PROSPECTUS SUPPLEMENT
(To Prospectus dated June 14, 1996)

$814,103,064

FannieMae

Guaranteed REMIC Pass-Through Certificates
Fannie Mae REMIC Trust 1997-15

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 1997-15 (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 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") described herein. Each MBS represents a beneficial ownership interest in a pool of first lien, single-family, adjustable- or fixed-rate residential 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 a Class (the "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 Class 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 Class 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.

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

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

Class(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	$ 85,081,000	SEQ	7.25%	FIX	31359NL58	June 2023	Z	$ 17,235,000	SEQ	7.50%	FIX/Z	31359NM81	April 2027
A1	83,613,000	SEQ	6.50	FIX	31359NL66	June 2023	TA	29,075,000	SEQ	7.00	FIX	31359NM99	March 2009
AB	6,563,000	SEQ	6.50	FIX	31359NL74	May 2009	TB	58,151,000	SEQ	7.00	FIX	31359NN23	March 2018
AC	28,937,000	SEQ	6.50	FIX	31359NL82	June 2023	TC	97,008,000	SEQ	7.00	FIX	31359NN31	May 2025
F	93,588,000	SEQ	(3)	FLT	31359NL90	June 2023	TD ...	35,766,000	SEQ	7.00	FIX	31359NN49	February 2027
S	(4)	NTL	(3)	INV/IO	31359NM24	June 2023	TE	5,000,000	SEQ	7.00	FIX	31359NN56	April 2027
S1	(4)	NTL	(3)	INV/IO	31359NM32	June 2023	PO	643,906	STP	(5)	PO	31359NN64	April 2027
S2	(4)	NTL	(3)	INV/IO	31359NM40	June 2023	FA	138,459,158	PT	(6)	WAC	31359NN72	April 2027
B	74,701,000	SEQ	7.50	FIX	31359NM57	July 2025	IO	(4)	NTL	1.417(7)	WAC/IO	31359NN80	April 2027
C	7,749,000	SEQ/AD	7.50	FIX	31359NM65	March 2002	R	0	NPR	0	NPR	31359NN98	April 2027
D	52,533,000	SEQ/AD	7.50	FIX	31359NM73	June 2017	RL	0	NPR	0	NPR	31359NP21	April 2027

(1) The RCR Class is 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 F, S, S1 and S2 Classes will bear interest based on "LIBOR" as described under "Description of the Certificates—Distributions of Interest" herein and "Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes" in the REMIC Prospectus.
(4) The S, S1, S2 and IO Classes will be Notional Classes, will not have principal balances and will bear interest on their respective notional principal balances (initially, $73,408,000, $20,180,000, $20,180,000 and $138,459,158, respectively). The notional principal balances of the Notional Classes will be calculated as specified herein. See "Description of the Certificates—Distributions of Interest—Notional Classes" herein.
(5) The PO Class will be a Principal Only Class and will bear no interest.
(6) The FA Class will bear interest at a rate per annum equal to the Weighted Average Pool Accrual Rate (as defined herein) for the Group 3 MBS minus 1.417%, but not to result in a rate less than zero. During its initial Interest Accrual Period, the FA Class is expected to bear interest at a per annum rate equal to approximately 6.028%. See "Description of the Certificates—Distributions of Interest" herein.
(7) The IO Class will bear interest at a rate per annum equal to the lesser of (i) 1.417% and (ii) the Weighted Average Pool Accrual Rate for the Group 3 MBS. See "Description of the Certificates—Distributions of Interest" 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 and RL Classes, will be available through the book-entry facilities of The Depository Trust Company on or about March 28, 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, New York, New York, on or about the Settlement Date.

MORGAN STANLEY & CO.
Incorporated

February 3, 1997

(Cover continued from previous page)

The yields 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 (as described herein), 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 (x) in the case of any Floating Rate or Inverse Floating Rate Class, fluctuations in the level of the Index (as defined herein) and (y) in the case of each Weighted Average Coupon Class, fluctuations in the Weighted Average Pool Accrual Rate. Accordingly, investors should consider the following risks:

- **The Mortgage Loans generally may be prepaid at any time without penalty, and, accordingly, the rate of principal payments thereon is likely to vary considerably from time to time.**
- **Slight variations in Mortgage Loan characteristics could substantially affect the weighted average lives and yields of some or all of the Classes.**
- **In the case of any Certificates purchased at a discount to their principal amounts (including the Principal Only Class), 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, and the yield on each Weighted Average Coupon Class will be sensitive to the Weighted Average Pool Accrual Rate. See "Description of the Certificates—Distributions of Interest—*Floating Rate and Inverse Floating Rate Classes*" and "—*Weighted Average Coupon 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 (each as defined below). 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, together with the other Disclosure Documents, 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 Underlying the Group 1 and Group 2 MBS (as of March 1, 1997)

Mortgage Loan Group	Approximate Principal Balance	Approximate Weighted Average Remaining Term to Maturity (in months)	Approximate Calculated Loan Age (in months)	Approximate Weighted Average Coupon
Group 1	$450,000,000	357	2	8.00%
Group 2	9,014,676	357	3	7.02%
	216,629,230	357	2	7.60%

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.

Characteristics of the Mortgage Loans Underlying the Group 3 MBS

The table contained under "Description of the Certificates—Structuring Assumptions—*Pricing Assumptions*" herein sets forth certain assumed characteristics of the related Mortgage Loans. Certain additional information regarding the Group 3 MBS and the related Mortgage Loans may be obtained from Fannie Mae as described under "The Group 3 MBS and the Related Mortgage Loans" 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 RCR Class in the proportions and combinations set forth on Schedule 1 hereto. The Holders of the RCR Class will be entitled to receive distributions of principal and interest from the related Classes of REMIC Certificates. See "Description of the Certificates—Combination and Recombination" herein. Schedule 1 sets forth the available combination of the Classes of REMIC Certificates and the RCR Class.

Interest Rates

The Fixed Rate Classes and the Weighted Average Coupon Classes will bear interest at the applicable per annum interest rates set forth or described on the cover.

The Floating Rate and Inverse Floating Rate Classes will bear interest during the initial Interest Accrual Period at initial interest rates determined as described 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:

Class	Initial Interest Rate	Maximum Interest Rate	Minimum Interest Rate	Formula for Calculation of Interest Rate
F	5.9375%	9.0%	0.5%	LIBOR + 50 basis points
S	3.0625%	8.5%	0.0%	8.5% − LIBOR
S1	2.4625%	7.9%	0.0%	7.9% − LIBOR
S2	0.6000%	0.6%	0.0%	8.5% − LIBOR

See "Description of the Certificates—Distributions of Interest" 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 RCR Class.

Notional Classes

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

Classes	
S	78.4374065051% of F Class
S1	21.5625934949% of F Class
S2	21.5625934949% of F Class
IO	100% of FA Class

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

Distributions of Principal

The portion of the Principal Distribution Amount allocated to each Class of Certificates will be determined by distributions of principal of the related MBS and, in the case of certain Group 1 Classes, the accrued and unpaid interest on the Accrual Class. For such purposes, the Principal Distribution Amount will be allocated among the Groups of Classes as described herein under "Description of the Certificates—Distributions of Principal—*Principal Distribution Amount*".

Group 1 Principal Distribution Amount

Group 1 Accrual Amount

To the C and D Classes, in that order, to zero, and then to the Z Class.

Group 1 Cash Flow Distribution Amount

1. To the A, A1, AB and F Classes, in the proportions of 28.5715724926%, 28.0785944080%, 11.9214727553% and 31.4283603441%, respectively, until the AB Class is reduced to zero.

2. To the A, A1, AC and F Classes, in the proportions of 28.5715724926%, 28.0785944080%, 11.9214727553% and 31.4283603441%, respectively, to zero.

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

Group 2 Principal Distribution Amount

To the PO Class, an amount equal to 7.1428634817% of the principal distributed monthly on the 6.50% Group 2 MBS (as described herein), to zero.

To the TA, TB, TC, TD and TE Classes, in that order, the remaining Group 2 Principal Distribution Amount, to zero.

Group 3 Principal Distribution Amount

To the FA Class, to zero.

On any Distribution Date when distributions of principal 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.

Weighted Average Lives (years)*

	PSA Prepayment Assumption				
Class	**0%**	**100%**	**170%**	**300%**	**500%**
A, A1, F, S, S1 and S2	18.2	6.8	4.7	3.1	2.2
AB	7.2	1.7	1.3	1.0	0.7
AC	20.7	8.0	5.5	3.6	2.5
B	27.2	17.4	12.2	7.6	4.9
C	2.7	2.7	2.7	2.7	2.7
D	14.0	14.0	13.1	10.0	6.9
Z	29.1	24.8	21.6	16.2	10.9

	PSA Prepayment Assumption				
Class	**0%**	**100%**	**300%**	**450%**	**600%**
TA	7.0	1.7	1.0	0.8	0.7
TB	17.0	5.1	2.5	2.0	1.7
TC	24.9	13.0	5.7	4.1	3.3
TD	28.9	23.8	12.2	8.4	6.4
TE	29.9	29.0	21.5	15.4	11.5
PO	21.0	11.4	5.6	4.0	3.1

	CPR Prepayment Assumption				
Class	**0%**	**10%**	**15%**	**20%**	**25%**
FA, IO and FC**	22.9	7.0	5.2	4.1	3.3

* Determined as specified under "Weighted Average Lives of the Certificates" herein.
** This Class is an RCR Class. 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, 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 the Mortgage Loans underlying the Group 1, Group 2 and Group 3 MBS 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 such Classes is likely to differ from the rate anticipated by an investor, even if the related Mortgage Loans prepay at the indicated *constant* percentages of PSA or at a single CPR level, as applicable.

The Mortgage Loans underlying the Group 2 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 such 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 related Mortgage Loans.

It is highly unlikely that the Mortgage Loans underlying the MBS will prepay at any of the rates assumed herein, will prepay at a *constant* PSA rate or at a single CPR level until maturity or that 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 or 25th day, as applicable, 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 March 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 Group 1, Group 2 and Group 3 Classes and the RCR 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 any DTC Certificate, the terms "Holders" and "Certificateholders" refer to the nominee of the Depository.

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 "Book-Entry Procedures" herein and "Description of the Certificates—Denominations, Certificate Form" in the REMIC Prospectus.

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 Classes 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 the related Certificate at the office of the Paying Agent. The Paying Agent initially will be State Street.

Authorized Denominations. The Certificates, other than the R 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 Group 1 and Group 2 Classes 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) and distributions on the Group 3 Classes will be made on 25th day of each month (or, if the 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.

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.

Liquid Asset. The C 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.

Combination and Recombination

General. Subject to the rules, regulations and procedures of the Depository, all or a portion of the FA and IO Classes of REMIC Certificates may be exchanged for a proportionate interest in the RCR Class in the combination and proportions set forth on Schedule 1 hereto. Similarly, all or a portion of the RCR Class may be exchanged, in the combination and proportions set forth on Schedule 1, for the FA and IO Classes of REMIC Certificates. This process may occur repeatedly.

Each RCR Certificate 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 the RCR Class will be treated as the beneficial owners of a proportionate interest in the related 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 the

RCR Class (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 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 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 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 principal balances of the Certificates.

Additional Considerations. The principal payment characteristics of the RCR Class will reflect the principal payment characteristics of the Classes of REMIC Certificates which are combined to form such RCR Class.

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 Class or Classes of REMIC Certificates or the RCR Class. 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, except for the R and RL Classes, 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 Group 1 and Group 2 MBS and the Related Mortgage Loans

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 generally 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. In addition, the Mortgage Loans underlying the Group 2 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. 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 March 1, 1997 (the "Issue Date") are expected to be as follows:

Group 1 MBS	
Aggregate Unpaid Principal Balance	$450,000,000
MBS Pass-Through Rate	7.50%
Related 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	357 months
Approximate Weighted Average CAGE	2 months
Group 2 MBS	
6.50% Group 2 MBS	
Aggregate Unpaid Principal Balance	$9,014,676
MBS Pass-Through Rate	6.50%
Related Mortgage Loans	
Range of WACs (per annum percentages)	6.75% to 9.00%
Range of WAMs	241 months to 360 months
Approximate Weighted Average WAM	357 months
Approximate Weighted Average CAGE	3 months
7.00% Group 2 MBS	
Aggregate Unpaid Principal Balance	$216,629,230
MBS Pass-Through Rate	7.00%
Related 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	357 months
Approximate Weighted Average CAGE	2 months

The Group 3 MBS and the Related Mortgage Loans

The Group 3 MBS will have the general characteristics described in the MBS Prospectus. The Group 3 MBS will provide that principal and interest on the related Mortgage Loans will be passed through monthly, commencing generally in the month following the month of the initial issuance of such MBS. The Mortgage Loans underlying the Group 3 MBS will be conventional Adjustable Rate 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, as described under "The Mortgage Pools" and "Yield Considerations" in the MBS Prospectus. As described herein under "Description of the Certificates—Distributions of Interest—*General*", interest will be distributed on the Group 3 MBS on each Distribution Date at a rate equal to the Weighted Average Pool Accrual Rate (as defined herein). The characteristics of the Group 3 MBS and the related Mortgage Loans as of the Issue Date are expected to be as indicated in the table contained under "Structuring Assumptions—*Pricing Assumptions*" herein.

The Weighted Average Pool Accrual Rate will change over time due to changes in the level of the Six-month CD Rate, but cannot be determined solely on the basis of the Six-month CD Rate values and MBS Margins because the Weighted Average Pool Accrual Rate is restricted by periodic adjustment caps and lifetime adjustment caps affecting the related Mortgage Loans. In addition, differences in the amortization schedules, prepayment rates and maturity dates of the related Mortgage Loans with differing maximum and minimum Mortgage Interest Rates (as defined herein) will cause the range of Pool Accrual Rates (as defined herein) and the Weighted Average Pool Accrual Rate to change over time.

The "Maximum Pool Accrual Rate" and "Minimum Pool Accrual Rate" of a Group 3 MBS are the maximum and minimum Pool Accrual Rates, respectively, applicable to such MBS, given lifetime interest rate adjustment caps affecting the related Mortgage Loans. The range of Maximum and Minimum Pool Accrual Rates, as well as the weighted average of the Maximum and Minimum Pool Accrual Rates applicable to the Group 3 MBS, will be subject to differences in the amortization schedules, prepayment rates and maturity dates of related Mortgage Loans with differing maximum and minimum Mortgage Interest Rates, and such differences will cause the range of Maximum and Minimum Pool Accrual Rates and the weighted average of the Maximum and Minimum Pool Accrual Rates of the Group 3 MBS to change over time.

The "MBS Margin" for the Group 3 MBS at any time is equal to the weighted average of the Net Mortgage Margins for the related Mortgage Loans. The "Net Mortgage Margin" for any such Mortgage Loan at any time is equal to the related Mortgage Margin (as defined herein) for such Mortgage Loan less the applicable servicing and guaranty fees (which may vary from Mortgage Loan to Mortgage Loan). The range of MBS Margins as well as the weighted average of the MBS Margins applicable to the Group 3 MBS will be affected by applicable periodic and lifetime adjustment caps, and will also be subject to differences in the amortization schedules, prepayment rates and maturity dates of such Mortgage Loans with differing Net Mortgage Margins, which differences will cause the range of MBS Margins, as well as the weighted average of the MBS Margins, to change over time.

The "Weighted Average Months to Rate Change" for the Group 3 MBS equals the weighted average of the number of months from the Issue Date that will elapse before the Mortgage Interest Rates on the related Mortgage Loans are subject to adjustment as described in "*Additional Characteristics of the Related Mortgage Loans—Six-month CD Rate*" below. The weighted average of the Weighted Average Months to Rate Change for the Group 3 MBS will vary over time due to differences in the amortization schedules, prepayment rates and maturity dates of the related Mortgage Loans with different numbers of months to rate adjustment.

Additional Characteristics of the Related Mortgage Loans

General. The Mortgage Loans underlying the Group 3 MBS are amortizing loans having original maturities of up to 30 years and bear interest at rates that will vary in response to the Six-month CD Rate (described below) and will adjust at periodic intervals as further described below. The actual Mortgage Interest Rate at any time borne by such Mortgage Loans generally will, subject to any applicable adjustment caps, be equal to the sum of a specified percentage, or "Mortgage Margin," and the Six-month CD Rate value then applicable thereto, which sum then may be rounded (as provided in the related mortgage note) to the nearest or next highest one-eighth of 1%. The related Mortgage Loans generally contain provisions limiting the amount by which rates may be adjusted upward or downward. Such Mortgage Loans provide for periodic adjustments of scheduled payments in order to fully amortize by their respective stated maturities. Except as specified herein, each such Mortgage Loan will provide for payment adjustments following any interest rate change in the amount necessary to pay interest at the Mortgage Interest Rate in effect during the month immediately prior to the month in which the first payment in the new amount is due and to fully amortize the outstanding principal balance of such Mortgage Loan on a level debt service basis over the remainder of its term.

Limitations on Rate Adjustments. All of the Mortgage Loans underlying the Group 3 MBS contain provisions limiting the amount by which rates may be adjusted. Each related Mortgage Interest Rate, when adjusted on each interest rate change date, may not be more than 1% greater or less than the initial Mortgage Interest Rate, in the case of the first change date, and, in the case of any subsequent change date, the Mortgage Interest Rate that was in effect immediately preceding such change date. In addition, such Mortgage Loans by their terms provide that the Mortgage Interest Rates are subject to lifetime maximum and, in some cases, minimum caps (typically not more than a specified percentage greater or, if applicable, less than the initial Mortgage Interest Rates).

Interest Rate Change Dates. Because the Mortgage Loans underlying the Group 3 MBS have varying interest rate change dates, the Weighted Average Pool Accrual Rate for any month will be calculated based on Mortgage Interest Rates that have been determined based on varying Six-month CD Rate values. For instance, with respect to Mortgage Loans with March 1 and June 1 semi-annual interest rate change dates and a 45-day "look-back" period, interest will accrue on the Weighted Average Coupon Class during the month of August with respect to the Mortgage Loans having a March 1 interest rate change date on the basis of the Six-month CD Rate value most recently available 45 days prior to March 1 and with respect to the Mortgage Loans having a June 1 interest rate change date on the basis of the Six-month CD Rate value most recently available 45 days prior to June 1. This results in the likelihood of a Weighted Average Pool Accrual Rate that represents a weighted average of the different Net Mortgage Rates of such Mortgage Loans.

Six-month CD Rate. A general description of the Six-month CD Rate is provided in the following paragraphs. In the event the Six-month CD Rate is no longer available or otherwise is not published, an alternative published index will be selected by Fannie Mae as required by the terms of the related Mortgage Loans.

The Rate applicable to such Mortgage Loans is the weekly average of secondary market interest rates on six-month negotiable certificates of deposit, as published by the Board of Governors of the Federal Reserve System in the Federal Reserve Statistical Release: Selected Interest Rates No. H.15(519) as "CDS (Secondary Market)" (the "Six-month CD Rate"), as further described in the MBS Prospectus. The Mortgage Interest Rates applicable to such Mortgage Loans generally will be reset semi-annually on the basis of the Six-month CD Rate value in effect 45 days prior to the date of such reset.

Listed below are historical values for the Six-month CD Rate for selected weeks beginning in January 1992.

Date Available	Six-month CD Rate	Date Available	Six-month CD Rate
January 6, 1992	4.11%	January 3, 1995	6.88%
April 6, 1992	4.34	April 3, 1995	6.34
July 6, 1992	3.90	July 3, 1995	5.80
October 5, 1992	3.11	October 2, 1995	5.79
January 4, 1993	3.47	January 2, 1996	5.42
April 5, 1993	3.22	April 1, 1996	5.37
July 6, 1993	3.34	July 1, 1996	5.66
October 4, 1993	3.24	October 7, 1996	5.59
January 3, 1994	3.33	January 6, 1997	5.50
April 4, 1994	4.15		
July 5, 1994	5.08		
October 3, 1994	5.60		

Final Data Statement

Following the issuance of the Certificates, Fannie Mae will prepare a Final Data Statement setting forth (a) with respect to the Group 1 and Group 2 MBS, 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 such 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 Group 1 and Group 2 MBS as of the Issue Date and (b) with respect to the Group 3 MBS, the Pool number, the Pool Accrual Rate, Maximum Pool Accrual Rate, Minimum Pool Accrual Rate, WAC, MBS Margin, WAM and Weighted Average Months to Rate Change for each of the related MBS, in each case based on the Stated Principal Balances of the related Mortgage Loans as of the Issue Date. The Final Data Statement will not accompany this Prospectus Supplement but will be made available by Fannie Mae. To request the Final Data Statement, telephone Fannie Mae at 1-800-BEST-MBS or 202-752-6547. 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:

Interest Type*	Classes
Fixed Rate	A, A1, AB, AC, B, C, D, Z, TA, TB, TC, TD and TE
Accrual	Z
Floating Rate	F
Inverse Floating Rate	S, S1 and S2
Weighted Average Coupon	FA and IO
Interest Only	S, S1, S2 and IO
Principal Only	PO
RCR**	FC
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 or described 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.

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 RCR Class.

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").

Classes	Interest Accrual Periods
F, S, S1 and S2 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 and the FA, FC* and IO Classes (collectively, the "Delay Classes")	Calendar month preceding the month in which the Distribution Date occurs

* This Class is an RCR Class. 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 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 for so long as such Class remains outstanding. 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 Classes. The S, S1, S2 and IO Classes will be Notional Classes. The Notional Classes will not have principal balances and will bear interest at the applicable per annum interest rates described herein during each Interest Accrual Period on their respective notional principal balances. The notional principal balances of the Notional Classes will be equal to the applicable percentages of the outstanding balances calculated as specified below immediately prior to the related Distribution Date:

Classes	
S	78.4374065051% of F Class
S1	21.5625934949% of F Class
S2	21.5625934949% of F Class
IO	100% of FA 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 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 initial interest rates determined as described 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:

Class	Initial Interest Rate	Maximum Interest Rate	Minimum Interest Rate	Formula For Calculation of Interest Rate
F	5.9375%	9.0%	0.5%	LIBOR + 50 basis points
S	3.0625%	8.5%	0.0%	8.5% – LIBOR
S1	2.4625%	7.9%	0.0%	7.9% – LIBOR
S2	0.6000%	0.6%	0.0%	8.5% – LIBOR

The yields with respect to such Classes will be affected by changes in the index as set forth in the table above (each, an "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 an Index. Conversely, higher mortgage interest rates could occur concurrently with a decrease in the level of such 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.

Weighted Average Coupon Classes. Based on the Pricing Assumptions, the FA and IO Classes will bear interest during their initial Interest Accrual Period at the per annum rates of 6.028% and 1.417%, respectively. During each subsequent Interest Accrual Period, such Classes will bear interest at rates determined as described below under "Determination of Weighted Average Pool Accrual Rates."

The yield with respect to such Classes will be affected by changes in the weighted average of the Mortgage Interest Rates borne by the Mortgage Loans underlying the Group 3 MBS, which rates will in turn be affected by, among other things, changes in the Six-month CD Rate. See "Determination of Weighted Average Pool Accrual Rate" below.

Fannie Mae's determination of the rate or rates of interest for the applicable Class 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%.

Determination of Weighted Average Pool Accrual Rate

The "Weighted Average Pool Accrual Rate" for any Distribution Date is the weighted average of the Pool Accrual Rates in effect with respect to the Group 3 MBS during the calendar month preceding the month of such Distribution Date, weighted on the basis of the respective principal balances of such MBS immediately prior to such Distribution Date. The "Pool Accrual Rate" for any MBS and calendar month is the weighted average of the interest rates for the Mortgage Loans underlying such MBS (such interest rates, the "Mortgage Interest Rates"), weighted on the basis of the respective Stated Principal Balances of such Mortgage Loans immediately prior to such calendar month, less the servicing and guaranty fees applicable thereto (which fees may vary from Mortgage Loan to Mortgage Loan). The Mortgage Interest Rate for any Mortgage Loan as reduced by the fees applicable thereto is referred to herein as the "Net Mortgage Interest Rate." The Stated Principal Balance of a Mortgage Loan refers to the principal balance utilized by Fannie Mae in calculating the then outstanding principal balances of MBS. Such Stated Principal Balance may differ from the actual principal balance for a number of reasons, including supplemental payments by Fannie Mae on delinquent Mortgage Loans pursuant to its guaranty obligations and delays in the distribution of certain Mortgage Loan receipts.

In effect, if the Mortgage Interest Rates for all Mortgage Loans underlying the Group 3 MBS are not affected by an interest rate cap, the Weighted Average Pool Accrual Rate will, at any time be equal, before giving effect to any rounding, to the sum of (x) the weighted average of the then applicable Six-month CD Rate values and (y) the weighted average of the individual Mortgage Margins, less the applicable servicing and guaranty fees. However, as indicated herein, the Weighted Average Pool Accrual Rate cannot be determined solely on the basis of applicable Six-month CD Rate values and Net Mortgage Margins because the Mortgage Interest Rates for all of the related Mortgage Loans are restricted by periodic and/or lifetime adjustment caps. In addition, differences in the amortization schedules, prepayment rates and maturity dates of such Mortgage Loans with differing Net Mortgage Interest Rates will cause the Weighted Average Pool Accrual Rate to change over the life of the Group 3 MBS.

Distributions of Principal

Categories of Classes

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

Principal Type*	Classes
Group 1 Classes	
Sequential Pay	A, A1, AB, AC, F, B, C, D and Z
Notional	S, S1 and S2
Accretion Directed	C and D
Group 2 Classes	
Sequential Pay	TA, TB, TC, TD and TE
Strip	PO
Group 3 Classes	
Pass-Through	FA
Notional	IO
RCR**	FC
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.

Principal Distribution Amount

Principal will be distributed on the Certificates on each Distribution Date 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 Z Class (the "Group 1 Accrual Amount" and together with the Group 1 Cash Flow Distribution Amount, the "Group 1 Principal Distribution Amount"), (ii) the aggregate distributions of principal to be made on the Group 2 MBS in the month of such Distribution Date (the "Group 2 Principal Distribution Amount") and (iii) the aggregate distributions of principal concurrently made on the Group 3 MBS (the "Group 3 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 C and D 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) concurrently, to the A, A1, AB and F Classes, in the proportions of 28.5715724926%, 28.0785944080%, 11.9214727553% and 31.4283603441%, respectively, until the principal balance of the AB Class is reduced to zero;

(ii) concurrently, to the A, A1, AC and F Classes, in the proportions of 28.5715724926%, 28.0785944080%, 11.9214727553% and 31.4283603441%, respectively, until the principal balances thereof are reduced to zero; and

(iii) sequentially, to the B, C, D and Z Classes, in that order, until the respective principal balances thereof are reduced to zero.

Sequential Pay Classes

Group 2 Principal Distribution Amount

On each Distribution Date, an amount equal to 7.1428634817% of the aggregate distributions of principal to be made on the 6.50% Group 2 MBS (as described herein under "Group 1 and Group 2 MBS and the Related Mortgage Loans") in the month of such Distribution Date will be distributed as principal of the PO Class, until the principal balance thereof is reduced to zero. **Strip Class**

On each Distribution Date, the excess of the Group 2 Principal Distribution Amount over the amount applied pursuant to the immediately preceding paragraph will be distributed, sequentially, as principal of the TA, TB, TC, TD and TE 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 FA Class, until the principal balance thereof is reduced to zero. **Pass-Through Class**

On any Distribution Date when distributions of principal are to be allocated from REMIC Certificates to RCR Certificates, such distributions will be allocated on a pro rata basis from the applicable Class of REMIC Certificates to the RCR Class.

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 original terms to maturity of 360 months, and the remaining terms to maturity, CAGEs and interest rates, respectively, as follows:

Group 1	$450,000,000	357 months	2 months	8.00%
Group 2	$ 9,014,676	357 months	3 months	7.02%
	$216,629,230	357 months	2 months	7.60%

- the Mortgage Loans underlying the Group 3 MBS will have the following characteristics:

Aggregate Principal Balance	Mortgage Interest Rate	Pool Accrual Rate	Net Mortgage Margin	Mortgage Margin	Original Term to Maturity(1)	Remaining Term to Maturity(1)	Months to Rate Adjustment	CAGE(1)	Rate and Payment Reset Frequency	Maximum Interest Rate	Maximum Pool Accrual Rate
$138,459,158	8.020%	7.445%	1.867%	2.442%	360	274	3	86	6	13.135%	12.560%

(1) In months.

- the level of the Six-month CD Rate at all times on and after the next rate change date for the Mortgage Loans underlying the Group 3 MBS is 5.578%;
- the Mortgage Loans prepay at the *constant* percentages of PSA or levels of 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 Mortgage Loans underlying the Group 1 and Group 2 MBS 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 Mortgage Loans underlying the Group 3 MBS 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 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 levels of CPR, as applicable, 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 or specified levels of CPR, as applicable. Moreover, it is not likely that the Mortgage Loans will prepay at a constant PSA rate or a single 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 Interest Only Classes. **The yields to investors in the Interest Only Classes will be very sensitive to the rate of principal payments (including prepayments) of the Mortgage Loans underlying the related MBS Group and, in the case of the Inverse Floating Rate Classes, to the level of the Index. The Mortgage Loans generally can be prepaid at any time. In addition, the rate of principal payments (including prepayments) of the Mortgage Loans is likely to vary, and may vary considerably, from Pool to Pool. As indicated in the tables below, it is possible that, under certain Index and prepayment scenarios, investors in the Interest Only Classes would not fully recoup their initial investments. On the basis of the assumptions described below, the yield to maturity on the IO Class would be 0% if prepayments of the Mortgage Loans underlying the Group 3 MBS were to occur at a constant rate of approximately 24% CPR. If the actual prepayment rate of the related Mortgage Loans were to exceed the applicable level for as little as one month while equaling such level for the remaining months, the investors in the IO 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 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 Interest Only Classes (expressed in each case as a percentage of original principal balance) are as follows:

Class	Price*
IO	4.87500%
S	6.25000%
S1	4.93750%
S2	1.62500%

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

Sensitivity of the IO Class to Prepayments
Pre-Tax Yields to Maturity

	CPR Prepayment Assumption				
Six-Month CD Rate*	5%	10%	15%	20%	25%
0.000	20.6%	14.8%	8.9%	2.8%	(3.5)%
3.578	21.4	15.6	9.7	3.6	(2.8)
5.578	21.9	16.2	10.2	4.1	(2.3)
7.578	22.4	16.6	10.6	4.5	(1.9)
10.693	22.8	17.0	11.0	4.8	(1.5)

* The assumed per annum Six-month CD Rates as shown are used to calculate the Weighted Average Pool Accrual Rate for the Group 3 MBS. The Weighted Average Pool Accrual Rate is subject to certain rate limitation provisions. See "The Group 3 MBS and The Related Mortgage Loans—*Limitations on Rate Adjustments*" herein.

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

	PSA Prepayment Assumption				
LIBOR	50%	100%	170%	300%	500%
3.4375%	88.7%	85.2%	80.1%	69.7%	53.1%
5.4375%	48.6%	44.5%	38.2%	25.3%	5.5%
7.4375%	10.1%	3.8%	(6.2)%	(25.4)%	(51.1)%
8.5000%	*	*	*	*	*

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

Sensitivity of the S1 Class to Prepayments and LIBOR
(Pre-Tax Yields to Maturity)

	PSA Prepayment Assumption				
LIBOR	50%	100%	170%	300%	500%
3.4375% and below	101.2%	97.8%	92.8%	82.9%	66.8%
5.4375%	49.7%	45.6%	39.3%	26.6%	6.9%
7.4375%	(0.5)%	(8.3)%	(20.5)%	(42.7)%	(71.0)%
7.9000% and above	*	*	*	*	*

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

Sensitivity of the S2 Class to Prepayments and LIBOR
(Pre-Tax Yields to Maturity)

LIBOR	PSA Prepayment Assumption 50%	100%	170%	300%	500%
7.9000% and below	33.8%	29.3%	22.0%	7.4%	(14.1)%
8.2500%	7.8%	1.3%	(9.1)%	(28.9)%	(55.1)%
8.5000% and above	*	*	*	*	*

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

The Principal Only Class. **The Principal Only Class will not bear interest. As indicated in the tables below, a low rate of principal payments (including prepayments) on the Mortgage Loans underlying the related MBS Group will have a negative effect on the yield to investors in the Principal Only Class.**

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

Class	Price
PO	65.0%

Sensitivity of the PO Class to Prepayments

	PSA Prepayment Assumption 50%	100%	300%	450%	600%
Pre-Tax Yields to Maturity	3.2%	4.3%	9.1%	12.7%	16.0%

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, in the case of the Group 1 and Group 2 Classes, the priority sequences of distributions of principal. 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 rates or CPR 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 or 0% CPR, as applicable, it has been assumed that the underlying Mortgage Loans have the original and remaining terms to maturity and bear interest at the per annum rates specified below:

Mortgage Loans Relating to Trust MBS	Original and Remaining Terms to Maturity	Interest Rates	Related Classes
Group 1 MBS	360 months	10.000%	Group 1 Classes
6.50% Group 2 MBS	360 months	9.000%	Group 2 Classes
7.00% Group 2 MBS	360 months	9.500%	TA, TB, TC, TD and TE
Group 3 MBS	360 months	(1)	Group 3 Classes

(1) Assumes that the level of the Six-month CD Rate at all times on and after the next rate change date for the Group 3 Mortgage Loans is 10.693%.

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 a single CPR level. In addition, the diverse remaining terms to maturity of the Mortgage Loans could produce slower or faster principal distributions than indicated in the tables at the specified *constant* PSA rates or CPR levels, even if the distributions of the weighted average remaining terms to maturity and 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, A1, F, S†, S1† and S2† Classes					AB Class					AC Class					B Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	170%	300%	500%	0%	100%	170%	300%	500%	0%	100%	170%	300%	500%	0%	100%	170%	300%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
March 1998	99	96	94	91	86	95	79	70	52	24	100	100	100	100	100	100	100	100	100	100
March 1999	98	89	83	72	57	90	39	8	0	0	100	100	100	89	70	100	100	100	100	100
March 2000	97	79	68	49	24	85	0	0	0	0	100	97	84	61	30	100	100	100	100	100
March 2001	96	70	55	30	1	79	0	0	0	0	100	86	67	37	1	100	100	100	100	100
March 2002	95	61	43	15	0	72	0	0	0	0	100	75	53	18	0	100	100	100	100	40
March 2003	93	53	32	2	0	65	0	0	0	0	100	65	40	3	0	100	100	100	100	0
March 2004	92	45	23	0	0	56	0	0	0	0	100	56	28	0	0	100	100	100	68	0
March 2005	90	38	14	0	0	47	0	0	0	0	100	47	17	0	0	100	100	100	35	0
March 2006	88	31	6	0	0	37	0	0	0	0	100	38	8	0	0	100	100	100	8	0
March 2007	86	25	0	0	0	26	0	0	0	0	100	31	0	0	0	100	100	98	0	0
March 2008	84	19	0	0	0	14	0	0	0	0	100	23	0	0	0	100	100	73	0	0
March 2009	82	13	0	0	0	*	0	0	0	0	100	16	0	0	0	100	100	51	0	0
March 2010	79	8	0	0	0	0	0	0	0	0	97	9	0	0	0	100	100	32	0	0
March 2011	76	2	0	0	0	0	0	0	0	0	93	3	0	0	0	100	100	14	0	0
March 2012	72	0	0	0	0	0	0	0	0	0	89	0	0	0	0	100	90	0	0	0
March 2013	69	0	0	0	0	0	0	0	0	0	84	0	0	0	0	100	72	0	0	0
March 2014	64	0	0	0	0	0	0	0	0	0	79	0	0	0	0	100	54	0	0	0
March 2015	60	0	0	0	0	0	0	0	0	0	73	0	0	0	0	100	38	0	0	0
March 2016	55	0	0	0	0	0	0	0	0	0	67	0	0	0	0	100	22	0	0	0
March 2017	49	0	0	0	0	0	0	0	0	0	60	0	0	0	0	100	7	0	0	0
March 2018	43	0	0	0	0	0	0	0	0	0	53	0	0	0	0	100	0	0	0	0
March 2019	36	0	0	0	0	0	0	0	0	0	45	0	0	0	0	100	0	0	0	0
March 2020	29	0	0	0	0	0	0	0	0	0	35	0	0	0	0	100	0	0	0	0
March 2021	20	0	0	0	0	0	0	0	0	0	25	0	0	0	0	100	0	0	0	0
March 2022	11	0	0	0	0	0	0	0	0	0	14	0	0	0	0	100	0	0	0	0
March 2023	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	100	0	0	0	0
March 2024	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	60	0	0	0	0
March 2025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11	0	0	0	0
March 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 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)**	18.2	6.8	4.7	3.1	2.2	7.2	1.7	1.3	1.0	0.7	20.7	8.0	5.5	3.6	2.5	27.2	17.4	12.2	7.6	4.9

Date	C Class					D Class					Z Class					TA Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	170%	300%	500%	0%	100%	170%	300%	500%	0%	100%	170%	300%	500%	0%	100%	300%	450%	600%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
March 1998	83	83	83	83	83	100	100	100	100	100	108	108	108	108	108	95	80	53	34	14
March 1999	64	64	64	64	64	100	100	100	100	100	116	116	116	116	116	90	41	0	0	0
March 2000	44	44	44	44	44	100	100	100	100	100	125	125	125	125	125	84	0	0	0	0
March 2001	22	22	22	22	22	100	100	100	100	100	135	135	135	135	135	78	0	0	0	0
March 2002	0	0	0	0	0	100	100	100	100	100	145	145	145	145	145	71	0	0	0	0
March 2003	0	0	0	0	0	96	96	96	96	90	157	157	157	157	157	63	0	0	0	0
March 2004	0	0	0	0	0	92	92	92	92	42	169	169	169	169	169	55	0	0	0	0
March 2005	0	0	0	0	0	88	88	88	88	7	182	182	182	182	182	45	0	0	0	0
March 2006	0	0	0	0	0	83	83	83	83	0	196	196	196	196	140	35	0	0	0	0
March 2007	0	0	0	0	0	78	78	78	59	0	211	211	211	211	96	24	0	0	0	0
March 2008	0	0	0	0	0	73	73	73	28	0	228	228	228	228	66	12	0	0	0	0
March 2009	0	0	0	0	0	67	67	67	2	0	245	245	245	245	45	0	0	0	0	0
March 2010	0	0	0	0	0	61	61	61	0	0	264	264	264	200	31	0	0	0	0	0
March 2011	0	0	0	0	0	54	54	54	0	0	285	285	285	159	21	0	0	0	0	0
March 2012	0	0	0	0	0	47	47	45	0	0	307	307	307	126	14	0	0	0	0	0
March 2013	0	0	0	0	0	39	39	18	0	0	331	331	331	99	10	0	0	0	0	0
March 2014	0	0	0	0	0	31	31	0	0	0	356	356	331	78	6	0	0	0	0	0
March 2015	0	0	0	0	0	22	22	0	0	0	384	384	283	61	4	0	0	0	0	0
March 2016	0	0	0	0	0	12	12	0	0	0	414	414	241	47	3	0	0	0	0	0
March 2017	0	0	0	0	0	1	1	0	0	0	446	446	203	37	2	0	0	0	0	0
March 2018	0	0	0	0	0	0	0	0	0	0	450	421	169	28	1	0	0	0	0	0
March 2019	0	0	0	0	0	0	0	0	0	0	450	363	140	21	1	0	0	0	0	0
March 2020	0	0	0	0	0	0	0	0	0	0	450	308	113	16	*	0	0	0	0	0
March 2021	0	0	0	0	0	0	0	0	0	0	450	256	90	11	*	0	0	0	0	0
March 2022	0	0	0	0	0	0	0	0	0	0	450	206	69	8	*	0	0	0	0	0
March 2023	0	0	0	0	0	0	0	0	0	0	450	159	51	5	*	0	0	0	0	0
March 2024	0	0	0	0	0	0	0	0	0	0	450	114	35	3	*	0	0	0	0	0
March 2025	0	0	0	0	0	0	0	0	0	0	450	71	21	2	*	0	0	0	0	0
March 2026	0	0	0	0	0	0	0	0	0	0	261	30	8	1	*	0	0	0	0	0
March 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)**	2.7	2.7	2.7	2.7	2.7	14.0	14.0	13.1	10.0	6.9	29.1	24.8	21.6	16.2	10.9	7.0	1.7	1.0	0.8	0.7

* 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.

Date	TB Class					TC Class					TD Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	300%	450%	600%	0%	100%	300%	450%	600%	0%	100%	300%	450%	600%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
March 1998	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
March 1999	100	100	79	48	19	100	100	100	100	100	100	100	100	100	100
March 2000	100	96	20	0	0	100	100	100	82	56	100	100	100	100	100
March 2001	100	72	0	0	0	100	100	83	48	20	100	100	100	100	100
March 2002	100	50	0	0	0	100	100	59	22	0	100	100	100	100	92
March 2003	100	29	0	0	0	100	100	40	4	0	100	100	100	100	53
March 2004	100	9	0	0	0	100	100	24	0	0	100	100	100	77	28
March 2005	100	0	0	0	0	100	94	11	0	0	100	100	100	51	13
March 2006	100	0	0	0	0	100	84	1	0	0	100	100	100	33	3
March 2007	100	0	0	0	0	100	74	0	0	0	100	100	79	19	0
March 2008	100	0	0	0	0	100	64	0	0	0	100	100	61	10	0
March 2009	99	0	0	0	0	100	55	0	0	0	100	100	46	3	0
March 2010	92	0	0	0	0	100	47	0	0	0	100	100	34	0	0
March 2011	83	0	0	0	0	100	39	0	0	0	100	100	24	0	0
March 2012	74	0	0	0	0	100	32	0	0	0	100	100	16	0	0
March 2013	65	0	0	0	0	100	24	0	0	0	100	100	10	0	0
March 2014	54	0	0	0	0	100	18	0	0	0	100	100	5	0	0
March 2015	42	0	0	0	0	100	11	0	0	0	100	100	*	0	0
March 2016	29	0	0	0	0	100	6	0	0	0	100	100	0	0	0
March 2017	14	0	0	0	0	100	0	0	0	0	100	100	0	0	0
March 2018	0	0	0	0	0	99	0	0	0	0	100	85	0	0	0
March 2019	0	0	0	0	0	89	0	0	0	0	100	71	0	0	0
March 2020	0	0	0	0	0	77	0	0	0	0	100	58	0	0	0
March 2021	0	0	0	0	0	65	0	0	0	0	100	46	0	0	0
March 2022	0	0	0	0	0	51	0	0	0	0	100	34	0	0	0
March 2023	0	0	0	0	0	36	0	0	0	0	100	23	0	0	0
March 2024	0	0	0	0	0	19	0	0	0	0	100	13	0	0	0
March 2025	0	0	0	0	0	*	0	0	0	0	100	2	0	0	0
March 2026	0	0	0	0	0	0	0	0	0	0	46	0	0	0	0
March 2027	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	17.0	5.1	2.5	2.0	1.7	24.9	13.0	5.7	4.1	3.3	28.9	23.8	12.2	8.4	6.4

Date	TE Class					PO Class					FA, FC†† and IO† Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					CPR Prepayment Assumption				
	0%	100%	300%	450%	600%	0%	100%	300%	450%	600%	0%	10%	15%	20%	25%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
March 1998	100	100	100	100	100	99	97	93	90	88	100	89	84	79	74
March 1999	100	100	100	100	100	99	92	80	72	64	99	78	70	62	54
March 2000	100	100	100	100	100	98	85	65	52	41	99	69	58	49	40
March 2001	100	100	100	100	100	97	79	53	38	26	98	61	48	38	29
March 2002	100	100	100	100	100	96	73	43	27	16	98	53	40	30	21
March 2003	100	100	100	100	100	95	68	34	19	10	97	47	33	23	16
March 2004	100	100	100	100	100	94	63	28	14	6	97	41	27	18	11
March 2005	100	100	100	100	100	92	58	22	10	4	96	36	23	14	8
March 2006	100	100	100	100	100	91	53	18	7	3	95	31	18	11	6
March 2007	100	100	100	100	75	89	49	14	5	2	94	27	15	8	4
March 2008	100	100	100	100	47	88	45	12	4	1	93	23	12	6	3
March 2009	100	100	100	100	29	86	41	9	3	1	92	20	10	5	2
March 2010	100	100	100	86	18	84	38	7	2	*	91	16	8	4	2
March 2011	100	100	100	61	11	82	34	6	1	*	89	14	6	3	1
March 2012	100	100	100	43	7	79	31	5	1	*	87	11	5	2	1
March 2013	100	100	100	30	4	77	28	4	1	*	85	9	4	1	1
March 2014	100	100	100	21	3	74	25	3	*	*	83	7	3	1	*
March 2015	100	100	100	15	2	71	22	2	*	*	81	6	2	1	*
March 2016	100	100	80	10	1	67	20	2	*	*	78	4	1	*	*
March 2017	100	100	61	7	1	64	17	1	*	*	74	3	1	*	*
March 2018	100	100	47	5	*	59	15	1	*	*	70	2	1	*	*
March 2019	100	100	35	3	*	55	13	1	*	*	66	1	*	*	*
March 2020	100	100	26	2	*	50	11	1	*	*	61	0	0	0	0
March 2021	100	100	19	1	*	45	9	*	*	*	55	0	0	0	0
March 2022	100	100	13	1	*	39	7	*	*	*	49	0	0	0	0
March 2023	100	100	9	*	*	32	6	*	*	*	41	0	0	0	0
March 2024	100	100	6	*	*	25	4	*	*	*	33	0	0	0	0
March 2025	100	100	3	*	*	18	2	*	*	*	23	0	0	0	0
March 2026	100	49	1	*	*	9	1	*	*	*	12	0	0	0	0
March 2027	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	29.9	29.0	21.5	15.4	11.5	21.0	11.4	5.6	4.0	3.1	22.9	7.0	5.2	4.1	3.3

* 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.
†† This Class is an RCR Class. 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 REMIC Certificates and any related RCR 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 REMIC 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 Classes, the Principal Only Class, the Accrual Class and the FA Class will be, and certain other Classes of REMIC Certificates may be, issued with original issue discount ("OID") 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 170% PSA in the case of the Group 1 Classes, 300% 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 those 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 REMIC 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.

The FA Class pays interest based on a weighted average of the interest rates on the Group 3 MBS and will not qualify as a "variable rate debt instrument" under the OID Regulations. Fannie Mae intends to treat all interest payments on such Class as included in the stated redemption price at maturity. See "Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Original Issue Discount*" 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 February 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

General. 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.

The RCR Classes will represent beneficial ownership of the underlying Regular Certificates set forth in Schedule 1. Certain RCR Certificates (the "Strip RCR Certificates") will represent the right to receive a disproportionate part of the principal or interest payments on one or more underlying Regular Certificates. The RCR Certificates other than the Strip RCR Certificates (the "Combination RCR Certificates") will represent beneficial ownership of undivided interests in two or more underlying Regular Certificates.

The FC Class is a Combination RCR Class.

Combination RCR Class. A beneficial owner of a Combination 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 a Combination 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 a Combination RCR Certificate, such owner must allocate the sale proceeds among the related Classes of REMIC Certificates in proportion to their relative fair market values at the time of sale.

Exchanges. An exchange, as described under "Description of the Certificates—Combination and Recombination" herein, 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 Group 1, Group 2 and Group 3 Classes in addition to those contemplated as of the date hereof. In such event, the related MBS will be increased in principal balance, but it is expected that all such 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 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.

Schedule 1

Available Recombinations(1)

REMIC Certificates			RCR Certificates							
Class	Original Principal or Notional Principal Balance	Exchange Proportions(2)	RCR Class	Original Principal or Notional Principal Balance	Exchange Proportions(2)	Interest Rate	Interest Type(3)	Principal Type(3)	CUSIP Number	Final Distribution Date
FA	138,459,158	100%(4)	FC	138,459,158	100%	(5)	WAC	PT	31359NP39	April 2027
IO	138,459,158	100%(4)								

(1) See "Description of the Certificates—Combinations and Recombinations" herein.

(2) Exchange proportions shown are the proportions of the original 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.

(3) 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.

(4) For each dollar of both the FA and IO Classes exchanged, one dollar of the FC will be exchanged therefore.

(5) The FC Class will bear interest at a rate per annum equal to the Weighted Average Pool Accrual Rate for the Group 3 MBS.

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

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$814,103,064

FannieMae[SM]

Guaranteed REMIC Pass-Through Certificates

Fannie Mae REMIC Trust 1997-15

PROSPECTUS SUPPLEMENT

MORGAN STANLEY & CO.
Incorporated

February 3, 1997