

PROSPECTUS SUPPLEMENT
(To Prospectus dated June 14, 1996)

\$450,000,000



FannieMae

Guaranteed REMIC Pass-Through Certificates
Fannie Mae REMIC Trust 1996-48

The Guaranteed REMIC Pass-Through Certificates offered hereby (the "Certificates") will represent beneficial ownership interests in Fannie Mae REMIC Trust 1996-48 (the "Trust"). The assets of the Trust will consist of three groups of Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the "Group 1 MBS," "Group 2 MBS" and "Group 3 MBS" and, together, the "MBS"). Each MBS represents a beneficial interest in a pool (each, a "Pool") of first lien, single-family, fixed-rate residential mortgage loans (the "Mortgage Loans") having the characteristics described herein. The Certificates will be issued and guaranteed as to timely distribution of principal and 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.

(Cover continued on next page)

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

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

Class	Original Principal Balance	Principal Type (1)	Interest Rate	Interest Type (1)	CUSIP Number	Final Distribution Date	Class	Original Principal Balance	Principal Type (1)	Interest Rate	Interest Type (1)	CUSIP Number	Final Distribution Date
A	\$ 11,236,000	SEQ	7.50%	FIX	31359KWW3	April 2008	K	\$ 33,456,000	SEQ/AD	7.00%	FIX	31359KXD4	January 2017
B	70,037,000	SEQ	7.50	FIX	31359KWX1	December 2024	Z	12,492,000	SEQ	7.00	Z/FIX	31359KXE2	November 2026
C	9,496,000	SEQ	7.50	FIX	31359K WY9	December 2025	F	50,000,000	PT	(2)	FLT	31359KXF9	November 2003
D	9,231,000	SEQ	7.50	FIX	31359KWZ6	November 2026	S	(3)	NTL	(2)	INV/IO	31359KXG7	November 2003
G	130,200,000	SEQ	7.00	FIX	31359KXA0	September 2022	L	63,972,000	SEQ	6.75	FIX	31359KXH5	November 2003
H	18,686,000	SEQ	7.00	FIX	31359KXB8	January 2024	M	36,028,000	SEQ	6.75	FIX	31359KXJ1	November 2003
J	5,166,000	SEQ/AD/LIQ	7.00	FIX	31359KXC6	October 2001	R	0	NPR	0	NPR	31359KXK8	November 2026

- (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 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.
- (3) The S Class will be a Notional Class, will not have a principal balance and will bear interest on its notional principal balance (initially \$50,000,000). The notional principal balance of the S Class will be calculated based upon the principal balance of the F Class. See "Description of the Certificates—Distributions of Interest—Notional Class" herein.

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

The Certificates will be offered by the Dealer, subject to issuance by Fannie Mae and to prior sale or to withdrawal or modification of the offer without notice, when, as and if delivered to and accepted by the Dealer, and subject to approval of certain legal matters by counsel. It is expected that the Certificates, except for the R Class, will be available through the book-entry system of the Federal Reserve Banks on or about October 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.

MORGAN STANLEY & CO.
Incorporated

September 19, 1996

(Cover continued from previous page)

The yield to investors in the Group 1, Group 2 and Group 3 Classes (as described herein) will be sensitive in varying degrees to, among other things, the rate of principal distributions on the Group 1, Group 2 and Group 3 MBS, respectively, which in turn will be determined by the rate of principal payments of the related Mortgage Loans and the characteristics of such Mortgage Loans. The yield to investors in each Class will also be sensitive to the purchase price paid for such Class and, in the case of the Floating Rate and 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, 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 the Interest Only Class, a faster than anticipated rate of principal payments is likely to result in a lower than anticipated yield and, in certain cases, an actual loss on the investment.
- The yield on any Floating Rate or Inverse Floating Rate Class will be sensitive to the level of the Index. See “Description of the Certificates—Distributions of Interest—Floating Rate and Inverse Floating Rate Classes” herein.

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

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

- 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 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”). 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”); and
- Fannie Mae’s Information Statement dated February 22, 1996 and any supplements thereto (collectively, the “Information Statement”).

The MBS Prospectus and the Information Statement are incorporated herein by reference and may be obtained from Fannie Mae by writing or calling its MBS Helpline at 3900 Wisconsin Avenue, N.W., Area 2H-3S, Washington, D.C. 20016 (telephone 1-800-BEST-MBS or 202-752-6547). Such documents may also be obtained from Morgan Stanley & Co. Incorporated by writing or calling its Prospectus Department at 1585 Broadway, New York, New York 10036 (telephone 212-761-6775).

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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.

Assumed Characteristics of the Mortgage Loans (as of October 1, 1996)

<u>Mortgage Loan Group</u>	<u>Approximate Principal Balance</u>	<u>Approximate Weighted Average Remaining Term to Maturity (in months)</u>	<u>Approximate Calculated Loan Age (in months)</u>	<u>Approximate Weighted Average Coupon</u>
Group 1	\$100,000,000	358	1	8.1250%
Group 2	\$106,000,000	322	32	7.5000%
	\$ 94,000,000	348	10	7.5000%
Group 3	\$150,000,000	82	2	8.1125%

The actual remaining terms to maturity, calculated loan ages and interest rates of most of the related Mortgage Loans will differ from the weighted averages shown above, perhaps significantly. See “Description of the Certificates—Structuring Assumptions—*Pricing Assumptions*” herein.

Interest Rates

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

The Floating Rate and Inverse Floating Rate Classes will bear interest during the initial Interest Accrual Period at the initial interest rates set forth below, and will bear interest during each Interest Accrual Period thereafter, subject to the applicable maximum and minimum interest rates, at the rates determined as described below:

<u>Class</u>	<u>Initial Interest Rate</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate</u>
F	5.80%	9.00%	0.35%	LIBOR + 35 basis points
S	3.20%	8.65%	0.00%	8.65% – LIBOR

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

Notional Class

The notional principal balance of the Notional Class will be equal to the indicated percentage of the outstanding principal balance of the Class specified below immediately prior to the related Distribution Date:

<u>Class</u>	<u>Percentage of Principal Balance of Specified Class</u>
S	100% of F Class

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

Distributions of Principal

Group 1 Principal Distribution Amount

To the A, B, C and D Classes, in that order, to zero.

Group 2 Principal Distribution Amount

Group 2 Accrual Amount

To the J and K Classes, in that order, to zero, and then to the Z Class.

Group 2 Cash Flow Distribution Amount

To the G, H, J, K and Z Classes, in that order, to zero.

Group 3 Principal Distribution Amount

33.3333333333% of such amount to the F Class, to zero; and

66.6666666667% of such amount to the L and M Classes, in that order, to zero.

Weighted Average Lives (years) *

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>150%</u>	<u>300%</u>	<u>400%</u>	<u>600%</u>
A	6.8	1.4	1.0	0.9	0.7
B	21.9	7.6	4.5	3.6	2.7
C	28.6	18.0	10.5	8.1	5.6
D	29.6	24.5	16.4	12.7	8.6

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>95%</u>	<u>140%</u>	<u>300%</u>	<u>500%</u>
G	17.7	6.0	4.5	2.3	1.4
H	26.5	14.9	11.5	5.9	3.6
J	2.7	2.7	2.7	2.7	2.5
K	13.9	13.5	12.2	8.0	5.1
Z	28.6	22.5	20.5	14.0	9.2

<u>Class</u>	<u>CPR Prepayment Assumption</u>				
	<u>0%</u>	<u>10%</u>	<u>15%</u>	<u>20%</u>	<u>25%</u>
F and S	6.8	4.7	4.0	3.4	2.9
L	6.7	3.6	2.5	1.9	1.5
M	7.0	6.8	6.8	6.2	5.6

* 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 Group 1, Group 2 and Group 3 Classes will be sensitive in varying degrees to the rate of principal distributions on the Group 1, Group 2 and Group 3 MBS, respectively, which in turn will reflect the rate of amortization (including prepayments) of the related Mortgage Loans. There can be no assurance that such Mortgage Loans will have the characteristics assumed herein. Because the rate of principal distributions on the Group 1, Group 2 and Group 3 Classes will be related to the rate of amortization of the related Mortgage Loans, which are likely to include Mortgage Loans with remaining terms to maturity shorter or longer than those assumed and interest rates higher or lower than those assumed, the rate of principal distributions on the Group 1, Group 2 and Group 3 Classes is likely to differ from the rate anticipated by an investor, even if such Mortgage Loans prepay at the indicated constant percentages of PSA or CPR. In addition, it is highly unlikely that the Mortgage Loans underlying the Group 1, Group 2 or Group 3 MBS will prepay at a constant PSA rate or CPR level until maturity or that all such Mortgage Loans will prepay at the same rate.

The Mortgage Loans underlying the Group 1 MBS are relocation mortgage loans (as defined herein under “The MBS”). Accordingly, the rate of prepayment of such Mortgage Loans will depend in part on the occurrence and timing of any future relocation of the borrowers thereunder. Such prepayment experience would depend on, among other things, the circumstances of individual employees and employers and the characteristics of the specific relocation programs involved. Borrowers under relocation mortgage loans are thought by some within the mortgage industry to be more likely to be transferred by their employers than non-relocation mortgage loan borrowers, which would result in relocation mortgage loans experiencing a higher rate of prepayment than non-relocation mortgage loans. However, Fannie Mae cannot estimate what the prepayment experience of the Group 1 Mortgage Loans will be or how it might compare to that of non-relocation mortgage loans, nor is Fannie Mae aware of any conclusive studies or statistics on the rate of prepayment of mortgage loans such as the Group 1 Mortgage Loans.

While the Mortgage Loans underlying the Group 3 MBS have original maturities of up to seven years, each such Mortgage Loan will provide for monthly payments based upon a 30-year amortization schedule, with a lump sum payment equal to the unpaid principal balance thereof due at maturity. In addition, such Mortgage Loans will provide that upon the satisfaction of certain conditions at maturity (or, at the lender’s option, up to six months prior to maturity), the unpaid principal balances thereof may be refinanced for an additional period of 23 years.

Investors must make their own decisions as to the appropriate assumptions, including prepayment assumptions, to be used in deciding whether to purchase the Certificates. See “Risk Factors—Prepayment Considerations” in the REMIC Prospectus and “Maturity and Prepayment Assumptions” in the MBS Prospectus.

The effective yield on the Delay Classes (as defined herein) will be reduced below the yield otherwise produced because principal and interest payable on a Distribution Date will not be distributed until the 25th day following the end of the related Interest Accrual Period and will not bear interest during such delay. No interest at all will be paid on any Class after its principal balance has been reduced to zero. As a result of the foregoing, the market value of the Delay Classes will be lower than would have been the case if there were no such delay.

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 October 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 MBS.

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 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 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 Holders of the R Class of the proceeds of any remaining assets of the Trust will be made only upon presentation and surrender of such Certificate at the office of the Paying Agent. 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) (each, a “Distribution Date”), commencing in the month following the Settlement Date. See

“Distributions of Interest—*General*” and “—*Interest Accrual Periods*” and “Distributions of Principal—*Principal Distribution Amount*” herein.

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

REMIC Trust Factors. As soon as practicable following the eleventh calendar day of each month, Fannie Mae will publish or otherwise make available for each Class of Certificates the factor (carried to eight decimal places) which, 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 and any interest to be added as principal to the principal balance of the Accrual Class on such 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.

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

The MBS

The Group 1, Group 2 and Group 3 MBS will have the aggregate unpaid principal balances and Pass-Through Rates set forth below and the general characteristics described in the MBS Prospectus. The Group 1, Group 2 and Group 3 MBS will provide that principal and interest on the related Mortgage Loans will be passed through monthly, commencing on the 25th day of the month following the month of the initial issuance of such MBS (or, if such 25th day is not a business day, on the first business day next succeeding such 25th day). The Mortgage Loans underlying the Group 1 and Group 2 MBS will be conventional Level Payment Mortgage Loans secured by a first mortgage or deed of trust on a one- to four-family (“single-family”) residential property and having an original maturity of up to 30 years. In addition, the Mortgage Loans underlying the Group 1 MBS were originated pursuant to agreements between lenders and employers in connection with relocation programs maintained by employers that commonly relocate their employees (“relocation mortgage loans”), as opposed to being originated in connection with the non-recurring relocation of an employer’s place of business. The Mortgage Loans underlying the Group 3 MBS will be conventional Level Payment Mortgage Loans secured by a first mortgage or deed of trust on single-family residential property each providing for a balloon payment at maturity and each having an original maturity of up to seven years. See “The Mortgage Pools” and “Yield Considerations” in the MBS

Prospectus. The characteristics of the Group 1, Group 2 and Group 3 MBS and the related Mortgage Loans as of October 1, 1996 (the “Issue Date”) are expected to be as follows:

Group 1 MBS

Aggregate Unpaid Principal Balance	\$100,000,000
MBS Pass-Through Rate	7.50%

Group 1 Mortgage Loans

Range of WACs (per annum percentages)	7.75% to 10.00%
Range of WAMs	241 months to 360 months
Approximate Weighted Average WAM	358 months
Approximate Weighted Average CAGE	1 month

Group 2 MBS

Aggregate Unpaid Principal Balance	\$200,000,000
MBS Pass-Through Rate	7.00%

Group 2 Mortgage Loans

Range of WACs (per annum percentages)	7.25% to 9.50%
Range of WAMs	241 months to 360 months
Approximate Weighted Average WAM	334 months
Approximate Weighted Average CAGE	22 months

Group 3 MBS

Aggregate Unpaid Principal Balance	\$150,000,000
MBS Pass-Through Rate	7.50%

Group 3 Mortgage Loans

Range of WACs (per annum percentages)	7.75% to 10.00%
Range of WAMs	60 months to 84 months
Approximate Weighted Average WAM	82 months
Approximate Weighted Average CAGE	2 months

Following the issuance of the Certificates, Fannie Mae will prepare a Final Data Statement setting forth, among other information, the Pool number, the current WAC (or original WAC, if the current WAC is not available) and the current WAM (or Adjusted WAM, if the current WAM is not available) of the Mortgage Loans underlying each MBS, along with the weighted average of all the current or original WACs and the weighted average of all the current or Adjusted WAMs, based on the current unpaid principal balances of the Mortgage Loans underlying the MBS as of the Issue Date. The Final Data Statement will not accompany this Prospectus Supplement but will be made available by Fannie Mae. To request the Final Data Statement, telephone Fannie Mae at 1-800-BEST-MBS or 202-752-6547. The contents of the Final Data Statement and other data specific to the Certificates are available in electronic form by calling Fannie Mae at 1-800-752-6440 or 202-752-6000.

Distributions of Interest

Categories of Classes

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

<u>Interest Type*</u>	<u>Classes</u>
Fixed Rate	A, B, C, D, G, H, J, K, Z, L and M
Accrual	Z
Floating Rate	F
Inverse Floating Rate	S
Interest Only	S
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 set forth on the cover or described herein. Interest on the interest-bearing Certificates is calculated on the basis of a 360-day year consisting of twelve 30-day months and is distributable monthly on each Distribution Date, commencing (except with respect to the Accrual Class) in the month after the Settlement Date. Interest to be distributed or, in the case of the Accrual Class, added to principal on each interest-bearing Certificate on a Distribution Date will consist of one month’s interest on the outstanding principal balance of such Certificate immediately prior to such Distribution Date.

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

<u>Classes</u>	<u>Interest Accrual Periods</u>
F and S Classes (the “No Delay Classes”)	One month period beginning on the 25th day of the month preceding the month of the Distribution Date and ending on the 24th day of the month of the Distribution Date
All Fixed Rate Classes (collectively, the “Delay Classes”)	Calendar month preceding the month in which the Distribution Date occurs

See “Additional Risk Factors—Additional Yield and Prepayment Considerations” herein.

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

Notional Class. The S Class will be a Notional Class. The Notional Class will not have a principal balance and will bear interest at the applicable per annum interest rate set forth herein during each Interest Accrual Period on the related notional principal balance. The notional principal

balance of the Notional Class will be equal to the indicated percentage of the outstanding principal balance of the Class specified below immediately prior to the related Distribution Date:

<u>Class</u>	<u>Percentage of Principal Balance of Specified Class</u>
S	100% of F Class

The notional principal balance of a Notional Class is used for purposes of the determination of interest distributions thereon and does not represent an interest in the principal distributions of the MBS or the underlying Mortgage Loans. Although a Notional Class will not have a principal balance, a REMIC Trust Factor (as described herein) will be published with respect to such Class that will be applicable to the notional principal balance thereof, and references herein to the principal balances of the Certificates generally shall be deemed to refer also to the notional principal balance of the Notional Class.

Floating Rate and Inverse Floating Rate Classes. The following Classes will bear interest during their initial Interest Accrual Period at the initial interest rates set forth below, and will bear interest during each Interest Accrual Period thereafter, subject to the applicable maximum and minimum interest rates, at the rates determined as described below:

<u>Class</u>	<u>Initial Interest Rate</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate</u>
F	5.80%	9.00%	0.35%	LIBOR + 35 basis points
S	3.20%	8.65%	0.00%	8.65% – LIBOR

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

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

Calculation of LIBOR

On each Index Determination Date, until the principal balance and notional principal balance of the F and S 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 5.45%.

Distributions of Principal

Categories of Classes

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

<u>Principal Type*</u>	<u>Classes</u>
Group 1 Classes	
Sequential Pay	A, B, C and D
Group 2 Classes	
Sequential Pay	G, H, J, K and Z
Accretion Directed	J and K
Liquid Asset	J
Group 3 Classes	
Pass-Through	F
Sequential Pay	L and M
Notional	S
No Payment Residual	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 aggregate distributions of principal concurrently made on the Group 1 MBS (the “Group 1 Principal Distribution Amount”), (ii) the aggregate distributions of principal concurrently made on the Group 2 MBS (the “Group 2 Cash Flow Distribution Amount”), (iii) any interest accrued and added on such Distribution Date to the principal balance of the Accrual Class (the “Group 2 Accrual Amount” and together with the Group 2 Cash Flow Distribution Amount, the “Group 2 Principal Distribution Amount”) and (iv) the aggregate distributions of principal concurrently made on the Group 3 MBS (the “Group 3 Principal Distribution Amount”).

Group 1 Principal Distribution Amount

On each Distribution Date, the Group 1 Principal Distribution Amount will be distributed, sequentially, as principal of the A, B, C and D Classes, in that order, until the respective principal balances thereof are reduced to zero. } Sequential Pay Classes

Group 2 Principal Distribution Amount

Group 2 Accrual Amount

On each Distribution Date, the Group 2 Accrual Amount, if any, will be distributed, sequentially, as principal of the J and K Classes, in that order, until the respective principal balances thereof are reduced to zero, and then to the Z Class. } Accretion Directed and Accrual Classes

Group 2 Cash Flow Distribution Amount

On each Distribution Date, the Group 2 Cash Flow Distribution Amount will be distributed, sequentially, as principal of the G, H, J, K and Z Classes, in that order, until the respective principal balances thereof are reduced to zero. } Sequential Pay Classes

Group 3 Principal Distribution Amount

On each Distribution Date, the Group 3 Principal Distribution Amount will be distributed as principal of the Group 3 Classes as follows:

- (a) 33.3333333333% of such amount to the F Class, until the principal balance thereof is reduced to zero; and
- (b) 66.6666666667% of such amount sequentially, to the L and M Classes, in that order, until the respective principal balances thereof are reduced to zero.

} Pass-Through
Class

} Sequential
Pay
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 following assumptions (collectively, the “Pricing Assumptions”):

- the Mortgage Loans underlying the Group 1, Group 2 and Group 3 MBS have the original terms to maturity, remaining terms to maturity, CAGEs and interest rates, respectively, as specified:

Group 1	\$100,000,000	360 months	358 months	1 months	8.1250%
Group 2	\$106,000,000	360 months	322 months	32 months	7.5000%
	\$ 94,000,000	360 months	348 months	10 months	7.5000%
Group 3	\$150,000,000	84 months	82 months	2 months	8.1125%

- each Mortgage Loan underlying the Group 3 MBS provides for monthly payments based upon a 30-year amortization schedule with a lump sum payment equal to the unpaid principal balance thereof due at the maturity date;
- the Mortgage Loans prepay at the *constant* percentages of PSA or CPR, as applicable, 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 herein with respect to the Group 1 and Group 2 Mortgage Loans 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. The model used herein with respect to the Group 3 Mortgage Loans is the “Constant Prepayment Rate” or “CPR” model. The CPR model represents an assumed *constant* rate of prepayment each month, expressed as a per annum percentage of the then outstanding principal balance of the pool of mortgage loans. It is highly unlikely that prepayments will occur at any *constant* PSA rate or CPR level or at any other constant rate.

Yield Table

General. The table below indicates the sensitivity of the pre-tax corporate bond equivalent yields to maturity of the applicable Class to various constant percentages of CPR and to changes in the Index. The yields set forth in the table were calculated by determining the monthly discount rates that, when applied to the assumed streams of cash flows to be paid on the applicable Class, would cause the discounted present value of such assumed streams of cash flows to equal the assumed aggregate purchase price of such Class and converting such monthly rates to corporate bond equivalent rates. Such calculations do not take into account variations that may occur in the interest rates at which investors may be able to reinvest funds received by them as distributions on the Certificates and consequently do not purport to reflect the return on any investment in the Certificates when such reinvestment rates are considered. *There can be no assurance that the pre-tax yields on the applicable Certificates will correspond to any of the pre-tax yields shown herein or that the aggregate purchase price of such 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 such Mortgage Loans prepay at the indicated constant percentages of PSA or CPR, as applicable. Moreover, it is not likely that the Mortgage Loans will prepay at a constant PSA rate or CPR level 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 Inverse Floating Rate Class. The yield to investors in the Inverse Floating Rate Class 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 Group 3 MBS. The Mortgage Loans generally can be prepaid at any time. As indicated in the table below, it is possible that, under certain Index and prepayment scenarios, investors in the Inverse Floating Rate Class 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 Class 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 price of the Inverse Floating Rate Class (expressed as a percentage of original principal balance) is as follows:

<u>Class</u>	<u>Price*</u>
S	6.0%

* The price does not include accrued interest. Accrued interest has been added to such price in calculating the yields set forth in the table below.

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

<u>LIBOR</u>	<u>CPR Prepayment Assumption</u>				
	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>20%</u>	<u>25%</u>
3.45%	92.4%	85.0%	77.4%	69.6%	61.5%
5.45%	50.1%	43.7%	37.1%	30.3%	23.3%
7.45%	4.3%	(1.0)%	(6.5)%	(12.1)%	(17.9)%
8.65%	*	*	*	*	*

* 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 related Classes. See “—Distributions of Principal” herein.

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

Decrement Tables

The following tables indicate the percentages of original principal balances of the specified Classes that would be outstanding after each of the dates shown at various percentages of PSA or CPR, as applicable, 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 or 0% CPR, as applicable, it has been assumed that each underlying Mortgage Loan has an original and remaining term to maturity and bears interest at the per annum rate specified below:

<u>Mortgage Loans relating to the MBS specified below</u>	<u>Original and Remaining Terms to Maturity</u>	<u>Interest Rates</u>
Group 1	360 months	10.0%
Group 2	360 months	9.5%
Group 3	84 months	10.0%

It is not likely that (i) all of the underlying Mortgage Loans will have the interest rates, CAGEs or remaining terms to maturity assumed or (ii) the underlying Mortgage Loans will prepay at a *constant* PSA rate or CPR level. In addition, the diverse remaining terms to maturity of the Mortgage Loans (which will include recently originated Mortgage Loans) could produce slower or faster principal distributions than indicated in the tables at the specified *constant* PSA rates or CPR levels, as applicable, even if the weighted average remaining terms to maturity and the weighted average CAGEs of the Mortgage Loans are identical to the remaining terms to maturity and CAGEs specified in the Pricing Assumptions.

Percent of Original Principal Balances Outstanding

Date	A Class					B Class					C Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	150%	300%	400%	600%	0%	150%	300%	400%	600%	0%	150%	300%	400%	600%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
October 1997	95	73	53	39	12	100	100	100	100	100	100	100	100	100	100
October 1998	90	15	0	0	0	100	100	92	84	71	100	100	100	100	100
October 1999	84	0	0	0	0	100	90	70	58	36	100	100	100	100	100
October 2000	77	0	0	0	0	100	78	52	37	13	100	100	100	100	100
October 2001	70	0	0	0	0	100	68	37	21	0	100	100	100	100	88
October 2002	61	0	0	0	0	100	58	25	9	0	100	100	100	100	20
October 2003	52	0	0	0	0	100	49	15	*	0	100	100	100	100	0
October 2004	42	0	0	0	0	100	41	7	0	0	100	100	100	51	0
October 2005	31	0	0	0	0	100	34	*	0	0	100	100	100	13	0
October 2006	19	0	0	0	0	100	28	0	0	0	100	100	63	0	0
October 2007	6	0	0	0	0	100	22	0	0	0	100	100	31	0	0
October 2008	0	0	0	0	0	99	16	0	0	0	100	100	6	0	0
October 2009	0	0	0	0	0	96	11	0	0	0	100	100	0	0	0
October 2010	0	0	0	0	0	93	7	0	0	0	100	100	0	0	0
October 2011	0	0	0	0	0	90	3	0	0	0	100	100	0	0	0
October 2012	0	0	0	0	0	86	0	0	0	0	100	95	0	0	0
October 2013	0	0	0	0	0	82	0	0	0	0	100	70	0	0	0
October 2014	0	0	0	0	0	78	0	0	0	0	100	48	0	0	0
October 2015	0	0	0	0	0	73	0	0	0	0	100	28	0	0	0
October 2016	0	0	0	0	0	68	0	0	0	0	100	10	0	0	0
October 2017	0	0	0	0	0	62	0	0	0	0	100	0	0	0	0
October 2018	0	0	0	0	0	56	0	0	0	0	100	0	0	0	0
October 2019	0	0	0	0	0	49	0	0	0	0	100	0	0	0	0
October 2020	0	0	0	0	0	41	0	0	0	0	100	0	0	0	0
October 2021	0	0	0	0	0	32	0	0	0	0	100	0	0	0	0
October 2022	0	0	0	0	0	23	0	0	0	0	100	0	0	0	0
October 2023	0	0	0	0	0	12	0	0	0	0	100	0	0	0	0
October 2024	0	0	0	0	0	*	0	0	0	0	100	0	0	0	0
October 2025	0	0	0	0	0	0	0	0	0	0	8	0	0	0	0
October 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	6.8	1.4	1.0	0.9	0.7	21.9	7.6	4.5	3.6	2.7	28.6	18.0	10.5	8.1	5.6

Date	D Class					G Class					H Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	150%	300%	400%	600%	0%	95%	140%	300%	500%	0%	95%	140%	300%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
October 1997	100	100	100	100	100	99	91	88	77	62	100	100	100	100	100
October 1998	100	100	100	100	100	98	82	75	53	28	100	100	100	100	100
October 1999	100	100	100	100	100	97	72	63	33	3	100	100	100	100	100
October 2000	100	100	100	100	100	96	64	52	16	0	100	100	100	100	0
October 2001	100	100	100	100	100	94	55	41	3	0	100	100	100	100	0
October 2002	100	100	100	100	100	93	47	32	0	0	100	100	100	42	0
October 2003	100	100	100	100	76	91	40	23	0	0	100	100	100	0	0
October 2004	100	100	100	100	48	89	32	15	0	0	100	100	100	0	0
October 2005	100	100	100	100	30	87	26	8	0	0	100	100	100	0	0
October 2006	100	100	100	85	19	85	19	1	0	0	100	100	100	0	0
October 2007	100	100	100	63	12	83	13	0	0	0	100	100	68	0	0
October 2008	100	100	100	47	7	80	7	0	0	0	100	100	29	0	0
October 2009	100	100	85	35	5	77	2	0	0	0	100	100	0	0	0
October 2010	100	100	67	26	3	74	0	0	0	0	100	78	0	0	0
October 2011	100	100	53	19	2	70	0	0	0	0	100	44	0	0	0
October 2012	100	100	42	14	1	66	0	0	0	0	100	11	0	0	0
October 2013	100	100	33	10	1	62	0	0	0	0	100	0	0	0	0
October 2014	100	100	26	7	*	57	0	0	0	0	100	0	0	0	0
October 2015	100	100	20	5	*	52	0	0	0	0	100	0	0	0	0
October 2016	100	100	16	4	*	46	0	0	0	0	100	0	0	0	0
October 2017	100	93	12	3	*	40	0	0	0	0	100	0	0	0	0
October 2018	100	78	9	2	*	33	0	0	0	0	100	0	0	0	0
October 2019	100	64	7	1	*	25	0	0	0	0	100	0	0	0	0
October 2020	100	52	5	1	*	17	0	0	0	0	100	0	0	0	0
October 2021	100	41	3	1	*	8	0	0	0	0	100	0	0	0	0
October 2022	100	30	2	*	*	0	0	0	0	0	85	0	0	0	0
October 2023	100	21	1	*	*	0	0	0	0	0	7	0	0	0	0
October 2024	100	13	1	*	*	0	0	0	0	0	0	0	0	0	0
October 2025	100	6	*	*	*	0	0	0	0	0	0	0	0	0	0
October 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	29.6	24.5	16.4	12.7	8.6	17.7	6.0	4.5	2.3	1.4	26.5	14.9	11.5	5.9	3.6

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

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

Date	J Class					K Class					Z Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	95%	140%	300%	500%	0%	95%	140%	300%	500%	0%	95%	140%	300%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
October 1997	83	83	83	83	83	100	100	100	100	100	107	107	107	107	107
October 1998	64	64	64	64	64	100	100	100	100	100	115	115	115	115	115
October 1999	44	44	44	44	44	100	100	100	100	100	123	123	123	123	123
October 2000	22	22	22	22	12	100	100	100	100	100	132	132	132	132	132
October 2001	0	0	0	0	0	100	100	100	100	51	142	142	142	142	142
October 2002	0	0	0	0	0	96	96	96	96	15	152	152	152	152	152
October 2003	0	0	0	0	0	92	92	92	81	0	163	163	163	163	132
October 2004	0	0	0	0	0	88	88	88	49	0	175	175	175	175	90
October 2005	0	0	0	0	0	83	83	83	21	0	187	187	187	187	62
October 2006	0	0	0	0	0	78	78	78	0	0	201	201	201	195	42
October 2007	0	0	0	0	0	72	72	72	0	0	215	215	215	156	29
October 2008	0	0	0	0	0	67	67	67	0	0	231	231	231	124	20
October 2009	0	0	0	0	0	60	60	57	0	0	248	248	248	98	13
October 2010	0	0	0	0	0	54	54	33	0	0	266	266	266	77	9
October 2011	0	0	0	0	0	46	46	9	0	0	285	285	285	61	6
October 2012	0	0	0	0	0	39	39	0	0	0	305	305	270	47	4
October 2013	0	0	0	0	0	30	19	0	0	0	328	328	234	37	3
October 2014	0	0	0	0	0	22	0	0	0	0	351	336	201	28	2
October 2015	0	0	0	0	0	12	0	0	0	0	377	294	171	22	1
October 2016	0	0	0	0	0	2	0	0	0	0	404	254	143	16	1
October 2017	0	0	0	0	0	0	0	0	0	0	409	216	118	12	*
October 2018	0	0	0	0	0	0	0	0	0	0	409	180	96	9	*
October 2019	0	0	0	0	0	0	0	0	0	0	409	146	75	6	*
October 2020	0	0	0	0	0	0	0	0	0	0	409	113	57	4	*
October 2021	0	0	0	0	0	0	0	0	0	0	409	81	40	3	*
October 2022	0	0	0	0	0	0	0	0	0	0	409	51	24	1	*
October 2023	0	0	0	0	0	0	0	0	0	0	409	25	12	1	*
October 2024	0	0	0	0	0	0	0	0	0	0	293	12	6	*	*
October 2025	0	0	0	0	0	0	0	0	0	0	154	0	0	0	0
October 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	2.7	2.7	2.7	2.7	2.5	13.9	13.5	12.2	8.0	5.1	28.6	22.5	20.5	14.0	9.2

Date	F and S† Classes					L Class					M Class				
	CPR Prepayment Assumption					CPR Prepayment Assumption					CPR Prepayment Assumption				
	0%	10%	15%	20%	25%	0%	10%	15%	20%	25%	0%	10%	15%	20%	25%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
October 1997	99	89	84	79	74	99	83	75	68	60	100	100	100	100	100
October 1998	99	80	71	63	55	98	68	55	42	30	100	100	100	100	100
October 1999	98	71	60	50	41	97	55	37	22	8	100	100	100	100	100
October 2000	97	63	50	39	30	96	42	22	5	0	100	100	100	100	85
October 2001	97	56	42	31	23	95	31	10	0	0	100	100	100	86	63
October 2002	96	50	35	25	17	93	22	0	0	0	100	100	98	68	46
October 2003	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October 2004	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October 2005	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October 2006	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October 2007	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October 2008	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October 2009	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October 2010	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October 2011	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October 2012	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October 2013	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October 2014	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October 2015	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October 2016	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October 2017	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October 2018	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October 2019	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October 2020	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October 2021	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October 2022	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October 2023	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October 2024	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October 2025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
October 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	6.8	4.7	4.0	3.4	2.9	6.7	3.6	2.5	1.9	1.5	7.0	6.8	6.8	6.2	5.6

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

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

† 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 the R Certificate will be allowed to a “disqualified organization.” In addition, no transfer of record or beneficial ownership of the 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 the 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 the 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 “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. The Small Business Job Protection Act of 1996 repeals the bad debt reserve method of accounting for mutual savings banks and domestic building and loan associations for tax years beginning after December 31, 1995. As a result, section 593(d) of the Code is no longer applicable to treat the Certificates as “qualifying real property loans.” See “Certain Federal Income Tax Consequences—Special Tax Attributes” in the REMIC Prospectus.

Taxation of Beneficial Owners of Regular Certificates

The Notional Class and the Accrual Class will be, and certain other Classes of Certificates may be, issued with original issue discount for federal income tax purposes, which generally will result in recognition of some taxable income in advance of the receipt of the cash attributable to such income. The Prepayment Assumption that will be used in determining the rate of accrual of original issue

discount will be 300% PSA in the case of the Group 1 Classes, 140% PSA in the case of the Group 2 Classes and 15% CPR in the case of the Group 3 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 will prepay at any of these rates or any other rate. See “Description of the Certificates—Weighted Average Lives of the Certificates” herein and “Description of the Certificates—Weighted Average Life and Final Distribution Dates” in the REMIC Prospectus. In addition, certain classes of Certificates may be treated as having been issued at a premium for federal income tax purposes. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Certificates Purchased at a Premium*” in the REMIC Prospectus.

Taxation of Beneficial Owners of Residual Certificates

Under the Regulations, the R Class will not have significant value. Special rules regarding the treatment of “excess inclusions” by certain thrift institutions no longer apply because of the amendment of section 593 of the Code by the Small Business Job Protection Act of 1996. 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 120% of the “federal long-term rate.” The rate will be published on or about September 20, 1996. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*” and “—Foreign Investors—*Residual Certificates*” in the REMIC Prospectus. The federal income tax consequences of any consideration paid to a transferee on the transfer of an R Certificate are unclear; any transferee receiving such consideration should consult its own tax advisors.

PLAN OF DISTRIBUTION

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

Increase in Certificates. Before the Settlement Date, Fannie Mae and the Dealer may agree to offer hereby Certificates in addition to those contemplated as of the date hereof. In such event, the MBS in the related MBS Group will be increased in principal balance, but it is expected that all additional MBS will have the same characteristics as described herein under “Description of the Certificates—The MBS.” The proportion that the original principal balance of each Group 1, Group 2 and Group 3 Class bears to the aggregate original principal balance of all the Group 1, Group 2 and Group 3 Classes, respectively, will remain the same.

LEGAL MATTERS

Certain legal matters will be passed upon for the Dealer by Brown & Wood LLP. Brown & Wood LLP also performs legal services for Fannie Mae.

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.

\$450,000,000



FannieMae

**Guaranteed REMIC
Pass-Through Certificates**

Fannie Mae REMIC Trust 1996-48

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PROSPECTUS SUPPLEMENT

MORGAN STANLEY & CO.
Incorporated

September 19, 1996