlying REMIC Trust evidence beneficial ownership interests in certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (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 Retail Cash Deposit will be applied as described herein. The Certificates will be issued and guaranteed as to timely distribution of principal and interest by Fannie Mae. The other Classes of Certificates (the "Non-Retail Classes"), having an aggregate original notional principal balance of \$30,160,000, are being offered by means of a separate Prospectus Supplement dated August 15, 1995. Only the Retail Certificates are offered hereby. Lehman Brothers Inc., including Lehman Government Securities Inc. ("Lehman Brothers"), is to receive the Certificates in exchange for the Underlying REMIC Certificate pursuant to a Fannie Mae commitment. The Dealers (as defined below) propose to sell the Certificates to the public as described below and under "Plan of Distribution" 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.

Interest on the Retail Certificates at the per annum rate set forth on the cover hereof will be distributed on the 25th day of each month (or, if such 25th is not a business day, on the first business day next succeeding such 25th day), commencing in September 1995 (each, a "Distribution Date"). See "Description of the Retail Certificates—Distributions of Interest" herein.

(Cover continued on next page)

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

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

Class	Original Principal Balance	Interest Rate	CUSIP Number	Final Distribution Date
LL .....	\$30,160,000(1)	7.375%	31359LXC4	January 2021(2)

- (1) The Retail Certificates will be offered in \$1,000 increments ("Retail Class Units") as described herein. See "Description of the Retail Certificates" herein.  
(2) Any exercise of the right of optional liquidation of the Trust by the Holder of the R Class will effect early retirement of the Certificates. See "Description of the Retail Certificates—General—Optional Liquidation" and "Weighted Average Lives of the Retail Certificates" herein and "Description of the Certificates—Weighted Average Life and Final Distribution Dates" in the REMIC Prospectus.

The Retail Certificates will be offered by Lehman Brothers and Edward D. Jones & Co. (the "Dealers") from time to time in negotiated transactions or otherwise at varying prices to be determined at the time of sale.

The Retail Certificates will be offered by the Dealers, subject to issuance by Fannie Mae and to prior sale, withdrawal or modification of the offer without notice, the approval of counsel and other conditions. It is expected that delivery of the Retail Certificates will be made through the facilities of The Depository Trust Company on or about August 30, 1995.

LEHMAN BROTHERS

EDWARD D. JONES & Co.

August 15, 1995

(Cover continued from previous page)

The principal distribution on the Retail Certificates on each Distribution Date, subject to slight variations due to rounding, will be in an amount equal to the aggregate distribution of principal concurrently made on the Underlying REMIC Certificate. On each Distribution Date, distributions of principal of the Retail Certificates will be allocated as described under "Description of the Retail Certificates—Distributions of Principal" herein. The Trust is subject to early termination only under the limited circumstances described herein under "Description of the Retail Certificates—General—Optional Liquidation" and "Optional Termination by Fannie Mae" and in the REMIC Prospectus under "The Trust Agreement—Termination."

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 specific date or an otherwise predictable stream of principal distributions. In addition, although certain of the Dealers intend to make a secondary market in the Retail Certificates, none of the Dealers is obligated to do so, and any such market making may be discontinued at any time. There can be no assurance that a secondary market will develop or, if developed, that it will continue. Thus, investors may not be able to sell their Retail Certificates readily or at prices that will enable them to realize their anticipated yield. 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 or higher than the price at which such investor purchased such Retail Certificate; in fact, such price may be lower and, under certain circumstances, may be substantially lower than the original price for such Retail Certificate. No investor should purchase Retail Certificates unless such investor understands and is able to bear the risk that the value of the Retail Certificates will fluctuate over time and that the Retail Certificates may not be readily salable. See "Description of the Retail Certificates" herein.

The yield to investors in the Retail Certificates will be sensitive to, among other things, (i) any exercise of the right of optional liquidation of the Trust by the Holder of the R Class as described under "Description of the Retail Certificates—General—Optional Liquidation" herein, (ii) the allocation of principal distributions as described under "Description of the Retail Certificates—Characteristics of the Retail Certificates—Retail Principal Distributions" herein and (iii) the rate of principal distributions on the Underlying REMIC Certificate, which in turn will be related to the amortization (including prepayments) of the related Mortgage Loans and the priority sequence affecting principal distributions on the Underlying REMIC Certificate. The Underlying REMIC Certificate has a Principal Balance Schedule and is not scheduled to receive principal payments until June 2005. In addition, the Underlying REMIC Certificate is subordinate in priority of distribution to certain other classes of certificates evidencing beneficial ownership interests in the Underlying REMIC Trust. Accordingly, it is possible that the Underlying REMIC Certificate (and thus the Retail Certificates offered hereby) will receive no distributions of principal for an extended period. As a result of the foregoing characteristics, distributions of principal in respect of the Retail Certificates during certain periods may occur at a slower rate than would otherwise have been the case. However, prepayments on the related Mortgage Loans have occurred at a relatively high rate and, as a result, the related Support securities are no longer outstanding. There can be no assurance that the related Mortgage Loans will prepay at any particular rate or that the Underlying REMIC Certificate will in the future adhere to its Principal Balance Schedule. Information relating to the performance of the Underlying REMIC Certificate may be obtained by performing an analysis of the current Fannie Mae principal factor of the Underlying REMIC Certificate in the context of applicable information contained in the Underlying Prospectus Supplement (as defined below), which may be obtained from Fannie Mae as described herein.

The actual final payment of the Retail Certificates will likely occur earlier, and could occur much earlier, than the Final Distribution Date for such Certificates specified on the cover page. In particular, any exercise of the right of optional liquidation of the Trust by the Holder of the R Class as described herein will effect the early retirement of the Retail Certificates. See "Description of the Retail Certificates—General—Optional Liquidation" and "Weighted Average Lives of the Retail Certificates" herein and "Description of the Certificates—Weighted Average Life and Final Distribution Dates" in the REMIC Prospectus. It is expected that the exercise of such right of optional liquidation by the Holder of the R Class will occur in a declining interest rate environment, but there can be no assurance in this regard. If such option is exercised, investors may be unable to reinvest the final payment of the Retail Certificates at yields equaling the yield on the Retail Certificates. See "Description of the Retail Certificates—Reinvestment Risk" herein.

In addition, the yield to maturity on the Retail Certificates may vary depending on the extent to which such Class is purchased at a discount or premium. Holders of the Retail Certificates should consider, in the case of any Retail Certificates purchased at a discount, the risk that a slower than anticipated rate of principal payments could result in an actual yield that is lower than the anticipated yield and, in the case of any Retail Certificates purchased at a premium, the risk that a faster than anticipated rate of principal payments could result in an actual yield that is lower than the anticipated yield. See "Description of the Retail Certificates—Yield Considerations" herein.

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 Underlying REMIC Trust (the "Underlying Prospectus Supplement") or the MBS Prospectus. Any representation to the contrary is a criminal offense.

An election will be made to treat the Trust as a "real estate mortgage investment conduit" ("REMIC") pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). See "Certain Additional Federal Income Tax Consequences" herein, 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 November 1, 1994 (the "MBS Prospectus");
- Fannie Mae's Information Statement dated March 31, 1995 and any supplements thereto (collectively, the "Information Statement"); and
- The Underlying Prospectus Supplement.

The MBS Prospectus and the Information Statement are incorporated herein by reference and, together with 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, other than the Underlying Prospectus Supplement, may also be obtained from the Dealers by writing or calling Edward D. Jones & Co. at 20 American Industrial Drive, Maryland Heights, Missouri 63043 (telephone 814-951-3479).

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## REFERENCE SHEET

### Individual Investor Class (LL Class)

**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 Retail Certificates only after reading this Prospectus Supplement and each of the additional Disclosure Documents described herein in their entirety.**

#### Description

The Retail Certificates represent an indirect interest in the 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 Retail Certificates—*Fannie Mae Guaranty*” herein.

#### Investment Objective

The Retail Certificates have been structured principally to provide monthly distributions to individual investors for the long-term portions of their investment portfolios. Each individual investor should determine, in consultation with his or her investment advisor, whether or not the Retail Certificates satisfy his or her specified investment objectives. See “Description of the Retail Certificates—Characteristics of the Retail Certificates—*Investment Determination*” 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. Certain of the Dealers intend to make a market for the purchase and sale of the Retail Certificates after their initial issuance, but none of the Dealers is 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 Retail Certificates—Characteristics of 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 Class Units (as defined herein), 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 Retail Certificates—Characteristics of 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 the Retail Certificates is likely to have declined. See “Description of the Retail Certificates—Characteristics of the Retail Certificates—*Certain Principal Distribution Considerations*” herein.

In addition, the actual final payment of the Retail Certificates will likely occur earlier, and could occur much earlier, than the Final Distribution Date for such Certificates specified on the cover page. In particular, any exercise of the right of optional liquidation of the Trust by the Holder of the R Class as described herein will effect the early retirement of the Retail Certificates. See “Description of the Retail Certificates—General—*Optional Liquidation*” and “Weighted Average Lives of the Retail Certificates” herein and “Description of the Certificates—Weighted Average Life and Final Distribution Dates” in the REMIC Prospectus. It is expected that the exercise of such right of optional liquidation by the Holder of the R Class will occur in a declining interest rate environment, but there can be no assurance in this regard. If such option is exercised, investors may be unable to reinvest the final payment of the Retail Certificates at yields equaling the yield on the Retail Certificates. See “Description of the Retail Certificates—Reinvestment Risk” herein.

### Characteristics of the Underlying REMIC Certificate

The table contained in Exhibit A hereto sets forth information with respect to the Underlying REMIC Certificate, including certain information regarding the Mortgage Loans underlying such class. Certain additional information as to the Underlying REMIC Certificate may be obtained by performing an analysis of the current Fannie Mae principal factor for the Underlying REMIC Certificate in the context of applicable information contained in the Underlying Prospectus Supplement, which may be obtained from Fannie Mae as described herein. See “Description of the Retail Certificates—The Underlying REMIC Certificate” herein.

### Interest Payments

The first distribution of interest on each Retail Class Unit will be made on September 25, 1995 in an amount equal to approximately \$6.14. Distributions of interest in that approximate amount on each monthly Distribution Date will continue on each Retail Class Unit until such Unit is retired. See “Description of the Retail Certificates—Distributions of Interest” herein.

### Distributions of Principal

On each Distribution Date, the Principal Distribution Amount (as defined herein) will be distributed as principal of the Retail Class.

### Weighted Average Lives (in years)\*

Class	PSA Prepayment Assumption				
	0%	125%	220%	350%	650%
LL**	24.1	13.4	10.5	6.8	3.4

\* Determined as described under “Description of the Retail Certificates—Weighted Average Lives of the Retail Certificates” in this Prospectus Supplement, and subject to the assumptions and qualifications in that section. The weighted average life of the Class of Retail Certificates will be influenced by whether the Holder of the R Class exercises the option to liquidate the Trust as described under “Description of the Retail Certificates—General—*Optional Liquidation*” herein. The weighted average lives shown do not reflect the exercise of such option. Prepayments will not occur at any assumed rate shown or any other constant rate, and the actual weighted average lives of the Retail Certificates are likely to differ from those shown, perhaps significantly.

\*\* The weighted average lives shown in the table for the Class of Retail Certificates apply to such Class as a whole and are not likely to reflect the experience of any investor in the Retail Certificates. As a result of the distribution allocation described under “Description of the Retail Certificates—Characteristics of the Retail Certificates—*Retail Principal Distributions*” herein, the weighted average lives of Retail Class Units beneficially owned by individual investors may vary significantly from the weighted average life of the Retail Class taken as a whole. See “Description of the Retail Certificates—Characteristics of the Retail Certificates—*Certain Principal Distribution Considerations*” herein.

## DESCRIPTION OF THE RETAIL CERTIFICATES

The following summaries describing certain provisions of the Retail Certificates do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the remaining provisions of the 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 Retail Certificates will be issued and guaranteed by the Federal National Mortgage Association (“Fannie Mae”), a corporation organized and existing under the laws of the United States, under the authority contained in Section 304(d) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 *et seq.*). A description of Fannie Mae and its business, together with certain financial statements and other financial information are contained in the Information Statement incorporated herein by reference. The Retail Certificates will be issued pursuant to a trust agreement dated as of September 1, 1987, as supplemented by an issue supplement thereto, dated as of August 1, 1995 (together, the “Trust Agreement”), executed by Fannie Mae in its corporate capacity and in its capacity as trustee (the “Trustee”). The Trust will be created pursuant to the Trust Agreement, and an election will be made to treat the Trust as a REMIC for federal income tax purposes.

The Non-Retail Classes (other than the R Class) and the Retail Class will be designated as the “regular interests,” and the R Class will be designated as the “residual interest,” in the REMIC constituted by the Trust.

The assets of the Trust will consist of (i) the Underlying REMIC Certificate and (ii) a non-interest bearing cash deposit of \$999.99 (the “Retail Cash Deposit”). The Certificates will evidence the entire beneficial ownership interest in the distributions of principal and interest on the Underlying REMIC Certificate and in the Retail Cash Deposit. The Retail Cash Deposit will be used, if necessary, to round the amount applied as principal of the Retail Certificates to an amount equal to an integral multiple of \$1,000, as described herein.

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

**Authorized Denominations.** The Retail Certificates will be issued in an integral number of units (the “Retail Class Units”), each of which will be deemed to have an initial value as set forth herein.

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

*REMIC Trust Factors.* As soon as practicable following the eleventh calendar day of each month, Fannie Mae will publish or otherwise make available for the Class of Retail Certificates the factor (carried to eight decimal places) which, 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, after giving effect to the distribution of principal to be made on the following Distribution Date. As a result, the factor for the Class of 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 Class of Retail Certificates, any rounding of the distribution of principal thereof will be disregarded.

*Optional Liquidation.* On any Distribution Date occurring on or after the Distribution Date in September 1998, at the option of the Holder of the R Class, the Trust may adopt a plan of complete liquidation pursuant to which the Holder of the R Class, or its designee, will purchase the Underlying REMIC Certificate at a price (the "Purchase Price") equal to the sum of (i) 100% of the outstanding principal balance of the Underlying REMIC Certificate immediately prior to such Distribution Date (the "Liquidation Distribution Date") and (ii) an amount equal to the aggregate interest accrued at the applicable interest rate on the Retail Class and the Non-Retail Classes during the period from and including the first day of the month in which the Liquidation Distribution Date occurs, to but excluding the Liquidation Distribution Date (the "Liquidation Accrual Period"). The Holder of the R Class, however, may not exercise this option unless (i) Fannie Mae and the Dealers have received, on or before the last business day of the month immediately preceding the month in which the Liquidation Distribution Date occurs, written notice from the Holder of the R Class of the intention to exercise such option and (ii) on or before the first business day of the month in which the Liquidation Distribution Date occurs, Fannie Mae shall have received from the Holder of the R Class (x) the Purchase Price for the Underlying REMIC Certificate, (y) the R Certificate (however, such Holder will be the Holder of record of the R Class until the Trust has been liquidated) and (z) an opinion of counsel, satisfactory to Fannie Mae, that such purchase will be part of a "qualified liquidation" of the Trust within the meaning of Section 860F (a) (4) (A) of the Code. Fannie Mae will deliver the Underlying REMIC Certificate to the Holder of the R Class upon satisfaction of the foregoing conditions.

Upon such liquidation, on the Liquidation Distribution Date, Holders of the Class of Retail Certificates will receive an amount equal to the sum of (x) the outstanding principal balance of such Class immediately prior to the Liquidation Distribution Date, (y) interest accrued thereon during the related Interest Accrual Period, and (z) an amount equal to interest accrued during the Liquidation Accrual Period on the outstanding principal balance of the Retail Class immediately prior to the Liquidation Distribution Date at the per annum rate of 7.375%. In addition, on the Liquidation Distribution Date, Fannie Mae will remit to the Holder of the R Class an amount equal to the sum of (i) the Retail Cash Deposit, (ii) any principal then distributable on the Underlying REMIC Certificate and (iii) interest accrued during the Liquidation Accrual Period on the outstanding principal balance of the Underlying REMIC Certificate immediately prior to the Liquidation Distribution Date. Such interest will be calculated for each day at the prevailing daily Federal Funds rate determined as of the close of business on such day, less 25 basis points. Such liquidation will effect an early retirement of all of the Certificates.

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

*Voting the Underlying REMIC Trust.* 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 vote the Underlying REMIC Certificate in accordance with instructions received from Holders of certain Classes of Certificates (including the Retail Certificates) representing beneficial ownership interests in the Underlying REMIC Certificate having principal balances or notional principal balances aggregating not less than 51% of the aggregate principal balance and notional principal balance of all such Classes outstanding. In the absence of such instructions, the Trustee will vote in a manner consistent, in its sole judgment, with the best interests of Certificateholders.

## **Characteristics of the Retail Certificates**

### *General*

The LL Class will consist of Retail Certificates. The Retail Certificates will be represented by one certificate 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 or depository selected or approved by Fannie Mae (the “Depository”). The nominee of the Depository shall be herein referred to as the “Holder” or “Certificateholder” of the Retail Certificates. The Depository will maintain the Retail Certificates in integral numbers of Retail Class Units, through its book-entry facilities. For purposes of calculating principal distributions, a Retail Class Unit for the Retail Certificates will have the respective initial principal balance set forth below:

<u>Class</u>	<u>Initial Principal Balance Per Unit</u>	<u>Number of Retail Class Units</u>
LL .....	\$1,000	30,160

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. Initially, State Street Bank and Trust Company (“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 an integral number of Retail Class Units, 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 an integral number of Retail Class Units, 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 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 State Street to the Depository in immediately available funds. The Depository will be responsible for crediting the amount of such distributions to the accounts of the Depository Participants entitled thereto, in accordance with the Depository’s normal procedures, which currently provide for distributions in same-day funds settled through the New York Clearing House. Each Depository Participant and each financial intermediary will be responsible for disbursing such distributions to the beneficial owners of the 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 7.375% on the outstanding principal balance thereof immediately prior to such Distribution Date. For further discussion, see "—Distributions of Interest" below.

### *Retail Principal Distributions*

*General.* Distributions of principal of the Retail Certificates on any Distribution Date (each, 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 Class Units 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 Class Units 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 as principal 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 Class of 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 the remaining portion of 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 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. The Retail Class may be issued with "original issue discount" for federal income tax purposes. *Prospective investors in the Retail Class should be aware that the beneficial owners of Retail Certificates must include in*

*gross income original issue discount as it accrues under a method that generally results in recognition of some taxable income in advance of receipt of the cash attributable to such income.* Prospective investors in the Retail Class also should be aware that beneficial owners of Retail Certificates should treat any premium, any original issue discount 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, original issue discount and market discount rules. Additional tax consequences affecting beneficial owners of the Retail Certificates are discussed under “Certain Additional Federal Income Tax Consequences—Taxation of Beneficial Owners of the Retail 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 related Mortgage Loans, 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 the Class of 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 equalling or exceeding the yield on the Retail Certificates. It is possible that yields on any such reinvestment may be lower, and could 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,” “Final Distribution Date,” “Reinvestment Risk” and “Weighted Average Lives of the Retail Certificates” herein.

As described under “Distributions of Principal” herein, the amount of principal distributable on each Distribution Date to the Retail Certificates will be equal to the amount of principal, if any, distributed on the Underlying REMIC Certificate. The Underlying REMIC Certificate has a Principal Balance Schedule and is not scheduled to receive principal payments until June 2005. In addition, the Underlying REMIC Certificate is subordinate in priority of distribution to certain other classes of certificates evidencing beneficial ownership interests in the Underlying REMIC Trust. Accordingly, it is possible that the Underlying REMIC Certificate (and thus the Retail Certificates offered hereby) will receive no distributions of principal for an extended period. As a result of the foregoing characteristics, distributions of principal in respect of the Certificates during certain periods may occur at a slower rate than would otherwise be the case. However, prepayments on the related Mortgage Loans have occurred at a relatively high rate and, as a result, the related Support securities are no longer outstanding. There can be no assurance that the related Mortgage Loans will prepay at any particular rate or that the Underlying REMIC Certificate will in the future adhere to its Principal Balance Schedule. Information relating to the performance of the Underlying REMIC Certificate may be obtained by performing an analysis of the current Fannie Mae principal factor for such Underlying REMIC Certificate in the context of applicable information contained in the Underlying Prospectus Supplement, which may be obtained from Fannie Mae as described above.

To illustrate the effect of prepayments on the distributions of principal of the Retail Certificates, the following table indicates the approximate aggregate distributions of principal of the Retail Certificates during the periods shown. The following table shows the amounts that would be available for distributions of principal of the Class of Retail Certificates during the periods indicated at various constant percentages of PSA (as defined under “Structuring Assumptions—*Prepayment Assumptions*” herein) based on the allocation of principal described under “Distributions of Principal” 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. **The amounts in the table are hypothetical numbers only, apply to the Class of Retail Certificates taken as a whole, and are presented solely to show the relationship between prepayments and distributions on the Class of Retail Certificates in order to assist investors in analyzing that relationship. Because of the distribution allocation 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. Investors are urged to consult their own financial advisors as to the significance of prepayments in terms of the investors’ financial and investment objectives.**

**Aggregate Retail Principal Distributions of the LL Class  
(for illustrative purposes only)\***

(Amounts in thousands)

Twelve Consecutive Months Through	PSA Prepayment Assumption				
	0%	125%	220%	350%	650%
August 1996 .....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
August 1997 .....	0	0	0	0	0
August 1998 .....	0	0	0	0	0
August 1999 .....	0	0	0	0	30,160
August 2000 .....	0	0	0	0	0
August 2001 .....	0	0	0	0	0
August 2002 .....	0	0	0	19,943	0
August 2003 .....	0	0	0	10,217	0
August 2004 .....	0	0	0	0	0
August 2005 .....	0	0	8,493	0	0
August 2006 .....	0	0	13,745	0	0
August 2007 .....	0	0	7,922	0	0
August 2008 .....	0	9,485	0	0	0
August 2009 .....	0	13,625	0	0	0
August 2010 .....	0	7,050	0	0	0
August 2011 .....	0	0	0	0	0
August 2012 .....	0	0	0	0	0
August 2013 .....	0	0	0	0	0
August 2014 .....	0	0	0	0	0
August 2015 .....	0	0	0	0	0
August 2016 .....	0	0	0	0	0
August 2017 .....	0	0	0	0	0
August 2018 .....	0	0	0	0	0
August 2019 .....	12,582	0	0	0	0
August 2020 .....	17,578	0	0	0	0
August 2021 .....	0	0	0	0	0
Total Principal Payments** .....	<u>\$30,160</u>	<u>\$30,160</u>	<u>\$30,160</u>	<u>\$30,160</u>	<u>\$30,160</u>

\* The distributions of principal of the Retail Certificates will be influenced by whether the Holder of the R Class exercises the option to liquidate the Trust as described under “Description of the Retail Certificates—General—*Optional Liquidation*” herein. The principal payments shown do not reflect the exercise of such option.

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

The foregoing table has been prepared on the basis of assumptions, some or all of which are likely to differ from actual experience. It is highly unlikely that the related Mortgage Loans will prepay at any of the *constant rates* shown in the table, that all such Mortgage Loans will prepay at the same 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 rate of principal distributions on the Underlying REMIC Certificate, which in turn will be very sensitive to the rate of payments of principal of the related Mortgage Loans.

The timing of changes in the rate of prepayments may significantly affect the actual amounts available for distribution of principal to an investor (and may affect 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 related 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 are urged to consult their own financial advisors as to the appropriate prepayment assumption to be used in deciding whether to purchase any Retail Certificates.

The weighted average life of the Class of Retail Certificates shown in the table referenced under "Decrement Table" herein apply to such Class taken as a whole; as a result of the distribution allocation described above, the weighted average lives of the Retail Certificates beneficially owned by individual investors may vary significantly from the weighted average life of such 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 such Class of 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 that they are assuming all risks and benefits associated with the rate of principal distributions on the Retail Certificates, whether such rate is rapid or slow, and with variations in such rate from time to time. Investors in 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 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 (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 the issuance of the Retail Certificates could result in an actual yield that is lower than such investor's anticipated yield. In addition, although certain of the Dealers intend to make a secondary market in the Retail Certificates, none of the Dealers is obligated 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. Thus, investors may not be able to sell

their Retail Certificates readily or at prices that will enable them to realize their anticipated yield. 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. Accordingly, 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 or higher than the purchase price at which such investor purchased such Certificate; in fact, such price may be lower and, under certain circumstances, substantially lower than the original price for such Retail Certificate.

### **The Underlying REMIC Certificate**

The Underlying REMIC Certificate represents beneficial ownership interests in the Underlying REMIC Trust, the assets of which evidence beneficial ownership interests in the MBS, which have the general characteristics set forth in the MBS Prospectus. The Underlying REMIC Certificate provides that principal and interest payments thereon will be passed through 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). Each of the MBS evidences beneficial ownership interests in a Pool of conventional Level Payment Mortgage Loans secured by a first-mortgage or deed of trust on a one- to four-family residential property, as described under "The Mortgage Pools" and "Yield Considerations" in the MBS Prospectus.

The table contained in Exhibit A hereto sets forth certain information with respect to the Underlying REMIC Certificate, including the numerical designation of the Underlying REMIC Trust, the class designation, the date of issue, the CUSIP number, the interest rate, the interest type, the final distribution date, the principal type, the original principal balance of the entire class, the percentage of such class in the Trust, the current principal factor for such class and the current principal balance of such class contained in the Trust as of August 1, 1995 (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 MBS as of the Issue Date and the underlying security type.

To request further information regarding the Underlying REMIC Certificate, telephone Fannie Mae at 1-800-BEST-MBS or 202-752-6547. Other data specific to the Underlying REMIC Certificate is available in electronic form by calling Fannie Mae at 1-800-752-6440 or 202-752-6000. It should be noted that there may have been material changes in facts and circumstances since the dates the 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.

### **Distributions of Interest**

The Retail Certificates will bear interest at the per annum interest rate set forth on the cover hereof. Interest on the Retail Certificates is calculated on the basis of a 360-day year consisting of twelve 30-day months and is distributable monthly on each Distribution Date, commencing in September 1995. Interest to be distributed on each Retail Certificate on a Distribution Date will consist of one month's interest on the outstanding principal balance of such Certificate immediately prior to such Distribution Date. Interest to be distributed on a Distribution Date will accrue on the Retail Certificates during the calendar month preceding the month in which such Distribution Date occurs (an "Interest Accrual Period"). The effective yield on the Retail Certificates will be reduced below the yield otherwise produced because interest payable with respect to an Interest Accrual Period will not be distributed until the 25th day following the end of such Interest Accrual Period and will not bear interest during such delay.

## 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>
Structured Collateral***	LL
Notional	A
Retail	LL
No Payment Residual	R

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

\*\* The Classes specified herein include the Retail Certificates offered hereby as well as the Non-Retail Classes, which are being offered by means of a separate Prospectus Supplement dated August 15, 1995.

\*\*\* A Structured Collateral Class ("SC") is designed to receive principal payments based on actual distributions on the related Underlying Securities (as defined 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 aggregate distribution of principal concurrently made on the Underlying REMIC Certificate. On each Distribution Date, the Principal Distribution Amount will be distributed as principal of the Retail Class until the principal balance thereof is reduced to zero. } Retail Class

In order to determine the principal balance of the Retail Class, multiply the original principal balance of such Class by its current Class Factor. For information about the current Class Factor call Fannie Mae at 1-800-BEST-MBS or 202-752-6547.

## Structuring Assumptions

*Pricing Assumptions.* Unless otherwise specified, the information in the tables in this Prospectus Supplement has been prepared on the basis of the actual characteristics of the related Mortgage Loans, the priority sequences affecting the principal distributions on the Underlying REMIC Certificate and the following assumptions (such characteristics and assumptions, collectively, the "Pricing Assumptions"):

- 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;
- the first Distribution Date for the Certificates occurs in the month following the Settlement Date; and
- the right to cause the optional liquidation of the Trust described herein is not exercised by the Holder of the R Class.

*Prepayment Assumptions.* Prepayments of mortgage loans commonly are measured relative to a prepayment standard or model. The model used herein is the Public Securities Association's standard prepayment model ("PSA"). To assume a specified rate of PSA (for example, 220% 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.

## Yield Considerations

*General.* There can be no assurance that the related Mortgage Loans will have the characteristics assumed herein or will prepay at any of the rates assumed herein or at any other particular rate. The rate of distributions of principal of the Retail Certificates will be related to (i) the allocation of principal distributions as described under “Description of the Retail Certificates—Characteristics of the Retail Certificates—*Retail Principal Distributions*” herein and (ii) the rate of principal distributions on the Underlying REMIC Certificate, which in turn will be related to the amortization (including prepayments) of the related Mortgage Loans and the priority sequence affecting principal distributions on the Underlying REMIC Certificate. The Underlying REMIC Certificate has a Principal Balance Schedule and is not scheduled to receive principal payments until June 2005. In addition, the Underlying REMIC Certificate is subordinate in priority of distribution to certain other classes of certificates evidencing beneficial ownership interests in the Underlying REMIC Trust. Accordingly, it is possible that the Underlying REMIC Certificate (and thus the Retail Certificates offered hereby) will receive no distributions of principal for an extended period. As a result of the foregoing characteristics, distributions of principal in respect of the Certificates during certain periods may occur at a slower rate than would otherwise have been the case. However, prepayments on the related Mortgage Loans have occurred at a relatively high rate and, as a result, the related Support securities are no longer outstanding. There can be no assurance that the Underlying REMIC Certificate will in the future adhere to its Principal Balance Schedule. Information relating to the performance of the Underlying REMIC Certificate may be obtained by performing an analysis of the current Fannie Mae principal factor for the Underlying REMIC Certificate in the context of applicable information contained in the Underlying Prospectus Supplement, which may be obtained from Fannie Mae as described herein. In addition, it is not likely that the related Mortgage Loans will prepay at a constant PSA rate until maturity or that all of such Mortgage Loans will prepay at the same rate.

In addition, any exercise of the right of optional liquidation of the Trust by the Holder of the R Class as described herein will effect the early retirement of the Certificates. See “Description of the Retail Certificates—General—*Optional Liquidation*” and “Weighted Average Lives of the Retail Certificates” herein and “Description of the Certificates—Weighted Average Life and Final Distribution Dates” in the REMIC Prospectus. It is expected that the exercise of such right of optional liquidation by the Holder of the R Class will occur in a declining interest rate environment, but there can be no assurance in this regard. The exercise of such option is likely to result in a lower than anticipated yield on the Retail Class and, in certain cases, an actual loss on the investment.

The timing of changes in the rate of prepayments as well as the distribution priorities and allocations described above may significantly affect the actual yield to maturity to investors, even if the average rate of principal prepayments is consistent with the expectations of investors. In general, the earlier the payment of principal of the related Mortgage Loans, the greater the effect on an investor’s yield to maturity. As a result, the effect on an investor’s yield of principal prepayments occurring at a rate higher (or lower) than the rate anticipated by the investor during the period immediately following the issuance of the Retail Certificates will not be offset by a subsequent like reduction (or increase) in the rate of principal prepayments. Investors must make their own decisions as to the appropriate assumptions, including prepayment assumptions, to be used in deciding whether to purchase the Retail Certificates.

The effective yield on the Retail Certificates 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. As a result of the foregoing, the market value of the Retail Certificates will be lower than

would have been the case if there were no such delay. Investors must make their own decisions as to the appropriate assumptions, including prepayment assumptions, to be used in deciding whether to purchase the Retail Certificates.

### **Final Distribution Date**

The Final Distribution Date for the Class of Retail Certificates is the date by which the principal thereof is required to be fully paid and is specified on the cover page. The Final Distribution Date of the Class of Retail Certificates has been determined so that distributions on the Underlying REMIC Certificate will be sufficient to retire such Class on or before its Final Distribution Date without the necessity of any call on Fannie Mae under its guaranty of the Certificates. However, because (i) some prepayments of the related Mortgage Loans are likely and (ii) certain of such Mortgage Loans have terms to maturity that are shorter than, and bear interest at rates that are lower than, the term to maturity and interest rate assumed in calculating such Final Distribution Date, the actual final payment of the Class of Retail Certificates likely will occur earlier, and could occur significantly earlier, than its Final Distribution Date. In addition, any exercise of the right of optional liquidation of the Trust by the Holder of the R Class as described herein will effect early retirement of the Class of Retail Certificates. However, there can be no assurance that the final distribution of principal of the Class of Retail Certificates will be earlier than the Final Distribution Date for such Class.

### **Reinvestment Risk**

Because (i) the Mortgage Loans underlying the Underlying REMIC Certificate may be prepaid at any time and (ii) the Holder of the R Class may elect to exercise its right of optional liquidation of the Trust which would effect the early retirement of the Retail Certificates, it is not possible to predict the rate at which distributions of principal of the Retail Certificates will be received. Accordingly, 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 such Retail Certificates. It is possible that yields on any such reinvestments will be lower, and may be significantly lower, than the yield on such 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 “Prepayment Considerations and Risks” herein.

### **Weighted Average Lives of the Retail Certificates**

The weighted average life of a Retail Certificate is determined by (a) multiplying the amount of the reduction, if any, of the principal balance of such Certificate from one Distribution Date to the next Distribution Date by the number of years from the Settlement Date to the second such Distribution Date, (b) summing the results and (c) dividing the sum by the aggregate amount of the reductions in principal balance of such Certificate referred to in clause (a). The weighted average life of a Retail Certificate will be influenced by whether the Holder of the R Class exercises the option to liquidate the Trust as described under “Description of the Retail Certificates—General—*Optional Liquidation*” herein. For a description of additional 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.

The weighted average lives of the Retail Certificates will be influenced by, among other factors, the rate at which principal is paid on the related Mortgage Loans. In general, the weighted average lives of the Retail 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 allocation of distributions of principal of Certificates and the priority sequence of distributions of principal of



the Underlying REMIC Certificate and the other classes evidencing beneficial ownership interests in the Underlying REMIC Trust. See “Distributions of Principal” herein and “Description of the REMIC Certificates—Distributions of Principal” in the Underlying Prospectus Supplement. In particular, if no principal is distributable on any Distribution Date on the Underlying REMIC Certificate, no principal will be distributed on the Retail Class on such Distribution Date. See “Distributions of Principal” herein.

The effects of the foregoing factors on the Class of Retail Certificates 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 Retail Certificate. Further, to the extent the price of any Retail Certificate represents a discount or premium to its respective original principal balance, variability in the weighted average life of a Retail Certificate could result in variability in the related yield to maturity. For an example of how the weighted average life of the Class of Retail Certificates as a whole is affected by the foregoing factors at various *constant* prepayment rates, see the Decrement Table below.

## Decrement Table

The following table indicates the percentages of the original principal balance of the Class of Retail Certificates that would be outstanding after each of the dates shown at various *constant* percentages of PSA and the corresponding weighted average lives of such Class. The table has been prepared on the basis of the Pricing Assumptions, except that with respect to the information set forth under 0% PSA it has been assumed that each underlying Mortgage Loan bears an interest rate of 10.00% per annum, has an original term to maturity of 360 months and has a remaining term to maturity of 322 months. It is not likely that (i) all of the related Mortgage Loans will have the interest rates, CAGEs or remaining terms to maturity assumed or (ii) such Mortgage Loans will prepay at a *constant* level of PSA. In addition, the diverse remaining terms to maturity of the related Mortgage Loans could produce slower or faster principal distributions than indicated in the table at the various *constant* percentages of PSA specified, even if the weighted average remaining term to maturity and the weighted average CAGE of such Mortgage Loans are identical to the remaining term to maturity and CAGE specified in the Pricing Assumptions.

### Percent of Original Principal Balance Outstanding

Date	LL Class*				
	PSA Prepayment Assumption				
	0%	125%	220%	350%	650%
Initial Percent.....	100	100	100	100	100
August 1996.....	100	100	100	100	100
August 1997.....	100	100	100	100	100
August 1998.....	100	100	100	100	100
August 1999.....	100	100	100	100	0
August 2000.....	100	100	100	100	0
August 2001.....	100	100	100	100	0
August 2002.....	100	100	100	34	0
August 2003.....	100	100	100	0	0
August 2004.....	100	100	100	0	0
August 2005.....	100	100	72	0	0
August 2006.....	100	100	26	0	0
August 2007.....	100	100	0	0	0
August 2008.....	100	69	0	0	0
August 2009.....	100	23	0	0	0
August 2010.....	100	0	0	0	0
August 2011.....	100	0	0	0	0
August 2012.....	100	0	0	0	0
August 2013.....	100	0	0	0	0
August 2014.....	100	0	0	0	0
August 2015.....	100	0	0	0	0
August 2016.....	100	0	0	0	0
August 2017.....	100	0	0	0	0
August 2018.....	100	0	0	0	0
August 2019.....	58	0	0	0	0
August 2020.....	0	0	0	0	0
Weighted Average					
Life (years)**.....	24.1	13.4	10.5	6.8	3.4

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

\*\* Determined as specified under "Weighted Average Lives of the Retail Certificates" herein and subject to the assumptions and qualifications in that section. The weighted average life of the Class of Retail Certificates will be influenced by whether the Holder of the R Class exercises the option to liquidate the Trust as described under "Description of the Retail Certificates—General—Optional Liquidation" herein. The weighted average lives shown do not reflect the exercise of such option.

## 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 Retail 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 Retail Certificates.

### REMIC Election and Special Tax Attributes

An election will be made to treat the Trust as a REMIC for federal income tax purposes. The Retail Class and the Non-Retail Classes of Certificates, other than the R Class, will be designated as the “regular interests,” and the R Class will be designated as the “residual interest,” in the REMIC constituted by the Trust.

As a consequence of the qualification of the Trust as a REMIC, the Retail Class generally will be treated as “qualifying real property loans” for mutual savings banks and domestic building and loan associations, “regular interests in a REMIC” for domestic building and loan associations, “real estate assets” for real estate investment trusts, and as “qualified mortgages” for other REMICs. See “Certain Federal Income Tax Consequences—Special Tax Attributes” in the REMIC Prospectus.

### Taxation of Beneficial Owners of the Retail Certificates

The Retail Class 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 220% 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 MBS will prepay at that or any other rate. Further, for purposes of calculating the accrual of original issue discount, Fannie Mae will assume that the Holder of the R Class will exercise its option to liquidate the Trust in September, 1998. This date is only an assumption and there is no assurance that the optional liquidation will take place in September, 1998 or on any other date. See “Description of the Retail Certificates—General—*Optional Liquidation*,” and “—Final Distribution Date” and “—Weighted Average Lives of the Retail Certificates” herein. In addition, the Retail Class 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 Retail Certificates—Characteristics of the Retail Certificates—*Retail Principal Distributions—Tax Information*” herein.

## LEGAL INVESTMENT CONSIDERATIONS

Institutions whose investment activities are subject to legal investment laws and regulations or to review by certain regulatory authorities may be subject to restrictions on investment in the Retail Certificates. Any financial institution that is subject to the jurisdiction of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, the National Credit Union Administration

or other federal or state agencies with similar authority should review any applicable rules, guidelines and regulations prior to purchasing the Retail Certificates. Financial institutions should review and consider the applicability of the Federal Financial Institutions Examination Council Supervisory Policy Statement on Securities Activities (to the extent adopted by their respective federal regulators), which, among other things, set forth guidelines for investing in certain types of mortgage related securities, including securities such as the Retail Certificates. In addition, financial institutions should consult their regulators concerning the risk-based capital treatment of any Retail Certificate. Investors should consult their own legal advisors in determining whether and to what extent the Retail Certificates constitute legal investments or are subject to restrictions on investment.

### **PLAN OF DISTRIBUTION**

The Dealers propose to offer the Retail Certificates directly to the public from time to time in negotiated transactions or otherwise at varying prices to be determined at the time of sale. Dealers may effect such transactions by selling the Retail Certificates to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the Dealers.

### **LEGAL MATTERS**

Certain legal matters will be passed upon for the Dealers by Skadden, Arps, Slate, Meagher & Flom.

Underlying REMIC Certificate

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 Trust	August 1995 Class Factor	Current Principal Balance in the Trust as of Issue Date	Approximate Weighted Average WAC	Approximate Weighted Average WAM (in months)	Approximate Weighted Average CAGE (in months)	Underlying Security Type
1992-84	K	June 1992	31358M6Y5	7.50000	FIX	January 2021	PAC	\$31,350,000	96.2041467305%	1.000000000	\$30,160,000	8.169%	305	44	MBS

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

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 REMIC 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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**\$30,160,000**

**Federal National  
Mortgage Association**



**Guaranteed REMIC  
Pass-Through Certificates  
Fannie Mae REMIC Trust 1995-15  
Individual Investor Class  
(LL Class)**

## PROSPECTUS SUPPLEMENT

**LEHMAN BROTHERS  
EDWARD D. JONES & Co.**

**August 15, 1995**