

**\$70,876,763**



**FannieMae**

**Guaranteed REMIC Pass-Through Certificates  
Fannie Mae REMIC Trust 1996-38**

The Guaranteed REMIC Pass-Through Certificates offered hereby (the “Certificates”) will represent beneficial ownership interests in Fannie Mae REMIC Trust 1996-38 (the “Trust”). The assets of the Trust will consist of the REMIC Certificates specified herein (collectively, the “Underlying REMIC Certificates”) evidencing beneficial ownership interests in the related Fannie Mae REMIC Trusts (collectively, the “Underlying REMIC Trusts”) as further described in Exhibit A hereto. The assets of the Underlying REMIC Trusts evidence direct or indirect beneficial ownership interests in (i) certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the “MBS”) and (ii) certain “fully modified pass-through” mortgage-backed securities (the “GNMA Certificates”) guaranteed as to timely payment of principal and interest by the Government National Mortgage Association (“GNMA”). Each MBS represents a beneficial ownership interest in a pool of first lien, single-family, fixed-rate residential mortgage loans having the characteristics described herein. Each GNMA Certificate is based on and backed by a pool of mortgage loans (together with the pools and mortgage loans underlying the MBS, the “Pools” and “Mortgage Loans”) which are either insured or guaranteed by the Federal Housing Administration (“FHA”), the Department of Veterans Affairs (“VA”) or the Rural Housing Service (the “FmHA”). The Certificates will be issued and guaranteed as to timely distribution of principal and interest by Fannie Mae.

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

**See “Additional Risk Factors” on page S-6 hereof and “Risk Factors” beginning on page 8 of the REMIC Prospectus attached hereto for a discussion of certain risks that should be considered in connection with an investment in the Certificates.**

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

**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
A .....	\$14,891,259	SC/PT	(2)	PO	31359KS J 7	January 2024
SA .....	(3)	NTL	(4)	INV/IO	31359KSK 4	January 2024
B .....	17,389,145	SC/PT	(2)	PO	31359KSL 2	November 2023
SB .....	(3)	NTL	(4)	INV/IO	31359KSM 0	November 2023
C .....	25,312,779	SC/PT	(2)	PO	31359KSN 8	December 2023
SC .....	(3)	NTL	(4)	INV/IO	31359KSP 3	December 2023
E .....	13,283,580	SC/PT	(2)	PO	31359KSQ 1	August 2023
SE .....	(3)	NTL	(4)	INV/IO	31359KSR 9	August 2023
SD .....	(3)	NTL	(4)	INV/IO	31359KS S 7	April 2024
ST .....	(3)	NTL	(4)	INV/IO	31359KST 5	April 2024
R .....	0	NPR	0%	NPR	31359KSU 2	April 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) These Classes are Principal Only Classes and will bear no interest.
- (3) The SA, SB, SC, SE, SD and ST Classes will be Notional Classes, will have no principal balances and will bear interest on their notional principal balances (initially, \$14,891,259, \$69,247,453, \$100,801,130, \$22,708,545, \$149,787,745 and \$149,787,745, respectively). The notional principal balance of the SA Class will be calculated based on the principal balance of the A Class, the notional principal balance of the SB Class will be calculated based on the principal balance of the B Class, the notional principal balance of the SC Class will be calculated based on the principal balance of the C Class, the notional principal balance of the SE Class will be calculated based upon the principal balance of the E Class and the notional principal balances of the SD and ST Classes will be calculated based upon the notional principal balance of the Class 1996-5-SH REMIC Certificate (as described herein). See “Description of the Certificates—Distributions of Interest—Notional Classes” herein.
- (4) These Classes will bear interest based on “LIBOR” as described under “Description of the Certificates—Distributions of Interest” herein and “Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes” in the REMIC Prospectus.

The Certificates will be offered by Nomura Securities International, Inc. (the “Dealer”) from time to time in negotiated transactions, at varying prices to be determined at the time of sale.

The Certificates will be offered by the Dealer, subject to issuance by Fannie Mae, 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 R Class, will be available through the book-entry system of the Federal Reserve Banks on or about August 30, 1996 (the “Settlement Date”). It is expected that the R Class in registered, certificated form will be available for delivery at the offices of the Dealer, New York, New York, on or about the Settlement Date.

**NOMURA SECURITIES INTERNATIONAL, INC.**

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The yield to investors in each Class will be sensitive in varying degrees to, among other things, the rate of distributions on the related Underlying REMIC Certificates, which in turn will be sensitive in varying degrees to the rate of principal payments of the related Mortgage Loans, the characteristics of the Mortgage Loans included in the related Pools and the priority sequences affecting principal distributions on such Underlying REMIC Certificates. The yields to investors in each Class will also be sensitive to the purchase price paid for such Class and, in the case of any Inverse Floating Rate Classes, fluctuations in the level of the 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 (including any Principal Only Classes), 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 Inverse Floating Rate Class will be sensitive to the level of the Index. See “Description of the Certificates—Distributions of Interest—Inverse Floating Rate Classes” herein.

See “Risk Factors—Yield Considerations” in the REMIC Prospectus and “Additional Risk Factors—Additional Yield and Prepayment Considerations” and “Yield Tables” herein.

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

- The Underlying REMIC Certificates are subordinate in priority of principal distribution to certain other classes of certificates evidencing beneficial ownership interests in the related Underlying REMIC Trusts and, accordingly, there is no assurance that principal distributions will be made on such Underlying REMIC Certificates on any particular Distribution Date. In particular, certain of the Underlying REMIC Certificates are Support classes that are entitled to receive principal distributions on any Distribution Date only if scheduled payments have been made on other specified classes of certificates evidencing beneficial ownership interests in the related Underlying REMIC Trusts. Accordingly, such Underlying REMIC Certificates may receive no principal distributions for extended periods of time or may receive principal payments that vary widely from period to period. In addition, certain of the Underlying REMIC Certificates have Principal Balance Schedules and, as a result, may receive principal distributions at a rate faster or slower than would otherwise have been the case. Further, prepayments on the related Mortgage Loans may have occurred at a rate faster or slower than that initially assumed. This Prospectus Supplement contains no information as to whether such Underlying REMIC Certificates have adhered to their Principal Balance Schedules, whether any related Support classes remain outstanding or whether such Underlying REMIC Certificates otherwise 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 related Underlying Prospectus Supplements (as defined below), which may be obtained from Fannie Mae as described below.
- 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 “Risk Factors—Suitability and Reinvestment Considerations” in the REMIC Prospectus.
- Investors whose investment activities are subject to legal investment laws and regulations or to review by regulatory authorities may be subject to restrictions on investment in certain Classes of the Certificates. Investors should consult their legal advisors to determine whether and to what extent the Certificates constitute legal investments or are subject to restrictions on investment. See “Legal Investment Considerations” in the REMIC Prospectus.

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

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

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

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 June 14, 1996 (the “REMIC Prospectus”), which is attached to this Prospectus Supplement;
- Fannie Mae’s Prospectus for Guaranteed Mortgage Pass-Through Certificates dated January 15, 1996 (the “MBS Prospectus”);
- Fannie Mae’s Prospectus for Guaranteed REMIC Pass-Through Certificates (backed by GNMA Certificates) dated June 14, 1996 (the “GNMA Prospectus”);
- Fannie Mae’s Information Statement dated February 22, 1996 and any supplements thereto (collectively, the “Information Statement”); and
- the Underlying Prospectus Supplements.

The MBS Prospectus, the GNMA Prospectus and the Information Statement are incorporated herein by reference and, together with the Underlying Prospectus Supplements, 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 Supplements, may also be obtained from Nomura Securities International, Inc. by writing or calling its Prospectus Department at Two World Financial Center, Street Level Mail Room, New York, New York 10281-1198 (telephone 212-667-1303).

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## REFERENCE SHEET

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

### Characteristics of the Underlying REMIC Certificates

The table contained in Exhibit A hereto sets forth information with respect to each class of Underlying REMIC Certificates, including certain information regarding the Mortgage Loans underlying each such class. Certain additional information as to particular Underlying REMIC Certificates may be obtained by performing an analysis of current Fannie Mae principal factors of such Underlying REMIC Certificates in the context of applicable information contained in the related Underlying Prospectus Supplements, which may be obtained from Fannie Mae as described herein.

See “Description of the Certificates—The Underlying REMIC Certificates” herein.

### Interest Rates

Each of the Inverse Floating Rate Classes will bear interest during its initial Interest Accrual Period at an initial interest rate determined as described 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>Assumed Initial Interest Rate</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate</u>
SA .....	1.65128% (1)	10.40790%	0.0%	10.4079% – (1.60121 × LIBOR)
SB .....	0.78125% (1)	3.12499%	0.0%	6.25% – LIBOR
SC .....	0.78125% (1)	3.12499%	0.0%	6.25% – LIBOR
SE .....	1.03125% (1)	6.50000%	0.0%	6.50% – LIBOR
SD .....	1.53125% (1)	7.00000%	0.0%	7.00% – LIBOR
ST .....	0.95000% (1)	0.95000%	0.0%	7.95% – LIBOR

(1) The initial interest rates listed above are assumed rates. The actual initial interest rates will be calculated on the basis of the applicable formulas for the calculation of interest rates on the August 22, 1996 Index Determination Date.

See “Description of the Certificates—Distributions of Interest—Inverse Floating Rate Classes” herein.

### Notional Classes

The notional principal balance of each Notional Class will be equal to the indicated percentage of the outstanding principal balance or notional principal balance of the following Classes or Underlying REMIC Certificate immediately prior to the related Distribution Date:

<u>Class</u>	<u>Percentage of Principal Balance or Notional Principal Balance of Specified Class or Underlying REMIC Certificate</u>
SA .....	100% of A Class
SB .....	398.2222990262% of B Class
SC .....	398.2222971251% of C Class
SE .....	170.9519948689% of E Class
SD .....	100% of Class 1996-5-SH REMIC Certificate
ST .....	100% of Class 1996-5-SH REMIC Certificate

See “Description of the Certificates—Distributions of Interest—*Notional Classes*” and “—Yield Tables—*The Inverse Floating Rate Classes*” herein.

### Distributions of Principal

The portion of the Principal Distribution Amount allocated to each Class of Certificates will be determined by distributions on particular classes of the Underlying REMIC Certificates. For such purposes, the Principal Distribution Amount will be allocated among the Group 1, Group 2, Group 3 and Group 4 Principal Distribution Amounts, as described herein under “Description of the Certificates—Distributions of Principal—*Principal Distribution Amount*.”

#### *Group 1 Principal Distribution Amount*

To the A Class, to zero.

#### *Group 2 Principal Distribution Amount*

To the B Class, to zero.

#### *Group 3 Principal Distribution Amount*

To the C Class, to zero.

#### *Group 4 Principal Distribution Amount*

To the E Class, to zero.

### Weighted Average Lives (years) \*

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>95%</u>	<u>150%</u>	<u>350%</u>	<u>500%</u>
A and SA .....	25.7	18.7	15.0	5.4	2.2
SD and ST .....	25.8	18.7	12.8	1.6	0.8

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>95%</u>	<u>125%</u>	<u>350%</u>	<u>500%</u>
B and SB .....	25.5	19.1	15.9	0.8	0.5
C and SC .....	25.6	19.2	16.0	0.8	0.5
E and SE .....	26.0	21.6	20.0	1.8	0.8

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



## ADDITIONAL RISK FACTORS

### Additional Yield and Prepayment Considerations

The rate of distributions of principal of the Certificates will be directly related to the rate of principal distributions on the related Underlying REMIC Certificates, which in turn will be sensitive in varying degrees to the rate of payments of principal (including prepayments) of the related Mortgage Loans and the priority sequences affecting principal distributions on such Underlying REMIC Certificates. It is highly unlikely that the Mortgage Loans will prepay at any of the rates assumed herein, will prepay at a *constant* PSA rate until maturity or that such Mortgage Loans will prepay at the same rate.

As described in the Underlying Prospectus Supplements, the Underlying REMIC Certificates are subordinate in priority of principal distributions to certain other classes of certificates evidencing beneficial ownership interests in the related Underlying REMIC Trusts and, accordingly, distributions of principal of the related Mortgage Loans may for extended periods be applied to the distribution of principal of those classes of certificates having priority over such Underlying REMIC Certificates. In addition, certain of the Underlying REMIC Certificates have Principal Balance Schedules and, as a result, may receive distributions of principal during certain periods at a rate faster or slower than would otherwise have been the case. Further, prepayments on the related Mortgage Loans may have occurred at a rate faster or slower than that initially assumed. This Prospectus Supplement contains no information as to whether such Underlying REMIC Certificates have adhered to their Principal Balance Schedules, whether any related Support classes remain outstanding or whether such Underlying REMIC Certificates otherwise have performed as originally anticipated. Such information may be obtained by performing an analysis of current Fannie Mae principal factors of such Underlying REMIC Certificates in the context of applicable information contained in the related Underlying Prospectus Supplements, which may be obtained from Fannie Mae as described above.

Investors must make their own decisions as to the appropriate assumptions, including prepayment assumptions, to be used in deciding whether to purchase the Certificates.

## 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 will be created pursuant to a trust agreement dated as of September 1, 1987, as supplemented by an issue supplement thereto, dated as of August 1, 1996 (together the “Trust Agreement”), executed by the Federal National Mortgage Association (“Fannie Mae”) in its corporate capacity and in its capacity as trustee (the “Trustee”), and the Certificates in the Classes and aggregate original principal balances set forth on the cover hereof will be issued by Fannie Mae pursuant thereto. A description of Fannie Mae and its business, together with certain financial statements and other financial information, is contained in the Information Statement.

The Certificates (other than the R Class) will be designated as the “regular interests,” and the R Class will be designated as the “residual interest,” in the REMIC constituted by the Trust. The assets of the Trust will consist of the Underlying REMIC Certificates (which evidence beneficial ownership interests in the Underlying REMIC Trusts).

*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 Underlying REMIC Certificates are described in the Underlying Prospectus Supplements. In addition, Fannie Mae will be obligated to distribute on a timely basis to the Holders of Certificates required installments of principal and interest and to distribute the principal balance of each Class of Certificates in full no later than the applicable Final Distribution Date, whether or not sufficient funds are available in the Trust Account. 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 related Underlying Prospectus Supplements and “Description of Certificates—The Corporation’s Guaranty” in the MBS Prospectus.

*Characteristics of Certificates.* The Certificates, other than the R Certificate, will be issued and maintained and may be transferred by Holders only on the book-entry system of the Federal Reserve Banks. Such entities whose names appear on the book-entry records of a Federal Reserve Bank as the entities for whose accounts such Certificates have been deposited are herein referred to as “Holders” or “Certificateholders.” A Holder is not necessarily the beneficial owner of a book-entry Certificate. Beneficial owners will ordinarily hold book-entry Certificates through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. See “Description of the Certificates—Denominations, Certificate Form” in the REMIC Prospectus.

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

The distribution to the Holder of the R Class of the proceeds of any remaining assets of the Trust will be made only upon presentation and surrender of the related Certificate at the office of the Paying Agent. The Paying Agent initially will be State Street.

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

*Distribution Dates.* Distributions on the Certificates will be made on the 25th day of each month (or, if such 25th day is not a business day, on the first business day next succeeding such 25th day), commencing in the month following the Settlement Date (each, a “Distribution Date”).

*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, when multiplied by the original principal balance of a Certificate of such Class, will equal the remaining principal balance of such Certificate after giving effect to the distribution of principal to be made on the following Distribution Date.

*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 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 Certificates.* In the event any issue arises under the trust agreement governing any of the Underlying REMIC Trusts that requires the vote of holders of certificates outstanding thereunder, the Trustee will vote the related Underlying 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 absence of such instructions, the Trustee will vote in a manner consistent, in its sole judgment, with the best interests of Certificateholders.

## **The Underlying REMIC Certificates**

The Underlying REMIC Certificates represent beneficial ownership interests in the respective Underlying REMIC Trusts, the assets of which evidence the direct or indirect beneficial ownership interests in (i) certain MBS having the general characteristics set forth in the MBS Prospectus and (ii) certain GNMA Certificates having the general characteristics described in the GNMA Prospectus. The general characteristics of the Underlying REMIC Certificates are described in the related Underlying Prospectus Supplements. Each MBS evidences beneficial ownership interests in a Pool of conventional Level Payment Mortgage Loans secured by a first-mortgage or deed of trust on a one- to four-family residential property, as described under “The Mortgage Pools” and “Yield Considerations” in the MBS Prospectus. Each GNMA Certificate is based on and backed by a pool of mortgage loans that are either insured or guaranteed by the FHA, the VA or the FmHA. The Underlying REMIC Certificates provide 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).

The table contained in Exhibit A hereto sets forth certain information with respect to each class of Underlying REMIC Certificates including the numerical designation of the Underlying REMIC Trust, the class designation of the Underlying REMIC 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 or notional principal balance of the entire class, the current principal factor for such class and the principal balance or notional principal balance of such class contained in the Trust as of August 1, 1996 (the “Issue Date”). The table also sets forth the approximate weighted average WAC, approximate weighted average WAM or WARM, as applicable, and approximate weighted average CAGE or WALA, as applicable, of the Mortgage Loans underlying the related MBS or GNMA Certificates as of the Issue Date, the underlying security type and the related Class Group.

To request further information regarding the Underlying REMIC Certificates, telephone Fannie Mae at 1-800-BEST-MBS or 202-752-6547. Other data specific to the Certificates 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 Supplements were prepared, including, but not limited to, changes in prepayment speeds and prevailing interest rates and other economic factors, which may limit the usefulness of the information set forth in such documents.



## 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>
Inverse Floating Rate	SA, SB, SC, SE, SD and ST
Interest Only	SA, SB, SC, SE, SD and ST
Principal Only	A, B, C and E
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 applicable per annum interest rates described herein. Interest on the interest-bearing Certificates is calculated on the basis of a 360-day year consisting of twelve 30-day months and is distributable monthly on each Distribution Date, commencing in the month after the Settlement Date. Interest to be distributed on each interest-bearing Certificate on a Distribution Date will consist of one month’s interest on the outstanding principal balance of such Certificate immediately prior to such Distribution Date.

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

<u>Classes</u>	<u>Interest Accrual Period</u>
SA, SB, SC, SE, SD and ST 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

*Notional Classes.* The SA, SB, SC, SE, SD and ST Classes will be Notional Classes. Each Notional Class will have no principal balance and will bear interest at the per annum interest rate described herein during each Interest Accrual Period on the related notional principal balance. The notional principal balance of each Notional Class will be equal to the indicated percentage of the outstanding principal balance or notional principal balance of the following Classes or Underlying REMIC Certificate immediately prior to the related Distribution Date:

<u>Class</u>	<u>Percentage of Principal Balance or Notional Principal Balance of Specified Class or Underlying REMIC Certificate</u>
SA .....	100% of A Class
SB .....	398.2222990262% of B Class
SC .....	398.2222971251% of C Class
SE .....	170.9519948689% of E Class
SD .....	100% of Class 1996-5-SH REMIC Certificate
ST .....	100% of Class 1996-5-SH REMIC Certificate

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 Underlying REMIC Certificates, the MBS, the GNMA Certificates 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 balances of the Notional Classes.

*Inverse Floating Rate Classes.* Each of the following Classes will bear interest during its initial Interest Accrual Period at an initial interest rate determined as described 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>Assumed Initial Interest Rate</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate</u>
SA .....	1.65128% (1)	10.40790%	0.0%	$10.4079\% - (1.60121 \times \text{LIBOR})$
SB .....	0.78125% (1)	3.12499%	0.0%	$6.25\% - \text{LIBOR}$
SC .....	0.78125% (1)	3.12499%	0.0%	$6.25\% - \text{LIBOR}$
SE .....	1.03125% (1)	6.50000%	0.0%	$6.50\% - \text{LIBOR}$
SD .....	1.53125% (1)	7.00000%	0.0%	$7.00\% - \text{LIBOR}$
ST .....	0.95000% (1)	0.95000%	0.0%	$7.95\% - \text{LIBOR}$

(1) The initial interest rates listed above are assumed rates. The actual initial interest rates will be calculated on the basis of the applicable formulas for the calculation of interest rates on the August 22, 1996 Index Determination Date.

The yields with respect to such Classes will be affected by changes in the 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 establishment of each 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 notional principal balances of the SA, SB, SC, SE, SD and ST 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 equal to LIBOR as determined for such Interest Accrual Period for the related Underlying REMIC Certificates.

## 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>
<b>Group 1 Classes</b>	
Structured Collateral/Pass-Through	A
Notional	SA
<b>Group 2 Classes</b>	
Structured Collateral/Pass-Through	B
Notional	SB
<b>Group 3 Classes</b>	
Structured Collateral/Pass-Through	C
Notional	SC
<b>Group 4 Classes</b>	
Structured Collateral/Pass-Through	E
Notional	SE
<b>Group 5 Classes</b>	
Notional	SD and ST
<b>No Payment Residual</b>	R

\* 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 distribution of principal concurrently made on the Class 1994-19-SD REMIC Certificate (the “Group 1 Principal Distribution Amount”), (ii) the distribution of principal concurrently made on the Class 1993-G35-SJ REMIC Certificate (the “Group 2 Principal Distribution Amount”), (iii) the distribution of principal concurrently made on the Class 1993-G36-SA REMIC Certificate (the “Group 3 Principal Distribution Amount”) and (iv) the distribution of principal concurrently made on the Class 1993-G27-S REMIC Certificate (the “Group 4 Principal Distribution Amount”). The portion of each class of Underlying REMIC Certificates held by the Trust will be as set forth in Exhibit A.

#### *Group 1 Principal Distribution Amount*

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

#### *Group 2 Principal Distribution Amount*

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

#### *Group 3 Principal Distribution Amount*

On each Distribution Date, the Group 3 Principal Distribution Amount will be distributed as principal of the C Class, until the principal balance thereof is reduced to zero.

#### *Group 4 Principal Distribution Amount*

On each Distribution Date, the Group 4 Principal Distribution Amount will be distributed as principal of the E Class, until the principal balance thereof is reduced to zero.

Structured  
Collateral/  
Pass-  
Through  
Classes

### **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 each Pool underlying the Underlying REMIC Certificates, the priority sequences affecting the principal distributions on the Underlying REMIC Certificates and the following assumptions (such characteristics and assumptions, collectively, the “Pricing Assumptions”):

- all payments (including prepayments) on the Mortgage Loans underlying the GNMA Certificates, are distributed on the Certificates in the month in which such payments are received;
- 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 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 Models” in the REMIC Prospectus. It is highly unlikely that prepayments will occur at any *constant* PSA rate or at any other constant rate.

### **Yield Tables**

*General.* The tables below indicate the sensitivity of the pre-tax corporate bond equivalent yields to maturity of certain Classes to various constant percentages of PSA and, where specified, to changes in the Index. The yields set forth in the tables were calculated by determining the monthly discount rates that, when applied to the assumed streams of cash flows to be paid on the applicable Classes, would cause the discounted present value of such assumed streams of cash flows to equal the assumed aggregate purchase prices of such Classes 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. *There can be no assurance that the Mortgage Loans will have the characteristics assumed herein or will prepay at any of the rates assumed herein or at any other particular rate, that the pre-tax yields on the Certificates will correspond to any of the pre-tax yields shown herein or that the aggregate purchase prices of the Certificates will be as assumed. In addition, there can be no assurance that the Index will correspond to the levels shown herein. Furthermore, because some of the Mortgage Loans will likely have remaining terms to maturity shorter or longer than those assumed and interest rates higher or lower than those assumed, the principal distributions on the Certificates are likely to differ from those assumed, even if all Mortgage Loans prepay at the indicated constant percentages of PSA. Moreover, it is not likely that the Mortgage Loans will prepay at a constant PSA rate until maturity, that all of such Mortgage Loans will prepay at the same rate or that the level of the Index will remain constant.*

**The Principal Only Classes. The Principal Only Classes will not bear interest. As indicated in the table below, a low rate of principal payments (including prepayments) on the Mortgage Loans underlying the related Underlying REMIC Trusts will have a negative effect on the yields to investors in the Principal Only Classes.**

The information set forth in the following table was prepared on the basis of the Pricing Assumptions and the assumption that the aggregate purchase prices of the Principal Only Classes (expressed in each case as a percentage of original principal balance) are as follows:

<u>Class</u>	<u>Price</u>
A .....	40.6875%
B .....	46.6250%
C .....	46.2500%
E .....	42.3750%

**Sensitivity of the Principal Only Classes to Prepayments  
(Pre-Tax Yields to Maturity)**

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>95%</u>	<u>150%</u>	<u>350%</u>	<u>500%</u>
A .....	4.2%	4.9%	6.1%	18.3%	47.8%

  

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>95%</u>	<u>125%</u>	<u>350%</u>	<u>500%</u>
B .....	3.4%	4.0%	4.9%	168.9%	331.9%
C .....	3.4%	4.1%	4.9%	161.1%	318.1%
E .....	3.7%	4.0%	4.4%	61.5%	162.5%

**The Inverse Floating Rate Classes. The yields to investors in the Inverse Floating Rate Classes will be very sensitive to the level of the Index and to the rate of principal payments (including prepayments) of the Mortgage Loans underlying the related Underlying REMIC Trusts. The Mortgage Loans generally can be prepaid at any time. In addition, the rate of principal payments (including prepayments) of the Mortgage Loans is likely to vary, and may vary considerably, from Pool to Pool. As indicated in the tables below, it is possible that, under certain Index and prepayment scenarios, investors in the Inverse Floating Rate Classes would not fully recoup their initial investments.**

Changes in the Index may not correlate with changes in prevailing mortgage interest rates. It is possible that lower prevailing mortgage interest rates, which might be expected to result in faster prepayments, could occur concurrently with an increased level of the Index.



The information set forth in the following tables was prepared on the basis of the Pricing Assumptions and the assumptions that (i) the interest rates applicable to the Inverse Floating Rate Classes for the initial Interest Accrual Period are the assumed rates appearing in the table under “Distributions of Interest—*Inverse Floating Rate Classes*” herein and for each Interest Accrual Period subsequent to the initial Interest Accrual Period will be based on the indicated level of the Index and (ii) the aggregate purchase prices of the Inverse Floating Rate Classes (expressed as percentages of original principal balances) are as follows:

<u>Class</u>	<u>Price*</u>
SA .....	4.375000%
SB .....	2.375000%
SC .....	2.390625%
SE .....	3.156250%
SD .....	4.187500%
ST .....	4.000000%

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>95%</u>	<u>150%</u>	<u>350%</u>	<u>500%</u>
3.46875% .....	132.3%	132.3%	132.3%	130.0%	103.7%
5.46875% .....	40.8%	40.8%	40.6%	30.2%	(15.0)%
6.50010% .....	*	*	*	*	*

\* The pre-tax yield to maturity will be less than (99.9)%.

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>95%</u>	<u>125%</u>	<u>350%</u>	<u>500%</u>
3.46875% .....	140.2%	140.2%	140.2%	(21.1)%	*
5.46875% .....	35.2%	35.1%	35.0%	*	*
6.25000% .....	*	*	*	*	*

\* The pre-tax yield to maturity will be less than (99.9)%.

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>95%</u>	<u>125%</u>	<u>350%</u>	<u>500%</u>
3.46875% .....	139.1%	139.1%	139.1%	(16.7)%	(98.7)%
5.46875% .....	35.0%	34.9%	34.7%	*	*
6.25000% .....	*	*	*	*	*

\* The pre-tax yield to maturity will be less than (99.9)%.

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>95%</u>	<u>125%</u>	<u>350%</u>	<u>500%</u>
3.46875% .....	111.9%	111.9%	111.9%	56.6%	(54.3)%
5.46875% .....	35.0%	34.9%	34.9%	(35.9)%	*
6.50000% .....	*	*	*	*	*

\* The pre-tax yield to maturity will be less than (99.9)%.

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>95%</u>	<u>150%</u>	<u>350%</u>	<u>500%</u>
3.46875% .....	97.0%	97.0%	90.5%	24.0%	(54.1)%
5.46875% .....	39.4%	39.3%	34.4%	(34.3)%	*
7.00000% and above .....	*	*	*	*	*

\* The pre-tax yield to maturity will be less than (99.9)%.

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>95%</u>	<u>150%</u>	<u>350%</u>	<u>500%</u>
7.00000% and below .....	24.8%	24.4%	19.8%	(53.2)%	*
7.46875% .....	11.3%	10.3%	6.0%	(74.6)%	*
7.95000% .....	*	*	*	*	*

\* The pre-tax yield to maturity will be less than (99.9)%.

**Weighted Average Lives of the Certificates**

The weighted average life of a Certificate is determined by (a) multiplying the amount of the reduction, if any, of the principal balance of such Certificate from one Distribution Date to the next Distribution Date by the number of years from the Settlement Date to the second such Distribution Date, (b) summing the results and (c) dividing the sum by the aggregate amount of the reductions in principal balance of such Certificate referred to in clause (a). 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 and the priority sequence of distributions of principal of the Underlying REMIC Certificates. See “Distributions of Principal” herein and “Description of the Certificates—Distributions of Principal” in the Underlying Prospectus Supplements.

The effect of the foregoing factors may differ as to 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 the underlying Mortgage Loans have the original and remaining terms to maturity and bear interest at the per annum rates specified below:

<b>Mortgage Loans relating to Underlying REMIC Trusts specified below</b>	<b>Original Terms to Maturity</b>	<b>Remaining Terms to Maturity</b>	<b>Interest Rates</b>	<b>Related Classes</b>
1994-19	360 months	329 months	10.0%	A and SA
1993-G35	360 months	327 months	7.5%	B and SB
1993-G36	360 months	328 months	8.5%	C and SC
1993-G27	360 months	324 months	9.0%	E and SE
1996-5 and 1994-42	360 months	332 months	9.5%	SD and ST

It is not likely that (i) all of the underlying Mortgage Loans will have the interest rates, CAGEs or WALAs 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 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 weighted average CAGEs or WALAs of the Mortgage Loans are identical to the distributions of the remaining terms to maturity and CAGEs or WALAs specified in the Pricing Assumptions.

## Percent of Original Principal Balances Outstanding

Date	A and SA† Classes					B and SB† Classes					C and SC† Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	95%	150%	350%	500%	0%	95%	125%	350%	500%	0%	95%	125%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
August 1997	100	100	100	100	100	100	100	100	26	0	100	100	100	27	1
August 1998	100	100	100	100	52	100	100	100	6	0	100	100	100	7	0
August 1999	100	100	100	93	12	100	100	100	0	0	100	100	100	0	0
August 2000	100	100	100	71	0	100	100	100	0	0	100	100	100	0	0
August 2001	100	100	100	53	0	100	100	100	0	0	100	100	100	0	0
August 2002	100	100	100	36	0	100	100	100	0	0	100	100	100	0	0
August 2003	100	100	100	22	0	100	100	100	0	0	100	100	100	0	0
August 2004	100	100	100	11	0	100	100	100	0	0	100	100	100	0	0
August 2005	100	100	100	1	0	100	100	100	0	0	100	100	100	0	0
August 2006	100	100	100	0	0	100	100	100	0	0	100	100	100	0	0
August 2007	100	100	100	0	0	100	100	100	0	0	100	100	100	0	0
August 2008	100	100	93	0	0	100	100	100	0	0	100	100	100	0	0
August 2009	100	100	77	0	0	100	100	98	0	0	100	100	99	0	0
August 2010	100	100	62	0	0	100	100	82	0	0	100	100	84	0	0
August 2011	100	100	47	0	0	100	100	65	0	0	100	100	67	0	0
August 2012	100	92	34	0	0	100	100	48	0	0	100	100	49	0	0
August 2013	100	75	22	0	0	100	95	30	0	0	100	97	32	0	0
August 2014	100	59	11	0	0	100	73	14	0	0	100	75	15	0	0
August 2015	100	43	1	0	0	100	51	0	0	0	100	53	0	0	0
August 2016	100	29	0	0	0	100	29	0	0	0	100	31	0	0	0
August 2017	100	15	0	0	0	100	8	0	0	0	100	9	0	0	0
August 2018	100	2	0	0	0	100	0	0	0	0	100	0	0	0	0
August 2019	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
August 2020	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
August 2021	85	0	0	0	0	88	0	0	0	0	96	0	0	0	0
August 2022	36	0	0	0	0	8	0	0	0	0	17	0	0	0	0
August 2023	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2024	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
August 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average															
Life (years)**	25.7	18.7	15.0	5.4	2.2	25.5	19.1	15.9	0.8	0.5	25.6	19.2	16.0	0.8	0.5

Date	E and SE† Classes					SD† and ST† Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	95%	125%	350%	500%	0%	95%	150%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100
August 1997	100	100	100	75	26	100	100	95	60	34
August 1998	100	100	100	37	0	100	100	91	33	0
August 1999	100	100	100	13	0	100	100	88	14	0
August 2000	100	100	100	*	0	100	100	85	3	0
August 2001	100	100	100	0	0	100	100	83	0	0
August 2002	100	100	100	0	0	100	100	80	0	0
August 2003	100	100	100	0	0	100	100	77	0	0
August 2004	100	100	100	0	0	100	100	74	0	0
August 2005	100	100	100	0	0	100	100	70	0	0
August 2006	100	100	100	0	0	100	100	65	0	0
August 2007	100	100	100	0	0	100	100	60	0	0
August 2008	100	100	100	0	0	100	93	54	0	0
August 2009	100	100	100	0	0	100	87	49	0	0
August 2010	100	100	100	0	0	100	80	44	0	0
August 2011	100	100	100	0	0	100	73	39	0	0
August 2012	100	100	96	0	0	100	67	35	0	0
August 2013	100	100	82	0	0	100	60	30	0	0
August 2014	100	98	69	0	0	100	53	26	0	0
August 2015	100	83	58	0	0	100	46	22	0	0
August 2016	100	69	47	0	0	100	40	18	0	0
August 2017	100	55	37	0	0	100	34	15	0	0
August 2018	100	42	28	0	0	100	27	12	0	0
August 2019	100	30	19	0	0	100	22	9	0	0
August 2020	100	18	11	0	0	92	16	6	0	0
August 2021	92	7	5	0	0	70	10	4	0	0
August 2022	48	1	1	0	0	46	5	2	0	0
August 2023	0	0	0	0	0	19	*	*	0	0
August 2024	0	0	0	0	0	0	0	0	0	0
August 2025	0	0	0	0	0	0	0	0	0	0
August 2026	0	0	0	0	0	0	0	0	0	0
Weighted Average										
Life (years)**	26.0	21.6	20.0	1.8	0.8	25.8	18.7	12.8	1.6	0.8

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

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

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

## **Characteristics of the R Class**

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

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

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

## **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 Election and Special Tax Attributes**

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

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

### **Taxation of Beneficial Owners of Regular Certificates**

The Notional Classes and the Principal Only Classes will be issued with original issue discount for federal income tax purposes, which generally will result in recognition of some taxable income in advance of the receipt of the cash attributable to such income. The Prepayment Assumption that will be used in determining the rate of accrual of original issue discount will be 150% PSA in the case of the Group 1 and Group 5 Classes and 125% PSA in the case of the Group 2, Group 3 and Group 4 Classes.



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 or GNMA Certificates will prepay at either such rate 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.

### **Taxation of Beneficial Owners of Residual Certificates**

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

For purposes of determining the portion of the taxable income of the Trust that generally will not be treated as excess inclusions, the rate to be used is 8.41% (which is 120% of the “federal long-term rate”). See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*” and “—Foreign Investors—*Residual Certificates*” in the REMIC Prospectus. The federal income tax consequences of any consideration paid to a transferee on the transfer of an R Certificate are unclear; any transferee receiving such consideration should consult its own tax advisors.

Generally, the Prepayment Assumptions that will be used to determine the accruals of OID on the Underlying REMIC Certificates are different from the Prepayment Assumption, as provided above, that will be used to determine the accruals of OID on the related Regular Certificates. Because of the different Prepayment Assumptions and the tax characteristics of the Underlying REMIC Certificates, the beneficial owner of an R Certificate may be required to accrue OID on the Underlying REMIC Certificates without being entitled to a corresponding deduction for OID accrued on the Regular Certificates. Investors should refer to “Certain Additional Federal Income Tax Consequences—*Taxation of Beneficial Owners of Regular Certificates*” in the Underlying Prospectus Supplements for the Prepayment Assumptions that will be used to determine the accruals of OID on the Underlying REMIC Certificates. See also “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Taxable Income or Net Loss of a REMIC Trust*” in the REMIC Prospectus.

### **PLAN OF DISTRIBUTION**

The Dealer will receive the Certificates in exchange for the Underlying REMIC Certificates pursuant to a Fannie Mae commitment. The Dealer proposes to offer the Certificates directly to the public from time to time in negotiated transactions at varying prices to be determined at the time of sale. The Dealer may effect such transactions to or through dealers.

### **LEGAL MATTERS**

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

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### Underlying REMIC Certificates (Directly Owned by the Trust)

Underlying REMIC Trust	Class	Date of Issue	CUSIP Number	Interest Rate	Interest Type (1)	Final Distribution Date	Original Principal Type (1)	Original Principal or Notional Principal Balance of Class	August 1996 Class Factor	Principal or Notional Principal Balance in the Trust as of Issue Date	Approximate Weighted Average WAC	Approximate Weighted Average WAM or WARM (in months)	Approximate Weighted Average CAGE or WALA (in months)	Underlying Security Type	Class Group
1994-19 . . . .	SD	January 1994	31359GMQ6	(2)	INV	January 2024	TAC	\$ 18,604,000	0.99941342	\$ 14,891,259.96	7.965	307	45	MBS	1
1993-G35 . . .	SJ	November 1993	31359FJQ2	(2)	INV	November 2023	TAC	21,869,506	0.94663110	17,389,145.67	7.500	317	35	GNMA	2
1993-G36 . . .	SA	December 1993	31359FU22	(2)	INV	December 2023	TAC	37,344,287	0.95703071	25,312,779.92	7.505	318	34	GNMA	3
1993-G27 . . .	S	August 1993	31359B3F2	(2)	INV	August 2023	SUP	25,000,000	0.76783704	13,283,580.79	8.005	306	45	GNMA	4
1996-5 . . . .	SH(3)	February 1996	31359LW68	(2)	INV/IO	April 2024	NTL	250,896,375	0.99265304	149,787,745.37	7.481	324	30	MBS	5

- (1) See “Description of the Certificates—Class Definitions and Abbreviations” in the REMIC Prospectus.
- (2) 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 further described in the related Underlying Prospectus Supplements.
- (3) The Class 1996-5-SH REMIC Certificate represents a beneficial ownership interest in the Class 1994-42-SH REMIC Certificates, certain characteristics of which are set forth below. See the related Underlying Prospectus Supplement for a further description of the Class 1994-42-SH REMIC Certificates.

### Class 1994-42 REMIC Certificate (Indirectly Owned by the Trust)

Underlying REMIC Trust	Class	Date of Issue	CUSIP Number	Interest Rate	Interest Type	Final Distribution Date	Principal Type	Original Principal Balance of Class	August 1996 Class Factor	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
1994-42 . .	SH	April 1994	31359HZA5	(1)	INV	April 2024	SUP	\$100,000,000	0.95789634	\$95,789,634.00	7.481	324	30	MBS

- (1) This Class bears interest during each interest accrual period, subject to the applicable maximum and minimum interest rates, at the rate determined as further described in the related Underlying Prospectus Supplement.

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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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**\$70,876,763**



**FannieMae**

**Guaranteed REMIC  
Pass-Through Certificates  
Fannie Mae REMIC Trust 1996-38**

## PROSPECTUS SUPPLEMENT

**NOMURA SECURITIES INTERNATIONAL, INC.**

**July 25, 1996**