

**\$600,000,000**



**FannieMae**

**Guaranteed REMIC Pass-Through Certificates  
Fannie Mae REMIC Trust 1997-10**

The Guaranteed REMIC Pass-Through Certificates offered hereby (the “REMIC Certificates”) will represent beneficial ownership interests in one of two trust funds. The REMIC Certificates, other than the RL Class, will represent beneficial ownership interests in Fannie Mae REMIC Trust 1997-10 (the “Trust”). The assets of the Trust will consist of the “regular interests” in a separate trust fund (the “Lower Tier REMIC”). The assets of the Lower Tier REMIC will consist of two groups of Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the “Group 1 MBS” and “Group 2 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.

Certain of the Classes of REMIC Certificates may, upon notice and payment of an exchange fee, be exchanged for one or more Classes (each, an “RCR Class”) of Combinable and Recombinable REMIC Certificates (“RCR” Certificates) as provided herein. Each RCR Certificate issued in such an exchange will represent a beneficial ownership interest in, and will entitle the Holder thereof to receive a proportionate share of the distributions on, the related Classes of REMIC Certificates. The characteristics of the RCR Classes are set forth in Schedule 1 hereto. As used herein, unless the context requires otherwise, the term “Certificates” includes REMIC Certificates and RCR Certificates and the term “Classes” includes the Classes of REMIC Certificates and the Classes of RCR Certificates. See “Combination and Recombination” herein and Schedule 1 hereto.

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-7 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(1)	Original Principal Balance	Principal Type(2)	Interest Rate	Interest Type(2)	CUSIP Number	Final Distribution Date	Class(1)	Original Principal Balance	Principal Type(2)	Interest Rate	Interest Type(2)	CUSIP Number	Final Distribution Date
A	\$76,500,000	SEQ	7.00%	FIX	31359NLT6	May 2017	L	\$32,900,000	SEQ	6.60%	FIX	31359NPX3	November 2022
B	48,375,000	SEQ	7.00	FIX	31359NPL9	September 2021	M	32,100,000	SEQ	6.60	FIX	31359NPY1	August 2024
C	28,125,000	SEQ	7.00	FIX	31359NPM7	August 2023	N	16,500,000	SEQ	6.60	FIX	31359NPZ8	May 2025
D	28,050,000	SEQ	7.00	FIX	31359NPN5	March 2025	O	11,600,000	AD/SEQ	6.60	FIX	31359NQA2	May 2005
E	10,200,000	SEQ	7.00	FIX	31359NPP0	September 2025	P	16,000,000	AD/SEQ	6.60	FIX	31359NQB0	April 2012
G	11,100,000	AD/SEQ	7.50	FIX	31359NPQ8	August 2004	ZA	16,320,690	SEQ	6.60	FIX/Z	31359NQC8	March 2027
H	18,750,000	AD/SEQ	7.50	FIX	31359NPR6	October 2011	FA	41,379,310	STP	(4)	FLT	31359NQD6	March 2027
F	63,750,000	SEQ	(4)	FLT	31359NPS4	September 2025	SB	(3)	NTL	(4)	INV/IO	31359NQE4	May 2023
S	(3)	NTL	(4)	INV/IO	31359NPT2	September 2025	SC	(3)	NTL	(4)	INV/IO	31359NQG9	March 2027
Z	15,150,000	SEQ	7.50	FIX/Z	31359NPU9	March 2027	SD	(3)	NTL	(4)	INV/IO	31359NQF1	March 2027
J	78,400,000	SEQ	6.60	FIX	31359NPV7	December 2015	R	0	NPR	0	NPR	31359NQK0	March 2027
K	54,800,000	SEQ	6.60	FIX	31359NPW5	October 2020	RL	0	NPR	0	NPR	31359NQL8	March 2027

- (1) The RCR Classes are set forth on Schedule 1 hereto.
- (2) 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.
- (3) The S, SB, SD and SC Classes will be Notional Classes, will not have principal balances and will bear interest on their notional principal balances (initially, \$63,750,000, \$28,000,000, \$41,379,310 and \$13,379,310, respectively). The notional principal balances of the Notional Classes will be calculated based upon the principal balances of the Classes specified herein. See “Description of the Certificates—Distributions of Interest—Notional Classes” herein.
- (4) The F, S, FA, SB, SD and SC Classes will bear interest based on the “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 Greenwich Capital Markets, 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 and RL Classes, will be available through the book-entry facilities of The Depository Trust Company on or about February 27, 1997 (the “Settlement Date”). It is expected that the R and RL Classes in registered, certificated form will be available for delivery at the offices of the Dealer, Greenwich, Connecticut, on or about the Settlement Date.

**GREENWICH CAPITAL  
MARKETS, INC.**

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The yield to investors in the Group 1 and Group 2 Classes (as described herein) will be sensitive in varying degrees to, among other things, the rate of principal distributions on the Group 1 and Group 2 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 any Floating Rate or Inverse Floating Rate Class, 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 any Interest Only Class, a faster than anticipated rate of principal payments is likely to result in a lower than anticipated yield and, in certain cases, an actual loss on the investment.
- The yield on any Floating Rate or Inverse Floating Rate Class will be sensitive to the level of the 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” and “—Yield Tables” 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.

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

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

- Fannie Mae’s Prospectus for Guaranteed REMIC Pass-Through Certificates dated 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 1, 1997 (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 Greenwich Capital Markets, Inc. by writing or calling its Prospectus Department at 600 Steamboat Road, Greenwich, CT 06830 (telephone 203-622-5628).

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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 February 1, 1997)

<u>Mortgage Loan Group</u>	<u>Approximate Principal Balance</u>	<u>Approximate Weighted Average Remaining Term to Maturity (in months)</u>	<u>Approximate Weighted Average Calculated Loan Age (in months)</u>	<u>Approximate Weighted Average Coupon</u>
Group 1	\$300,000,000	339	21	8.10%
Group 2	\$300,000,000	335	25	7.70%

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.

### Combination and Recombination

Holders of certain Classes of REMIC Certificates will be entitled, upon notice and payment of an exchange fee, to exchange all or a portion of such Classes for a proportionate interest in the related RCR Class or Classes in the proportions and combinations set forth on Schedule 1 hereto. The Holders of RCR Classes will be entitled to receive distributions of interest from the related Classes of REMIC Certificates. See “Description of the Certificates—Combination and Recombination” herein. Schedule 1 sets forth all of the available combinations of the Classes of REMIC Certificates and the related RCR Classes.

### Interest Rates

The Fixed Rate Classes 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 initial interest rates specified below, and will bear interest during each Interest Accrual Period thereafter, subject to the applicable maximum and minimum interest rates, at 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 .....	5.9375%	9.0%	0.5%	LIBOR + 50 basis points
S .....	3.0625%	8.5%	0.0%	8.5% – LIBOR
FA .....	6.0375%	9.5%	0.6%	LIBOR + 60 basis points
SB .....	2.0625%	7.5%	0.0%	7.5% – LIBOR
SD .....	1.4000%	1.4%	0.0%	8.9% – LIBOR
SC .....	2.0625%	7.5%	0.0%	7.5% – LIBOR
SA* .....	3.4625%	8.9%	0.0%	8.9% – LIBOR
SE* .....	2.0625%	7.5%	0.0%	7.5% – LIBOR

\* These Classes are RCR Classes. See “Description of the Certificates—Combination and Recombination” herein and Schedule 1 for a further description thereof.

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

On any Distribution Date when distributions of interest are to be allocated from REMIC Certificates to RCR Certificates, such distributions will be allocated on a pro rata basis from the applicable Classes of REMIC Certificates to the related RCR Class or, if there are two related RCR Classes, to such RCR Classes.

## Notional Classes

The notional principal balance of each 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 Class</u>
S .....	100% of F Class
SD .....	100% of FA Class
SB and SC* .....	100% of FA Class
SA** .....	100% of FA Class
SE** .....	100% of FA Class

\* Reduction of the principal balance of the FA Class from the Group 2 Cash Flow Distribution Amount will be applied sequentially to the notional principal balances of the SB and SC Classes, in that order, until the respective notional principal balances thereof are reduced to zero.

\*\* These Classes are RCR Classes. See “Description of the Certificates—Combination and Recombination” herein and Schedule 1 for a further description thereof.

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

## Distributions of Principal

### *Group 1 Principal Distribution Amount*

#### *Group 1 Accrual Amount*

To the G and H Classes, in that order, to zero, and then to the Z Class.

#### *Group 1 Cash Flow Distribution Amount*

1. 25% of such amount to the F Class, to zero, and  
75% of such amount to the A, B, C, D and E Classes, in that order, to zero.
2. To the G, H and Z Classes, in that order, to zero.

### *Group 2 Principal Distribution Amount*

#### *Group 2 Accrual Amount*

To the O and P Classes, in that order, to zero, and then to the ZA Class.

#### *Group 2 Cash Flow Distribution Amount*

- 13.7931033333% of such amount to the FA Class, to zero, and
- 86.2068966667% of such amount to the J, K, L, M, N, O, P and ZA Classes, in that order, to zero.

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

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>175%</u>	<u>350%</u>	<u>500%</u>
A .....	13.2	2.8	1.7	0.9	0.6
B .....	22.5	8.0	5.0	2.6	1.8
C .....	25.5	12.3	7.9	4.0	2.8
D .....	27.2	16.2	10.9	5.6	3.8
E .....	28.2	19.4	13.6	7.2	4.9
G .....	4.0	4.0	4.0	4.0	3.7
H .....	11.3	11.3	11.3	8.4	6.1
F and S.....	20.2	8.3	5.4	2.8	1.9
Z.....	29.3	24.1	19.6	12.9	9.5

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>150%</u>	<u>350%</u>	<u>500%</u>
J .....	12.0	2.3	1.6	0.7	0.5
K .....	21.3	7.0	5.0	2.2	1.5
L .....	24.7	10.9	8.0	3.6	2.4
M.....	26.6	14.6	11.0	5.0	3.4
N .....	27.8	17.9	13.9	6.5	4.4
O .....	4.5	4.5	4.5	4.4	3.7
P .....	11.9	11.9	11.9	8.0	5.7
ZA .....	29.1	23.2	20.2	12.4	9.0
FA and SD.....	21.3	10.5	8.3	4.0	2.7
SB .....	18.0	6.0	4.3	1.9	1.3
SC .....	28.2	19.9	16.5	8.4	5.8
SA** and SE** .....	21.3	10.5	8.3	4.0	2.7

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

\*\* These Classes are RCR Classes. See “Description of the Certificates—Combination and Recombination” herein and Schedule 1 for a further description thereof.

## ADDITIONAL RISK FACTORS

### Additional Yield and Prepayment Considerations

The rate of distributions of principal of the Group 1 and Group 2 Classes will be sensitive in varying degrees to the rate of principal distributions on the Group 1 and Group 2 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 and Group 2 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 and Group 2 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. In addition, it is highly unlikely that the Mortgage Loans underlying the Group 1 or Group 2 MBS will prepay at any of the rates assumed herein, will prepay at a constant PSA rate until maturity or that all such Mortgage Loans will prepay at the same rate. 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 yields on the Delay Classes (as defined herein) will be reduced below the yields otherwise produced because principal and interest payable on a Distribution Date will not be distributed until the 18th 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 values 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 and the Lower Tier REMIC will be created pursuant to a trust agreement dated as of February 1, 1997 (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 REMIC Certificates (other than the R and RL Classes) will be designated as the “regular interests,” and the R Class will be designated as the “residual interest,” in the REMIC constituted by the Trust. The interests in the Lower Tier REMIC other than the RL Class (the “Lower Tier Regular Interests”) will be designated as the “regular interests,” and the RL Class will be designated as the “residual interest,” in the Lower Tier REMIC. The assets of the Lower Tier REMIC 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 and RL Certificates, will be represented by one or more certificates (the “DTC Certificates”) to be registered at all times in the name of the nominee of the Depository (as defined herein), which Depository will maintain such certificates through its book-entry facilities. When used herein with respect to a book-entry Certificate, the terms “Holders” or “Certificateholders” refer to the nominee of the Depository. A Holder is not necessarily the beneficial owner of any DTC 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—Book-Entry Procedures” herein.

The R and RL Certificates will not be issued in book-entry form but will be issued in fully registered, certificated form. As to the R or RL Certificate, “Holder” or “Certificateholder” refers to the registered owner thereof. The R or RL 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 or RL 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 and RL Classes” herein.

The distribution to the Holders of the R and RL Certificates of the proceeds of any remaining assets of the Trust and the Lower Tier REMIC, as applicable, 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 and RL Certificates, will be issued in minimum denominations of \$1,000 and integral multiples of \$1 in excess thereof. The R and RL Classes will be issued as single Certificates and will not have principal balances.

*Distribution Dates.* Distributions on the Certificates will be made on the 18th day of each month (or, if such 18th day is not a business day, on the first business day next succeeding such 18th 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 Lower Tier REMIC or 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.

### **Combination and Recombination**

*General.* Subject to the rules, regulations and procedures of the Depository, all or a portion of the SB, SC, and SD Classes of REMIC Certificates may be exchanged for a proportionate interest in one or more RCR Classes in the combinations and proportions set forth on Schedule 1 hereto. Similarly, all or a portion of one or more RCR Classes may be exchanged, in the combinations and proportions set forth on Schedule 1, for certain Classes of REMIC Certificates. This process may occur repeatedly.

Each RCR Class issued in an exchange will represent a beneficial ownership interest in, and will be entitled to receive a proportionate share of the distributions on, the related Classes of REMIC Certificates, and the Holders of an RCR Class will be treated as the beneficial owners of a proportionate interest in the related Class or Classes of REMIC Certificates.

The Classes of REMIC Certificates and RCR Certificates that are outstanding at any given time, and the outstanding principal balances (or notional principal balances) of such Classes, will depend upon distributions of principal of such Classes as well as any exchanges that occur. The aggregate outstanding principal balance of all the Classes of REMIC Certificates and RCR Classes (exclusive of any notional principal balance) will at all times equal the aggregate outstanding principal balance of the MBS.

*Procedures.* A Holder proposing to effect an exchange must notify Fannie Mae's Capital Markets Department through a dealer who is a member of Fannie Mae's "REMIC Dealer Group." Such notice must be given in writing or by telefax not later than two business days before the proposed exchange date (which date, subject to Fannie Mae's approval, can be any business day other than the first or last business day of the month). The notice must include the outstanding notional principal balance of both the Certificates to be exchanged and the Certificates to be received, and the proposed exchange date. Promptly after the receipt of a Holder's notice, Fannie Mae will telephone the dealer to provide instructions for delivering the Certificates and the exchange fee to Fannie Mae by wire transfer. A Holder's notice becomes irrevocable on the second business day before the proposed exchange date.

A fee will be payable to Fannie Mae in connection with each exchange equal to  $\frac{1}{32}$  of 1% of the outstanding principal balance (exclusive of any notional principal balance) of the Certificates to be submitted for exchange (but not less than \$2,000).

The first distribution on a REMIC Certificate or an RCR Certificate received in an exchange transaction will be made on the Distribution Date in the month following the month of the exchange. Such distribution will be made to the Holder of record as of the close of business on the last day of the month of the exchange.

Certificates to be exchanged must be delivered to Fannie Mae in the correct "exchange proportions" as shown in Schedule 1, which are based on the original notional principal balances of the related Classes of REMIC Certificates or RCR Certificates and will not change as a result of any reductions (or increases) in the outstanding notional principal balances of the Certificates.

*Additional Considerations.* The payment characteristics of an RCR Class will reflect the payment characteristics of the Classes of REMIC Certificates which are combined to form such RCR Class. However, since an RCR Class may be formed through the combination of Classes of REMIC Certificates which have different payment characteristics, the payment characteristics of the RCR Classes should be viewed in terms of the resulting combination of REMIC Certificates in the aggregate rather than as a group of individual Classes of REMIC Certificates with different payment characteristics.

At any given time, a Holder's ability to exchange REMIC Certificates for RCR Certificates or to exchange RCR Certificates for REMIC Certificates will be limited by a number of factors. A Holder must, at the time of the proposed exchange, own the appropriate Classes in the appropriate proportions in order to effect a desired exchange. A Holder that does not own the appropriate Classes or the appropriate portions of such Classes may not be able to obtain the necessary Classes of REMIC Certificates or the RCR Class or Classes. The Holder of a needed Class may refuse or be unable to sell at a reasonable price or any price, or certain Classes may have been purchased and placed into other financial structures. In addition, principal distributions will, over time, diminish the amounts available for exchange. Only the combinations listed on Schedule 1 are permitted.

## **Book-Entry Procedures**

*General.* The Certificates (other than the R and RL Certificates) will be represented by one or more certificates (the "DTC Certificates") to be registered at all times in the name of the nominee of The Depository Trust Company, a New York-chartered limited purpose trust company, or any successor depository selected or approved by Fannie Mae (the "Depository"). In accordance with its normal procedures, the Depository will record the positions held by each Depository participating firm (each, a "Depository Participant") in the DTC Certificates, whether held for its own account or as a nominee for another person. State Street will act as Paying Agent for, and perform certain administrative functions with respect to, the DTC Certificates.

No person acquiring a beneficial ownership interest in the DTC Certificates (a "beneficial owner" or an "investor") will be entitled to receive a physical certificate representing such ownership interest. An investor's interest in the DTC Certificates will be recorded on the records of the brokerage firm, bank, thrift institution or other financial intermediary (a "financial intermediary") that maintains such investor's account for such purpose. In turn, the financial intermediary's record ownership of such interest will be recorded on the records of the Depository (or of a Depository Participant that acts as an agent for the financial intermediary if such intermediary is not a Depository Participant). Accordingly, an investor will not be recognized by the Trustee or the Depository as a Certificateholder and must rely on the foregoing arrangements to evidence its interest in the DTC Certificates. Beneficial ownership of an investor's interest in the DTC Certificates may be transferred only by compliance with the procedures of an investor's financial intermediary and of Depository Participants. In general, beneficial ownership of an investor's interest in the DTC Certificates will be subject to the rules, regulations and procedures governing the Depository and Depository Participants as in effect from time to time.

*Method of Distribution.* Each distribution on the DTC Certificates will be distributed by the Paying Agent to the Depository in immediately available funds. The Depository will be responsible for crediting the amount of such distributions to the accounts of the Depository Participants entitled thereto, in accordance with the Depository's normal procedures, which currently provide for distributions in same-day funds settled through the New York Clearing House. Each Depository Participant and each financial intermediary will be responsible for disbursing such distributions to the beneficial owners of the DTC Certificates that it represents. Accordingly, the beneficial owners may experience some delay in their receipt of distributions.

## **The MBS**

The Group 1 and Group 2 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 and Group 2 MBS will provide that principal and interest on the related Mortgage Loans will be passed through monthly, commencing in the month following the month of the initial issuance of such MBS. The Mortgage Loans underlying the Group 1 and Group 2 MBS will be conventional Level Payment Mortgage Loans secured by first mortgages or deeds of trust on one- to four-family ("single-family") residential properties and having original maturities of up to 30 years. See "The Mortgage Pools" and "Yield Considerations" in the MBS Prospectus. The characteristics of the Group 1 and

Group 2 MBS and the related Mortgage Loans as of February 1, 1997 (the “Issue Date”) are expected to be as follows:

**Group 1 MBS**

Aggregate Unpaid Principal Balance .....	\$300,000,000
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 .....	339 months
Approximate Weighted Average CAGE .....	21 months

**Group 2 MBS**

Aggregate Unpaid Principal Balance .....	\$300,000,000
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 .....	335 months
Approximate Weighted Average CAGE .....	25 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, E, G, H, Z, J, K, L, M, N, O, P and ZA
Accrual	Z and ZA
Floating Rate	F, FA
Inverse Floating Rate	S, SB, SD and SC
Interest Only	S, SB, SD and SC
RCR**	SA and SE
No Payment Residual	R and RL

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

\*\* See “Description of the Certificates—Combination and Recombination” herein and Schedule 1 for a further description of the RCR Classes.

*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 Classes) in the

month after the Settlement Date. Interest to be distributed or, in the case of the Accrual Classes, added to principal on each interest-bearing Certificate on a Distribution Date will consist of one month's interest on the outstanding principal balance of such Certificate immediately prior to such Distribution Date.

On any Distribution Date when distributions of interest are to be allocated from REMIC Certificates to RCR Certificates, such distributions will be allocated on a pro rata basis from the applicable Classes of REMIC Certificates to the related RCR Class or, if there are two related RCR Classes, to such RCR Classes.

*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, S, FA, SB, SD, SC, SA* and SE* Classes	One month period beginning on the 18th day of the month preceding the month of the Distribution Date and ending on the 17th 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

\* These Classes are RCR Classes. See "Description of the Certificates—Combination and Recombination" herein and Schedule 1 for a further description thereof.

See "Additional Risk Factors—Additional Yield and Prepayment Considerations" herein.

*Accrual Classes.* The Z and ZA Classes are Accrual Classes. Interest will accrue on each Accrual Class at the applicable per annum rate set forth on the cover hereof; however, such interest will not be distributed thereon for so long as such Classes remain outstanding. Interest so accrued and unpaid on the Accrual Classes will be added as principal to the principal balances thereof on each Distribution Date. Distributions of principal of the Accrual Classes will be made as described herein.

*Notional Classes.* The S, SB, SD and SC Classes will be Notional Classes. The Notional Classes will have no principal balances and will bear interest at the applicable per annum interest rates set forth on the cover or described herein during each Interest Accrual Period on the related notional principal balances. The notional principal balance of each 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 Class</u>
S .....	100% of F Class
SD .....	100% of FA Class
SB and SC* .....	100% of FA Class
SA** .....	100% of FA Class
SE** .....	100% of FA Class

\* Reduction of the principal balance of the FA Class from the Group 2 Cash Flow Distribution Amount will be applied sequentially to the notional principal balances of the SB and SC Classes, in that order, until the respective notional principal balances thereof are reduced to zero.

\*\* These Classes are RCR Classes. See "Description of the Certificates—Combination and Recombination" herein and Schedule 1 for a further description thereof.

See "Yield Tables—*The Inverse Floating Rate Classes*" herein.

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

related 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 balances of the Notional Classes.

*Floating Rate and Inverse Floating Rate Classes.* The following Classes will bear interest during their initial Interest Accrual Period at the initial interest rates specified 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 .....	5.9375%	9.0%	0.5%	LIBOR + 50 basis points
S .....	3.0625%	8.5%	0.0%	8.5% – LIBOR
FA .....	6.0375%	9.5%	0.6%	LIBOR + 60 basis points
SB .....	2.0625%	7.5%	0.0%	7.5% – LIBOR
SD .....	1.4000%	1.4%	0.0%	8.9% – LIBOR
SC .....	2.0625%	7.5%	0.0%	7.5% – LIBOR
SA* .....	3.4625%	8.9%	0.0%	8.9% – LIBOR
SE* .....	2.0625%	7.5%	0.0%	7.5% – LIBOR

\* These Classes are RCR Classes. See “Description of the Certificates—Combination and Recombination” herein and Schedule 1 for a further description thereof.

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

## Calculation of LIBOR

On each Index Determination Date, until the principal balances and notional principal balances of the Floating Rate and Inverse Floating Rate 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 5.4375%.

## 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>	
Sequential Pay	F, A, B, C, D, E, G, H and Z
Accretion Directed	G and H
Notional	S
<b>Group 2 Classes</b>	
Sequential Pay	J, K, L, M, N, O, P and ZA
Strip	FA
Accretion Directed	O and P
Notional	SB, SD and SC
RCR**	SA** and SE**
<b>No Payment Residual</b>	R and RL

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

\*\* See “Description of the Certificates—Combination and Recombination” herein and Schedule 1 for a further description of the RCR Classes.

### *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 to be made on the Group 1 MBS in the month of such Distribution Date (the “Group 1 Cash Flow Distribution Amount”) and any interest accrued and added on such Distribution Date to the principal balance of the Accrual Class (the “Group 1 Accrual Amount” and together with the Group 1 Cash Flow Distribution Amount, the “Group 1 Principal Distribution Amount”) and (ii) the aggregate distributions of principal to be made on the Group 2 MBS in the month of such Distribution Date (the “Group 2 Cash Flow Distribution Amount”) and 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”).

### *Group 1 Principal Distribution Amount*

#### *Group 1 Accrual Amount*

On each Distribution Date, the Group 1 Accrual Amount, if any, will be distributed, sequentially, as principal of the G and H Classes, in that order, until the respective principal balances thereof are reduced to zero, and thereafter to the Z Class.

Accretion  
Directed  
Classes and  
Accrual  
Class

#### *Group 1 Cash Flow Distribution Amount*

On each Distribution Date, the Group 1 Cash Flow Distribution Amount will be distributed as principal of the Group 1 Classes in the following order of priority:

(i) 25% of such amount to the F Class, until the principal balance thereof is reduced to zero, and

75% of such amount, sequentially, to the A, B, C, D and E Classes, in that order, until the respective principal balances thereof are reduced to zero; and

(ii) sequentially, to the G, H and Z 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 O and P Classes, in that order, until the respective principal balances thereof are reduced to zero, and thereafter to the ZA Class. } Accretion Directed Classes and Accrual Class

#### Group 2 Cash Flow Distribution Amount

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

13.7931033333% of such amount to the FA Class, until the principal balance thereof is reduced to zero, and } Strip Class

86.2068966667% of such amount, sequentially, to the J, K, L, M, N, O, P and ZA Classes, in that order, until the respective principal balances thereof are reduced to zero. } 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 and Group 2 MBS have the original terms to maturity, remaining terms to maturity, CAGEs and interest rates, respectively, as specified:

Group 1	360 months	339 months	21 months	8.10%
Group 2	360 months	335 months	25 months	7.70%

- 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 herein 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 applicable 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 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 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 Group 1 MBS or Group 2 MBS, as applicable. The Mortgage Loans generally can be prepaid at any time. As indicated in the applicable tables below, it is possible that, under certain Index and prepayment scenarios, investors in the Inverse Floating Rate Classes and the SE\*\* and SA\*\* Classes would not fully recoup their initial investment.

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 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 in each case as a percentage of the original principal balance) are as follows:

<u>Class</u>	<u>Price*</u>
S .....	6.62500%
SB .....	4.09375%
SC .....	9.12500%
SD .....	4.87500%
SA** .....	10.59375%
SE** .....	5.71875%

\* 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.

\*\* These Classes are RCR Classes. See “Description of the Certificates—Combination and Recombination” herein and Schedule 1 for a further description thereof.



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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>175%</u>	<u>350%</u>	<u>500%</u>
3.4375% .....	81.6%	76.8%	69.3%	49.7%	30.0%
5.4375% .....	45.0%	40.6%	33.4%	13.4%	(7.2)%
7.4375% .....	10.3%	5.6%	(2.8)%	(27.4)%	(51.2)%
8.5000% .....	*	*	*	*	*

\* 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>100%</u>	<u>150%</u>	<u>350%</u>	<u>500%</u>
3.4375% .....	109.1%	102.0%	94.6%	59.0%	26.2%
5.4375% .....	47.9%	41.5%	34.3%	(2.8)%	(35.7)%
7.5000% .....	*	*	*	*	*

\* 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>100%</u>	<u>150%</u>	<u>350%</u>	<u>500%</u>
3.4375% .....	48.2%	48.2%	48.1%	45.1%	39.7%
5.4375% .....	23.5%	23.3%	22.6%	16.3%	8.4%
7.5000% .....	*	*	*	*	*

\* 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>100%</u>	<u>150%</u>	<u>350%</u>	<u>500%</u>
7.5000% and below .....	25.4%	22.0%	18.5%	4.0%	(7.7)%
8.4375% .....	3.2%	0.1%	(3.1)%	(16.4)%	(27.0)%
8.9000% .....	*	*	*	*	*

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

**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>100%</u>	<u>150%</u>	<u>350%</u>	<u>500%</u>
3.4375% .....	51.5%	47.8%	43.9%	28.0%	15.2%
5.4375% .....	29.9%	26.4%	22.9%	8.1%	(3.7)%
7.4375% .....	8.6%	5.4%	2.2%	(11.4)%	(22.3)%
8.9000% .....	*	*	*	*	*

\* 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>100%</u>	<u>150%</u>	<u>350%</u>	<u>500%</u>
3.4375% .....	75.0%	71.0%	66.9%	49.7%	35.9%
5.4375% .....	33.8%	30.3%	26.7%	11.7%	(0.3)%
7.5000% .....	*	*	*	*	*

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

\*\* These Classes are RCR Classes. See “Description of the Certificates—Combination and Recombination” herein and Schedule 1 for a further description of thereof.

**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 Group 1 and Group 2 Classes. See “—Distributions of Principal” herein.

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 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%

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

## Percent of Original Principal Balances Outstanding

Date	A Class					B Class					C Class					D Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	175%	350%	500%	0%	100%	175%	350%	500%	0%	100%	175%	350%	500%	0%	100%	175%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
February 1998	98	81	70	42	18	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
February 1999	97	62	39	0	0	100	100	100	85	26	100	100	100	100	100	100	100	100	100	100
February 2000	95	44	13	0	0	100	100	100	21	0	100	100	100	100	21	100	100	100	100	100
February 2001	92	27	0	0	0	100	100	82	0	0	100	100	100	50	0	100	100	100	100	35
February 2002	90	11	0	0	0	100	100	48	0	0	100	100	100	0	0	100	100	100	82	0
February 2003	87	0	0	0	0	100	93	18	0	0	100	100	100	0	0	100	100	100	29	0
February 2004	84	0	0	0	0	100	70	0	0	0	100	100	84	0	0	100	100	100	0	0
February 2005	81	0	0	0	0	100	49	0	0	0	100	100	43	0	0	100	100	100	0	0
February 2006	77	0	0	0	0	100	29	0	0	0	100	100	6	0	0	100	100	100	0	0
February 2007	73	0	0	0	0	100	9	0	0	0	100	100	0	0	0	100	100	73	0	0
February 2008	69	0	0	0	0	100	0	0	0	0	100	85	0	0	0	100	100	44	0	0
February 2009	64	0	0	0	0	100	0	0	0	0	100	56	0	0	0	100	100	18	0	0
February 2010	59	0	0	0	0	100	0	0	0	0	100	28	0	0	0	100	100	0	0	0
February 2011	53	0	0	0	0	100	0	0	0	0	100	2	0	0	0	100	100	0	0	0
February 2012	46	0	0	0	0	100	0	0	0	0	100	0	0	0	0	100	77	0	0	0
February 2013	39	0	0	0	0	100	0	0	0	0	100	0	0	0	0	100	53	0	0	0
February 2014	31	0	0	0	0	100	0	0	0	0	100	0	0	0	0	100	31	0	0	0
February 2015	22	0	0	0	0	100	0	0	0	0	100	0	0	0	0	100	9	0	0	0
February 2016	12	0	0	0	0	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 2017	1	0	0	0	0	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 2018	0	0	0	0	0	83	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 2019	0	0	0	0	0	62	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 2020	0	0	0	0	0	39	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 2021	0	0	0	0	0	13	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 2022	0	0	0	0	0	0	0	0	0	0	74	0	0	0	0	100	0	0	0	0
February 2023	0	0	0	0	0	0	0	0	0	0	21	0	0	0	0	100	0	0	0	0
February 2024	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	61	0	0	0	0
February 2025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2027	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	13.2	2.8	1.7	0.9	0.6	22.5	8.0	5.0	2.6	1.8	25.5	12.3	7.9	4.0	2.8	27.2	16.2	10.9	5.6	3.8

Date	E Class					G Class					H Class					F and S† Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	175%	350%	500%	0%	100%	175%	350%	500%	0%	100%	175%	350%	500%	0%	100%	175%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
February 1998	100	100	100	100	100	89	89	89	89	89	100	100	100	100	100	99	93	88	77	67
February 1999	100	100	100	100	100	78	78	78	78	78	100	100	100	100	100	99	85	76	56	41
February 2000	100	100	100	100	100	66	66	66	66	66	100	100	100	100	100	98	78	65	40	23
February 2001	100	100	100	100	100	52	52	52	52	52	100	100	100	100	100	97	71	55	27	11
February 2002	100	100	100	100	34	38	38	38	38	38	100	100	100	100	100	96	64	47	17	2
February 2003	100	100	100	100	0	23	23	23	23	0	100	100	100	100	56	95	58	39	10	0
February 2004	100	100	100	66	0	6	6	6	6	0	100	100	100	100	0	94	52	32	4	0
February 2005	100	100	100	0	0	0	0	0	0	0	93	93	93	76	0	92	47	26	0	0
February 2006	100	100	100	0	0	0	0	0	0	0	82	82	82	15	0	91	42	21	0	0
February 2007	100	100	100	0	0	0	0	0	0	0	69	69	69	0	0	89	37	16	0	0
February 2008	100	100	100	0	0	0	0	0	0	0	56	56	56	0	0	88	33	12	0	0
February 2009	100	100	100	0	0	0	0	0	0	0	42	42	42	0	0	86	28	8	0	0
February 2010	100	100	85	0	0	0	0	0	0	0	26	26	26	0	0	83	24	5	0	0
February 2011	100	100	29	0	0	0	0	0	0	0	10	10	10	0	0	81	20	2	0	0
February 2012	100	100	0	0	0	0	0	0	0	0	0	0	0	0	0	78	17	0	0	0
February 2013	100	100	0	0	0	0	0	0	0	0	0	0	0	0	0	76	13	0	0	0
February 2014	100	100	0	0	0	0	0	0	0	0	0	0	0	0	0	72	10	0	0	0
February 2015	100	100	0	0	0	0	0	0	0	0	0	0	0	0	0	69	7	0	0	0
February 2016	100	71	0	0	0	0	0	0	0	0	0	0	0	0	0	65	4	0	0	0
February 2017	100	18	0	0	0	0	0	0	0	0	0	0	0	0	0	60	1	0	0	0
February 2018	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	56	0	0	0	0
February 2019	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	50	0	0	0	0
February 2020	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	45	0	0	0	0
February 2021	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	38	0	0	0	0
February 2022	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	31	0	0	0	0
February 2023	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	23	0	0	0	0
February 2024	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	14	0	0	0	0
February 2025	89	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5	0	0	0	0
February 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2027	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	28.2	19.4	13.6	7.2	4.9	4.0	4.0	4.0	4.0	3.7	11.3	11.3	11.3	8.4	6.1	20.2	8.3	5.4	2.8	1.9

\*\* 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.

Date	Z Class					J Class					K Class					L Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	175%	350%	500%	0%	100%	150%	350%	500%	0%	100%	150%	350%	500%	0%	100%	150%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
February 1998	108	108	108	108	108	98	77	68	30	1	100	100	100	100	100	100	100	100	100	100
February 1999	116	116	116	116	116	96	56	38	0	0	100	100	100	61	0	100	100	100	100	100
February 2000	125	125	125	125	125	93	35	11	0	0	100	100	100	0	0	100	100	100	96	0
February 2001	135	135	135	135	135	91	16	0	0	0	100	100	80	0	0	100	100	100	12	0
February 2002	145	145	145	145	145	88	0	0	0	0	100	97	48	0	0	100	100	100	0	0
February 2003	157	157	157	157	157	84	0	0	0	0	100	72	19	0	0	100	100	100	0	0
February 2004	169	169	169	169	155	81	0	0	0	0	100	49	0	0	0	100	100	88	0	0
February 2005	182	182	182	182	107	77	0	0	0	0	100	27	0	0	0	100	100	48	0	0
February 2006	196	196	196	196	73	72	0	0	0	0	100	6	0	0	0	100	100	11	0	0
February 2007	211	211	211	165	50	68	0	0	0	0	100	0	0	0	0	100	78	0	0	0
February 2008	228	228	228	127	34	62	0	0	0	0	100	0	0	0	0	100	47	0	0	0
February 2009	245	245	245	98	23	57	0	0	0	0	100	0	0	0	0	100	18	0	0	0
February 2010	264	264	264	75	16	50	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 2011	285	285	285	57	11	43	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 2012	297	297	278	43	7	36	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 2013	297	297	238	33	5	27	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 2014	297	297	202	25	3	18	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 2015	297	297	171	18	2	8	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 2016	297	297	143	14	1	0	0	0	0	0	95	0	0	0	0	100	0	0	0	0
February 2017	297	297	118	10	1	0	0	0	0	0	78	0	0	0	0	100	0	0	0	0
February 2018	297	268	96	7	1	0	0	0	0	0	58	0	0	0	0	100	0	0	0	0
February 2019	297	225	77	5	*	0	0	0	0	0	37	0	0	0	0	100	0	0	0	0
February 2020	297	185	60	3	*	0	0	0	0	0	14	0	0	0	0	100	0	0	0	0
February 2021	297	146	45	2	*	0	0	0	0	0	0	0	0	0	0	80	0	0	0	0
February 2022	297	109	32	1	*	0	0	0	0	0	0	0	0	0	0	34	0	0	0	0
February 2023	297	74	21	1	*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2024	297	40	11	*	*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2025	297	8	2	*	*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2026	198	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2027	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	29.3	24.1	19.6	12.9	9.5	12.0	2.3	1.6	0.7	0.5	21.3	7.0	5.0	2.2	1.5	24.7	10.9	8.0	3.6	2.4

Date	M Class					N Class					O Class					P Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	150%	350%	500%	0%	100%	150%	350%	500%	0%	100%	150%	350%	500%	0%	100%	150%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
February 1998	100	100	100	100	100	100	100	100	100	100	90	90	90	90	90	100	100	100	100	100
February 1999	100	100	100	100	100	100	100	100	100	100	80	80	80	80	80	100	100	100	100	100
February 2000	100	100	100	100	82	100	100	100	100	100	69	69	69	69	69	100	100	100	100	100
February 2001	100	100	100	100	0	100	100	100	100	96	58	58	58	58	58	100	100	100	100	100
February 2002	100	100	100	46	0	100	100	100	100	0	45	45	45	45	22	100	100	100	100	100
February 2003	100	100	100	0	0	100	100	100	88	0	32	32	32	32	0	100	100	100	100	26
February 2004	100	100	100	0	0	100	100	100	8	0	18	18	18	18	0	100	100	100	100	0
February 2005	100	100	100	0	0	100	100	100	0	0	2	2	2	0	0	100	100	100	46	0
February 2006	100	100	100	0	0	100	100	100	0	0	0	0	0	0	0	90	90	90	0	0
February 2007	100	100	78	0	0	100	100	100	0	0	0	0	0	0	0	78	78	78	0	0
February 2008	100	100	48	0	0	100	100	100	0	0	0	0	0	0	0	64	64	64	0	0
February 2009	100	100	20	0	0	100	100	100	0	0	0	0	0	0	0	50	50	50	0	0
February 2010	100	91	0	0	0	100	100	90	0	0	0	0	0	0	0	34	34	34	0	0
February 2011	100	64	0	0	0	100	100	46	0	0	0	0	0	0	0	18	18	18	0	0
February 2012	100	39	0	0	0	100	100	6	0	0	0	0	0	0	0	1	1	1	0	0
February 2013	100	15	0	0	0	100	100	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2014	100	0	0	0	0	100	86	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2015	100	0	0	0	0	100	45	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2016	100	0	0	0	0	100	6	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2017	100	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2018	100	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2019	100	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2020	100	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2021	100	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2022	100	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2023	81	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2024	23	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2025	0	0	0	0	0	21	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2027	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	26.6	14.6	11.0	5.0	3.4	27.8	17.9	13.9	6.5	4.4	4.5	4.5	4.5	4.4	3.7	11.9	11.9	11.9	8.0	5.7

\* 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	ZA Class					FA and SD† Classes					SB† Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	150%	350%	500%	0%	100%	150%	350%	500%	0%	100%	150%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
February 1998	107	107	107	107	107	99	93	90	79	70	99	90	86	69	56
February 1999	114	114	114	114	114	99	87	81	61	48	98	80	72	43	24
February 2000	122	122	122	122	122	98	80	73	48	34	97	71	60	23	2
February 2001	130	130	130	130	130	97	74	65	37	23	96	62	49	7	0
February 2002	139	139	139	139	139	96	69	59	29	16	94	54	39	0	0
February 2003	148	148	148	148	148	95	64	53	23	11	93	46	30	0	0
February 2004	159	159	159	159	120	94	59	47	18	8	91	39	22	0	0
February 2005	169	169	169	169	82	93	54	42	14	5	90	32	14	0	0
February 2006	181	181	181	166	56	92	50	37	10	4	88	26	7	0	0
February 2007	193	193	193	128	38	90	46	33	8	2	86	20	1	0	0
February 2008	206	206	206	98	26	89	42	29	6	2	83	14	0	0	0
February 2009	220	220	220	75	18	87	38	26	5	1	81	9	0	0	0
February 2010	235	235	235	58	12	85	35	23	4	1	78	3	0	0	0
February 2011	251	251	251	44	8	83	31	20	3	1	75	0	0	0	0
February 2012	268	268	268	33	5	81	28	17	2	*	71	0	0	0	0
February 2013	269	269	239	25	4	78	25	15	2	*	67	0	0	0	0
February 2014	269	269	206	19	2	75	22	13	1	*	63	0	0	0	0
February 2015	269	269	176	14	2	72	20	11	1	*	59	0	0	0	0
February 2016	269	269	149	10	1	69	17	9	1	*	54	0	0	0	0
February 2017	269	238	124	7	1	65	15	8	*	*	48	0	0	0	0
February 2018	269	202	102	5	*	61	13	6	*	*	42	0	0	0	0
February 2019	269	168	83	4	*	56	11	5	*	*	36	0	0	0	0
February 2020	269	136	65	3	*	51	9	4	*	*	28	0	0	0	0
February 2021	269	106	49	2	*	46	7	3	*	*	20	0	0	0	0
February 2022	269	77	34	1	*	40	5	2	*	*	11	0	0	0	0
February 2023	269	49	21	1	*	33	3	1	*	*	2	0	0	0	0
February 2024	269	23	10	*	*	26	1	1	*	*	0	0	0	0	0
February 2025	269	0	0	0	0	18	0	0	0	0	0	0	0	0	0
February 2026	152	0	0	0	0	10	0	0	0	0	0	0	0	0	0
February 2027	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	29.1	23.2	20.2	12.4	9.0	21.3	10.5	8.3	4.0	2.7	18.0	6.0	4.3	1.9	1.3

Date	SC† Class					SA†† and SE†† Classes†				
	PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	150%	350%	500%	0%	100%	150%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100
February 1998	100	100	100	100	100	99	93	90	79	70
February 1999	100	100	100	100	100	99	87	81	61	48
February 2000	100	100	100	100	100	98	80	73	48	34
February 2001	100	100	100	100	72	97	74	65	37	23
February 2002	100	100	100	90	49	96	69	59	29	16
February 2003	100	100	100	70	34	95	64	53	23	11
February 2004	100	100	100	54	23	94	59	47	18	8
February 2005	100	100	100	42	16	93	54	42	14	5
February 2006	100	100	100	32	11	92	50	37	10	4
February 2007	100	100	100	25	7	90	46	33	8	2
February 2008	100	100	91	19	5	89	42	29	6	2
February 2009	100	100	80	15	3	87	38	26	5	1
February 2010	100	100	70	11	2	85	35	23	4	1
February 2011	100	97	62	9	2	83	31	20	3	1
February 2012	100	87	54	6	1	81	28	17	2	*
February 2013	100	78	47	5	1	78	25	15	2	*
February 2014	100	70	40	4	*	75	22	13	1	*
February 2015	100	61	34	3	*	72	20	11	1	*
February 2016	100	54	29	2	*	69	17	9	1	*
February 2017	100	46	24	1	*	65	15	8	*	*
February 2018	100	39	20	1	*	61	13	6	*	*
February 2019	100	33	16	1	*	56	11	5	*	*
February 2020	100	27	13	*	*	51	9	4	*	*
February 2021	100	21	9	*	*	46	7	3	*	*
February 2022	100	15	7	*	*	40	5	2	*	*
February 2023	100	10	4	*	*	33	3	1	*	*
February 2024	81	4	2	*	*	26	1	1	*	*
February 2025	57	0	0	0	0	18	0	0	0	0
February 2026	30	0	0	0	0	10	0	0	0	0
February 2027	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	28.2	19.9	16.5	8.4	5.8	21.3	10.5	8.3	4.0	2.7

\* 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.

†† These Classes are RCR Classes. See “Description of the Certificates—Combination and Recombination” herein and Schedule 1 for a further description thereof.

## **Characteristics of the R and RL Classes**

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

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

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

## **CERTAIN ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES**

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

### **REMIC Elections and Special Tax Attributes**

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

As a consequence of the qualification of the Lower Tier REMIC and the Trust as REMICs, 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 and RL Classes, 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 Accrual Classes and the Notional Classes 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 175% PSA in the case of the Group 1 Classes, and 150% PSA in the case of the Group 2 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 either 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, neither the R Class nor the RL Class will 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 (or the Lower Tier REMIC) that generally will not be treated as excess inclusions, the rate to be used is 120% of the “federal long-term rate.” The rate will be published on or about January 20, 1997. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*” and “—Foreign Investors—*Residual Certificates*” in the REMIC Prospectus. The federal income tax consequences of any consideration paid to a transferee on the transfer of an R or RL Certificate are unclear; any transferee receiving such consideration should consult its own tax advisors.

### **Taxation of Beneficial Owners of RCR Certificates**

The arrangement pursuant to which the RCR Classes will be created, sold and administered will be classified as a grantor trust under subpart E, Part I of subchapter J of the Code. The interests in the REMIC Certificates that have been exchanged for RCR Certificates (including any exchanges effective on the Settlement Date) will be the assets of such trust and the RCR Certificates will evidence an ownership interest in those REMIC Certificates. For a general discussion of the federal income tax treatment of investors in REMIC Certificates, see “Certain Federal Income Tax Consequences” in the REMIC Prospectus.

A beneficial owner of an RCR Certificate will be treated as the beneficial owner of a proportionate interest in the related Class or Classes of REMIC Certificates. A purchaser of an RCR Certificate must allocate its purchase price among the related Classes of REMIC Certificates in proportion to their relative fair market values at the time of purchase. Such owner should account for its ownership interest in each related Class of REMIC Certificates as described under “—Taxation of Beneficial Owners of Regular Certificates” herein and “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates” in the REMIC Prospectus. When a beneficial owner sells an RCR Certificate, such owner must allocate the sale proceeds among the related Classes of REMIC Certificates in proportion to their relative fair market value at the time of sale.



An exchange, as described under “Description of the Certificates—Combination and Recombination,” by a beneficial owner of (i) a combination of REMIC Certificates or (ii) all or a portion of an RCR Class for the related RCR Class or REMIC Certificates, respectively, will not be a taxable exchange. Such owner will be treated as continuing to own after the exchange the same combination of interests in the related REMIC Certificates that it owned immediately prior to the exchange.

### **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 and Group 2 Class bears to the aggregate original principal balance of all the Group 1 and Group 2 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.

## Available Recombinations

REMIC Certificates				RCR Certificates					Final Distribution Date	
Class	Original Notional Principal Balance	Exchange Proportions(1)	RCR Class	Original Notional Principal Balance	Exchange Proportions(1)	Interest Rate	Interest Type(2)	Principal Type(2)		CUSIP Number
Recombination 1										
SB .....	\$28,000,000	67.66666672306%	SA	\$41,379,310	100%	(3)	INV/IO	NTL	31359NQH7	March 2027
SC .....	13,379,310	32.33333327694%								
SD .....	41,379,310	100%								
Recombination 2										
SB .....	28,000,000	67.66666672306%	SE	41,379,310	100%	(3)	INV/IO	NTL	31359NQJ3	March 2027
SC .....	13,379,310	32.33333327694%								

(1) Exchange proportions shown are the proportions of the original notional principal balances of the related Classes of REMIC Certificates or RCR Certificates required to effect an exchange. Classes of REMIC Certificates may be exchanged for RCR Classes and RCR Classes may be exchanged for Classes of REMIC Certificates in such proportions only.

(2) 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.

(3) For a description of these interest rates, see “Description of the Certificates—Distributions of Interest” herein.

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.

**\$600,000,000**



**FannieMae**

**Guaranteed REMIC  
Pass-Through Certificates  
Fannie Mae REMIC Trust 1997-10**

**PROSPECTUS SUPPLEMENT**

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**GREENWICH CAPITAL  
M A R K E T S, I N C.**

January 15, 1997