

\$953,522,091



FannieMae

Guaranteed REMIC Pass-Through Certificates Fannie Mae REMIC Trust 1997-20

The Guaranteed REMIC Pass-Through Certificates offered hereby (the "REMIC Certificates") will represent beneficial ownership interests in Fannie Mae REMIC Trust 1997-20 (the "Trust"). The assets of the Trust will consist of (i) two groups of Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the "Group 1 MBS" and "Group 4 MBS" and collectively, the "Trust MBS"), (ii) certain previously issued REMIC certificates specified herein (the "Underlying REMIC Certificates") evidencing beneficial ownership interests in the related Fannie Mae REMIC Trust (the "Underlying REMIC Trust") as further described in Exhibit A hereto and (iii) certain "fully modified pass-through" mortgaged-backed securities (the "GNMA Certificates") guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("GNMA"). The assets of the Underlying REMIC Trust evidence indirect beneficial ownership interests in certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (together with the Trust MBS, the "MBS"). 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. Each GNMA Certificate is based on and backed by a pool of mortgage loans (together with the pools and mortgage loans underlying the MBS, the "Pools" and "Mortgage Loans", respectively) which are either insured or guaranteed by the Federal Housing Administration ("FHA"), the Department of Veterans Affairs ("VA") or the Rural Housing Service ("FmHA"). The Certificates will be issued and guaranteed as to timely distribution of principal and interest by Fannie Mae.

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

See "Additional Risk Factors" on page S-7 hereof and "Risk Factors" beginning on page 8 of the REMIC Prospectus and GNMA Prospectus attached hereto for a discussion of certain risks that should be considered in connection with an investment in the Certificates.

(Cover continued on next page)

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

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

Class	Group	Original Principal Balance	Principal Type(1)	Interest Rate	Interest Type(1)	CUSIP Number	Final Distribution Date
F	1	\$624,110,632	PT	(2)	W	31359N4G3	March 2027
IO	1	(3)	NTL	1.84%(5)	W/IO	31359N4H1	March 2027
FA	2	10,541,594	SC/PT	(4)	FLT	31359N4J7	November 2023
SA	2	4,054,459	SC/PT	(4)	INV	31359N4K4	November 2023
A	3	12,866,000	SEQ	7.00	FIX	31359N4L2	January 2003
B	3	74,579,000	SEQ	7.00	FIX	31359N4M0	November 2017
E	3	23,838,000	SEQ	7.00	FIX	31359N4N8	June 2020
C	3	33,907,000	SEQ	7.00	FIX	31359N4P3	June 2023
D	3	54,810,000	SEQ	7.00	FIX	31359N4Q1	March 2027
FB	4	114,815,406	PT	(6)	W	31359N4R9	March 2027
IB	4	(3)	NTL	1.84(7)	W/IO	31359N4S7	March 2027
R		0	NPR	0	NPR	31359N4T5	March 2027

- (1) See "Description of the Certificates—Class Definitions and Abbreviations" in the REMIC Prospectus and "Description of the Certificates—Distributions of Interest" and "Distributions of Principal" herein.
- (2) The F Class will bear interest at a rate per annum equal to the Weighted Average Pool Accrual Rate (as defined herein) for the Group 1 MBS minus 1.84%, but not to result in a rate less than zero. During its initial Interest Accrual Period, the F Class is expected to bear interest at a per annum rate equal to approximately 5.99761%. See "Description of the Certificates—Determination of Weighted Average Pool Accrual Rates" herein.
- (3) The IO and IB Classes will be Notional Classes, will not have principal balances and will bear interest on their notional principal balances (initially, \$624,110,632 and \$114,815,406, respectively). The notional principal balances of the Notional Classes will be calculated based upon the principal balances of the Classes specified herein. See "Description of the Certificates—Distributions of Interest—Notional Classes" herein.
- (4) The FA and SA 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.
- (5) The IO Class will bear interest at a rate per annum equal to the lesser of (i) the rate set forth in the table above and (ii) the Weighted Average Pool Accrual Rate for the Group 1 MBS. See "Description of the Certificates—Determination of Weighted Average Pool Accrual Rates" herein.
- (6) The FB Class will bear interest at a rate per annum equal to the Weighted Average Pool Accrual Rate (as defined herein) for the Group 4 MBS minus 1.84%, but not to result in a rate less than zero. During its initial Interest Accrual Period, the FB Class is expected to bear interest at a per annum rate equal to approximately 6.04%. See "Description of the Certificates—Determination of Weighted Average Pool Accrual Rates" herein.
- (7) The IB Class will bear interest at a rate per annum equal to the lesser of (i) the rate set forth in the table above and (ii) the Weighted Average Pool Accrual Rate for the Group 4 MBS. See "Description of the Certificates—Determination of Weighted Average Pool Accrual Rates" herein.

The Certificates will be offered by Donaldson, Lufkin & Jenrette Securities Corporation (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, 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 Group 1, Group 2 and Group 4 Classes will be available through the book-entry system of the Federal Reserve Banks and that the Group 3 Classes will be available through the book-entry facilities of The Depository Trust Company on or about March 27, 1997 (the "Settlement Date"). It is expected that the R Class in registered, certificated form will be available for delivery at the offices of the Dealer, 277 Park Avenue, New York, New York 10172, on or about the Settlement Date.

**Donaldson, Lufkin & Jenrette
Securities Corporation**

The date of this Prospectus Supplement is February 25, 1997.

(Cover continued from previous page)

The yields to investors in the Group 1 and Group 4 Classes (described herein) will be sensitive in varying degrees to, among other things, the rates of principal distributions on the Group 1 and Group 4 MBS, respectively, and the Group 3 Classes (described herein) will be sensitive in varying degrees to, among other things, the rates of principal distributions on the GNMA Certificates, each of which in turn will be determined by the rates of principal payments of the related Mortgage Loans and the characteristics of such Mortgage Loans. The yields to investors in the Group 2 Classes will be sensitive in varying degrees to, among other things, the rate of principal distributions on the Underlying REMIC Certificates, which in turn will be sensitive in varying degrees to the rate of principal payments of the related Mortgage Loans, the characteristics of the Mortgage Loans included in the related Pools and the priority sequence affecting principal distributions for the Underlying REMIC Trust. 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 related 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 any 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 investments.
- 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 its related Weighted Average Pool Accrual Rate. See “Description of the Certificates—Distributions of Interest—Weighted Average Coupon Classes” and “Floating Rate and Inverse Floating Rate Classes” herein.

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

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

- The Underlying REMIC Certificates are subordinate in priority of principal distributions to certain other classes of certificates evidencing beneficial ownership interests in the Underlying REMIC Trust and, accordingly, there is no assurance that principal distributions will be made on such Underlying REMIC Certificates on any particular Distribution Date. In particular, the Underlying REMIC Certificates are Support classes that are entitled to receive principal distributions on any Distribution Date only if scheduled distributions have been made on other specified classes of certificates evidencing beneficial ownership interests in the Underlying REMIC Trust. Accordingly, such Underlying REMIC Certificates may receive no principal distributions for extended periods of time or may receive principal distributions that vary widely from period to period. This Prospectus Supplement contains no information as to whether the Underlying REMIC Certificates have performed as originally anticipated. Such information may be obtained by performing an analysis of current Fannie Mae principal factors in the context of applicable information contained in the Underlying REMIC Disclosure Document (as defined below), which may be obtained from Fannie Mae as described below.
- The actual final payment of any Class will likely occur earlier, and could occur much earlier, than the Final Distribution Date for such Class specified on the cover page. See “Description of the Certificates—Weighted Average Lives of the Certificates” herein and “Description of the Certificates—Weighted Average Life and Final Distribution Dates” in the REMIC Prospectus.
- The rate of principal distributions of the Certificates is uncertain and investors may be unable to reinvest the distributions thereon at yields equaling the yields on the Certificates. See “Risk Factors—Suitability and Reinvestment Considerations” in the REMIC Prospectus.
- Investors whose investment activities are subject to legal investment laws and regulations or to review by regulatory authorities may be subject to restrictions on investment in certain Classes of the Certificates. Investors should consult their legal advisors to determine whether and to what extent the Certificates constitute legal investments or are subject to restrictions on investment. See “Legal Investment Considerations” in the REMIC Prospectus.
- The Dealer intends to make a market for the Certificates but is not obligated to do so. There can be no assurance that such a secondary market will develop or, if developed, that it will continue. Thus, investors may not be able to sell their Certificates readily or at prices that will enable them to realize their anticipated yield. No investor should purchase Certificates unless such investor understands and is able to bear the risk that the value of the Certificates will fluctuate over time and that the Certificates may not be readily salable.

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

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

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

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

The MBS Prospectus, the GNMA Prospectus and the Information Statement are incorporated herein by reference and, together with the Underlying REMIC Disclosure Document, may be obtained from Fannie Mae by writing or calling its MBS Helpline at 3900 Wisconsin Avenue, N.W., Area 2H-3S, Washington, D.C. 20016 (telephone 1-800-BEST-MBS or 202-752-6547). Such documents, other than the Underlying REMIC Disclosure Document, may also be obtained from Donaldson, Lufkin & Jenrette Securities Corporation by writing or calling its Prospectus Department at 277 Park Avenue, 7th Floor, New York, New York 10172 (telephone 212-892-4525).

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
Reference Sheet	S- 4	<i>Weighted Average Coupon Classes</i> .	S-16
Additional Risk Factors	S- 7	<i>Floating Rate and Inverse Floating</i>	
Additional Yield and Prepayment		<i>Rate Classes</i>	S-16
Considerations.....	S- 7	Determination of Weighted Average	
Description of the Certificates	S- 8	Pool Accrual Rates	S-16
General	S- 8	Calculation of LIBOR.....	S-17
<i>Structure</i>	S- 8	Distributions of Principal	S-18
<i>Fannie Mae Guaranty</i>	S- 8	<i>Categories of Classes</i>	S-18
<i>Characteristics of Certificates</i>	S- 8	<i>Principal Distribution Amount</i>	S-18
<i>Authorized Denominations</i>	S- 9	<i>Group 1 Principal Distribution</i>	
<i>Distribution Dates</i>	S- 9	<i>Amount</i>	S-19
<i>Record Date</i>	S- 9	<i>Group 2 Principal Distribution</i>	
<i>REMIC Trust Factors</i>	S- 9	<i>Amount</i>	S-19
<i>Optional Termination</i>	S- 9	<i>Group 3 Principal Distribution</i>	
<i>Voting the Underlying REMIC</i>		<i>Amount</i>	S-19
<i>Certificates</i>	S- 9	Structuring Assumptions	S-19
Book-Entry Procedures.....	S-10	<i>Pricing Assumptions</i>	S-19
<i>General</i>	S-10	<i>Prepayment Assumptions</i>	S-19
<i>Method of Distribution</i>	S-10	Yield Tables	S-20
The Group 1 and Group 4 MBS and		<i>General</i>	S-20
the Related Mortgage Loans	S-11	<i>The IO, IB and SA Classes</i>	S-20
<i>Additional Characteristics of the</i>		Weighted Average Lives of the	
<i>Mortgage Loans Underlying the</i>		<i>Certificates</i>	S-22
<i>Group 1 and Group 4 MBS</i>	S-12	Decrement Tables	S-22
<i>General</i>	S-12	Characteristics of the R Class	S-25
<i>Limitations on Rate Adjustments</i> ..	S-12	Certain Additional Federal Income	
<i>Interest Rate Change Dates</i>	S-12	Tax Consequences	S-25
<i>One-Year Treasury Rate</i>	S-12	REMIC Election and Special Tax	
<i>Convertible Mortgage Loans</i>	S-13	Attributes	S-25
The Underlying REMIC Certificates .	S-13	Taxation of Beneficial Owners of	
The GNMA Certificates and the		Regular Certificates	S-26
Related Mortgage Loans	S-14	Taxation of Beneficial Owners of	
Final Data Statement	S-14	Residual Certificates.....	S-26
Distributions of Interest	S-15	Plan of Distribution	S-26
<i>Categories of Classes</i>	S-15	<i>General</i>	S-26
<i>General</i>	S-15	<i>Increase in Certificates</i>	S-27
<i>Interest Accrual Periods</i>	S-15	Legal Matters	S-27
<i>Notional Classes</i>	S-15	Exhibit A	A- 1
		Schedule 1	A- 2

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 4 MBS (As of March 1, 1997)

The table contained on Schedule 1 hereto sets forth certain assumed characteristics of the Mortgage Loans underlying the Group 1 and Group 4 MBS. Certain additional information may be obtained from Fannie Mae as described under “The Group 1 and Group 4 MBS and the Related Mortgage Loans” herein.

Characteristics of the Underlying REMIC Certificates

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

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

Assumed Characteristics of the Mortgage Loans Underlying the GNMA Certificates (As of March 1, 1997)

<u>Unpaid Aggregate Principal Balance</u>	<u>Original Term to Maturity (in months)</u>	<u>WARM (in months)</u>	<u>WALA (in months)</u>	<u>WAC</u>
\$200,000,000	360	340	18	7.50%

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

Interest Rates

The Fixed Rate 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:

<u>Class</u>	<u>Assumed Initial Interest Rate(1)</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate</u>
FA	6.525%	9.00%	1.15%	LIBOR + 115 basis points
SA	6.435%	20.41%	0.00%	20.41% – (2.6 × LIBOR)

(1) These initial interest rates are assumed rates. The actual interest rates will be calculated on the basis of the applicable formulas for the calculation of such interest rates on the Index Determination Date occurring on March 21, 1997.

See “Description of the Certificates—Distributions of Interest” herein.

Notional Classes

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

<u>Class</u>	<u>Percentage of Principal Balance</u>
IO	100% of F Class
IB	100% of FB Class

See “Description of the Certificates—Distributions of Interest—*Notional Classes*” and “—Yield Tables—*The IO, IB and SA Classes*” herein.

Distributions of Principal

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

Group 1 Principal Distribution Amount

To the F Class, to zero.

Group 2 Principal Distribution Amount

To the FA and SA Classes, in proportion to their original principal balances, to zero.

Group 3 Principal Distribution Amount

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

Group 4 Principal Distribution Amount

To the FB Class, to zero.

Weighted Average Lives (years)*

		CPR Prepayment Assumption				
Group 1		0%	6%	15%	21%	30%
F and IO	.....	22.7	9.2	5.2	3.9	2.7
		PSA Prepayment Assumption				
Group 2		0%	50%	100%	250%	500%
FA and SA	.....	26.2	24.6	23.1	5.5	0.9
		PSA Prepayment Assumption				
Group 3		0%	50%	125%	250%	500%
A	.....	3.1	0.9	0.5	0.3	0.2
B	.....	14.6	6.7	3.5	1.9	1.0
E	.....	22.0	13.7	7.6	4.1	2.1
C	.....	24.8	17.9	11.0	6.1	3.0
D	.....	28.2	24.4	19.4	12.5	6.4
		CPR Prepayment Assumption				
Group 4		0%	6%	15%	21%	30%
FB and IB	.....	22.9	9.1	5.2	3.9	2.7

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

ADDITIONAL RISK FACTORS

Additional Yield and Prepayment Considerations

The rate of distributions of principal of the Group 1 and Group 4 Classes will be sensitive in varying degrees to the rate of principal distributions on the Group 1 and Group 4 MBS, respectively, and the rate of distributions of principal of the Group 3 Classes will be sensitive in varying degrees to, among other things, the rate of principal distributions on the GNMA Certificates, each of 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 MBS, Group 4 MBS or GNMA Certificates will have the characteristics assumed herein. Because the rate of principal distributions on the Group 1, Group 3 and Group 4 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 rates of principal distributions on the Group 1, Group 3 and Group 4 Classes is likely to differ from the rate anticipated by investors, even if such Mortgage Loans prepay at a single CPR level or at the indicated constant percentages of PSA, as applicable.

A number of the Mortgage Loans underlying the Group 1 and Group 4 MBS are convertible to fixed-rate mortgage loans at the option of the related borrowers during certain periods. Borrowers having such option may choose to exercise it under a variety of circumstances. For example, the conversion option may be exercised during periods of rising interest rates as borrowers seek to limit their exposure to higher rates. By contrast, if rates decline significantly, borrowers also may exercise their conversion option in order to secure fixed rate mortgage loans at competitive rates. The existence of periodic and lifetime caps also may affect the likelihood of conversion. As described in the MBS Prospectus, Fannie Mae will repurchase any Mortgage Loan for which the conversion option is exercised. Any such repurchase will have the effect of a prepayment in full of such Mortgage Loan, and substantial numbers of such repurchases may significantly reduce the weighted average lives of the Group 1 and Group 4 Classes. See “Description of the Certificates—*Additional Characteristics of the Mortgage Loans Underlying the Group 1 and Group 4 MBS*” herein.

The rate of distributions of principal of the Group 2 Classes will be directly related to the rate of principal distributions on the Underlying REMIC Certificates, which in turn will be sensitive in varying degrees to the rate of payments of principal (including prepayments) of the related Mortgage Loans and the priority sequence affecting principal distributions for the Underlying REMIC Trust. As described in the Underlying REMIC Disclosure Document, the Underlying REMIC Certificates are subordinate in priority of principal distributions to certain other classes of certificates evidencing beneficial ownership interests in the Underlying REMIC Trust. This Prospectus Supplement contains no information as to whether the Underlying REMIC Certificates have performed as originally anticipated. Such information as to the Underlying REMIC Certificates may be obtained by performing an analysis of current Fannie Mae principal factors in the context of applicable information contained in the Underlying REMIC Disclosure Document, which may be obtained from Fannie Mae as described herein.

It is highly unlikely that the Mortgage Loans underlying the Trust MBS, the Underlying REMIC Certificates or the GNMA Certificates will prepay at any of the rates assumed herein, will prepay at a single CPR level or *constant* PSA rate 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.

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 17th 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 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 Class) will be designated as the “regular interests,” and the R Class will be designated as the “residual interest,” in the REMIC constituted by the Trust. The assets of the Trust will consist of the Trust MBS, the GNMA Certificates and the Underlying REMIC Certificates (evidencing beneficial ownership interests in the Underlying REMIC Trust).

Fannie Mae Guaranty. Fannie Mae guarantees to each holder of an MBS the timely payment of scheduled installments of principal of and interest on the underlying Mortgage Loans, whether or not received, together with the full principal balance of any foreclosed Mortgage Loan, whether or not such balance is actually recovered. The guaranty obligations of Fannie Mae with respect to the Underlying REMIC Certificates are described in the Underlying REMIC Disclosure Document. In addition, Fannie Mae will be obligated to distribute on a timely basis to the Holders of Certificates required installments of principal and interest and to distribute the principal balance of each Class of Certificates in full no later than the applicable Final Distribution Date, whether or not sufficient funds are available in the Trust Account. The guaranties of Fannie Mae are not backed by the full faith and credit of the United States. See “Description of the Certificates—Fannie Mae’s Guaranty” in the REMIC Prospectus, “Description of Certificates—The Corporation’s Guaranty” in the MBS Prospectus, and “Description of the Certificates—General—Fannie Mae Guaranty” in the related Underlying REMIC Disclosure Document.

Characteristics of Certificates. The Group 1, Group 2 and Group 4 Classes will be issued and maintained and may be transferred by Holders only on the book-entry system of the Federal Reserve Banks. Such entities whose names appear on the book-entry records of a Federal Reserve Bank as the entities for whose accounts such Certificates have been deposited are herein referred to as “Holders” or “Certificateholders.”

Each of the Group 3 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 (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 “Description of the Certificates—Denominations, Certificate Form” in the REMIC Prospectus and “Description of the Certificates—Book-Entry Procedures”.

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

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

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

Distribution Dates. Distributions on the Group 1, Group 2 and Group 4 Classes will be made on the 25th day of each month (or, if such 25th day is not a business day, on the first business day next succeeding such 25th day) and distributions on the Group 3 Classes will be made on the 17th day of each month (or, if such 17th day is not a business day, on the first business day next succeeding such 17th day), commencing in the month following the Settlement Date, and each such date is referred to herein as a “Distribution Date” when used with respect to such Classes.

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

REMIC Trust Factors. As soon as practicable following the eleventh calendar day of each month, Fannie Mae will publish or otherwise make available for each Class of Certificates the factor (carried to eight decimal places) which, when multiplied by the original principal balance of a Certificate of such Class, will equal the remaining principal balance of such Certificate after giving effect to the distribution of principal to be made on the following Distribution Date.

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

Voting the Underlying REMIC Certificates. In the event any issue arises under the trust agreement governing the Underlying REMIC Trust that requires the vote of holders of certificates outstanding thereunder, the Trustee will vote the related Underlying REMIC Certificates in accordance with instructions received from Holders of Certificates of the related Classes having principal balances aggregating not less than 51% of the aggregate principal balance of all such Classes outstanding. In the absence of such instructions, the Trustee will vote in a manner consistent, in its sole judgment, with the best interests of Certificateholders.

Book-Entry Procedures

General. The Group 1, Group 2 and Group 4 Classes will be issued and maintained only on the book-entry system of the Federal Reserve Banks. Such Certificates may be held of record only by entities eligible to maintain book-entry accounts with the Federal Reserve Banks. Beneficial owners ordinarily will hold such Certificates through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. A Holder that is not the beneficial owner of such a Certificate, and each other financial intermediary in the chain to the beneficial owner, will have the responsibility of establishing and maintaining accounts for their respective customers. The rights of the beneficial owner of such a Certificate with respect to Fannie Mae and the Federal Reserve Banks may be exercised only through the Holder of such Certificate. Fannie Mae and the Federal Reserve Banks will have no direct obligation to a beneficial owner of such a Certificate that is not also the Holder of the Certificate. The Federal Reserve Banks will act only upon the instructions of the Holder in recording transfers of such a Certificate. See “Description of the Certificates—Denominations, Certificate Form” in the REMIC Prospectus.

Each of the Group 3 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. Fannie Mae’s fiscal agent for the Group 1, Group 2 and Group 4 Classes is the Federal Reserve Bank of New York. The Federal Reserve Banks will make distributions on such Certificates on behalf of Fannie Mae on the applicable Distribution Dates by crediting Holders’ accounts at the Federal Reserve Banks.

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 4 MBS and the Related Mortgage Loans

The Group 1 and Group 4 MBS (collectively, the “Trust MBS”) as of March 1, 1997 (the “Issue Date”) are expected to have the characteristics set forth on Schedule 1 hereto and the general characteristics described in the MBS Prospectus. The Trust 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 the Trust MBS. The Mortgage Loans underlying the Trust MBS will be conventional Adjustable Rate Mortgage Loans secured by first mortgages or deeds of trust on 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*” and as explained more fully in the MBS Prospectus, interest will be distributed on each Trust MBS on each Distribution Date at a rate equal to the related Pool Accrual Rate.

The Pool Accrual Rate for any of the Trust MBS will change over time due to changes in the level of the One-Year Treasury Rate, but cannot be determined solely on the basis of the One-Year Treasury Rate values and MBS Margins because the Pool Accrual Rate for such Trust MBS is restricted by periodic adjustment caps, in most cases, and lifetime adjustment caps, in all cases, affecting the related Mortgage Loans. The weighted average of the Pool Accrual Rates for the Group 1 or Group 4 MBS, as applicable, will reflect such restrictions on rate adjustments. 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 will cause the range of Pool Accrual Rates and the Weighted Average Pool Accrual Rates for such MBS to change over time.

The “Maximum Pool Accrual Rate” and “Minimum Pool Accrual Rate” for any of the Trust 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 any such Trust MBS, will be subject to differences in the amortization schedules, prepayment rates and maturity dates of the 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 such Trust MBS to change over time.

The “MBS Margin” for any of the Trust 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 any of the Trust 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 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 Adjustment” for any of the Trust 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—*One-Year Treasury Rate*” below. The weighted average of the Weighted Average Months to Rate Adjustment for each of the Trust 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 Mortgage Loans Underlying the Group 1 and Group 4 MBS

General

The Mortgage Loans underlying the Group 1 and Group 4 MBS (collectively, the “ARMs”) are amortizing loans having original maturities of up to 30 years and bear interest at rates that will vary in response to the One-Year Treasury Rate and will adjust at periodic intervals as further described below. The actual Mortgage Interest Rate at any time borne by an ARM generally will, subject to any applicable adjustment caps, be equal to the sum of a specified percentage, or “Mortgage Margin,” and the One-Year Treasury 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 ARMs generally contain provisions limiting the amount by which rates may be adjusted upward or downward. The ARMs provide for periodic adjustments of scheduled payments in order to fully amortize by their respective stated maturities. Except as specified herein, each of the ARMs 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 the related ARM on a level debt service basis over the remainder of its term.

Limitations on Rate Adjustments

Substantially all of the ARMs contain provisions limiting the amount by which rates may be adjusted. For most of the ARMs, the related Mortgage Interest Rate, when adjusted on each interest rate change date, may not be more than a specified percentage amount 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, substantially all of the ARMs 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 ARMs 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 One-Year Treasury Rate values. For instance, with respect to ARMs with March 1 and August 1 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 ARMs having a March 1 interest rate change date on the basis of the One-Year Treasury Rate value most recently available 45 days prior to March 1 and with respect to the ARMs having an August 1 interest rate change date on the basis of the One-Year Treasury Rate value most recently available 45 days prior to August 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 the ARMs.

One-Year Treasury Rate

A general description of the One-Year Treasury Rate is provided in the following paragraphs. In the event the One-Year Treasury 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 index applicable to the ARMs is the weekly average yield on United States Treasury Securities adjusted to a constant maturity of one year 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) (the “One Year Treasury Rate (weekly average)” as further described in the MBS Prospectus. The Mortgage Interest Rates applicable to the ARMs generally will be reset annually on the basis of the One-Year Treasury Rate value in effect 45 days (or in some cases 30 days) prior to the date of such reset.

Listed below are historical values for the above-mentioned Index for selected months from December 1992 to June 1996 and monthly for December 1996 to February 1997. The values for the One Year Treasury Rate are the first weekly values published in a given month.

	One-Year Treasury Rate (weekly average)
December 1992.....	3.82
June 1993.....	3.55
December 1993.....	3.62
June 1994.....	5.31
December 1994.....	6.89
June 1995.....	5.71
December 1995.....	5.39
June 1996.....	5.70
December 1996.....	5.41
January 1997	5.55
February 1997	5.62

Convertible Mortgage Loans

A number of the ARMs by their terms may be converted to fixed-rate mortgage loans at the option of their borrowers during certain periods beginning on the first interest rate change date and ending on the tenth interest rate change date. As described in the MBS Prospectus, Fannie Mae will repurchase any converted ARM from the related Pool and, accordingly, the weighted average lives of the Group 1 or Group 4 Classes may be shortened to some degree relative to Classes evidencing interests in similar pools where no such option to convert and obligation to repurchase exists.

The Underlying REMIC Certificates

The Underlying REMIC Certificates represent beneficial ownership interests in the Underlying REMIC Trust, the assets of which evidence the direct or indirect beneficial ownership interests in certain MBS having the general characteristics described in the MBS Prospectus.

The general characteristics of the Underlying REMIC Certificates are described in the Underlying REMIC Disclosure Document. The general characteristics of the MBS are described in the MBS Prospectus. Each MBS evidences beneficial ownership interests in a Pool of conventional Level Payment Mortgage Loans secured by a first-mortgage or deed of trust on a one-to four-family residential property, as described under “The Mortgage Pools” and “Yield Considerations” in the MBS Prospectus. The Underlying REMIC Certificates provide that distributions thereon will be passed through monthly, commencing in the month following the initial issuance thereof.

The table contained in Exhibit A hereto sets forth certain information with respect to each of the Underlying REMIC Certificates, including the numerical designation of the Underlying

REMIC Trust, the class designation, the date of issue, the CUSIP number, the interest rate, the interest type, the final distribution date, the principal type, the original principal balance of the entire class, the current principal factor for such class and the principal balance of such class contained in the Trust as of the Issue Date. The table also sets forth the approximate weighted average WAC, approximate weighted average WAM and approximate weighted average CAGE of the Mortgage Loans underlying the related MBS as of the Issue Date, the underlying security type and the related Class Group.

To request further information regarding the Underlying REMIC Certificates, telephone Fannie Mae at 1-800-BEST-MBS or 202-752-6547. Other data specific to the Certificates is available in electronic form by calling Fannie Mae at 1-800-752-6440 or 202-752-6000. It should be noted that there may have been material changes in facts and circumstances since the dates the Underlying REMIC Disclosure Document was prepared, including, but not limited to, changes in prepayment speeds and prevailing interest rates and other economic factors, which may limit the usefulness of the information set forth in such documents.

The GNMA Certificates and the Related Mortgage Loans

The GNMA Certificates will have the aggregate unpaid principal balance and Pass-Through Rate set forth below and the general characteristics described in the GNMA Prospectus. All of the Trust GNMA Certificates are GNMA I Certificates. See “GNMA and the GNMA Programs” in the GNMA Prospectus. The characteristics of the GNMA Certificates and the Mortgage Loans as of the Issue Date are expected to be as follows:

GNMA Certificates

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

Related Mortgage Loans

WAC	7.50%
Range of WARMs	241 months to 360 months
Approximate Weighted Average WARM	340 months
Approximate Weighted Average WALA	18 months

Final Data Statement

Following the issuance of the Certificates, Fannie Mae will prepare a Final Data Statement setting forth, among other things, (a) with respect to the Trust MBS, the Pool number, CUSIP number, Pool Accrual Rate, Maximum Pool Accrual Rate, Minimum Pool Accrual Rate, issue date, latest loan maturity, original certificate balance, current certificate balance, current WAC, current WAM, MBS Margin and Weighted Average Months to Rate Adjustment for each of the related MBS, in each case based on the Stated Principal Balances of the Group 1 and Group 4 Mortgage Loans as of the Issue Date, (b) with respect to each of the Underlying REMIC Certificates, the current principal balance thereof as of the Issue Date, and (c) with respect to each GNMA Certificate, the Pool number, the original unpaid principal balance, the unpaid principal balance as of the Issue Date, and the remaining term to maturity of the latest maturity Mortgage Loan underlying such GNMA Certificate as of the Issue Date. The Final Data Statement will not accompany this Prospectus Supplement but will be made available by Fannie Mae. To request the Final Data Statement, telephone Fannie Mae at 1-800-BEST-MBS or 202-752-6547. The contents of the Final Data Statement and other data specific to the Certificates are available in electronic form by calling Fannie Mae at 1-800-752-6440 or 202-752-6000.

Distributions of Interest

Categories of Classes

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

<u>Interest Type*</u>	<u>Classes</u>
Fixed Rate	A, B, E, C and D
Weighted Average Coupon	F, FB, IO and IB
Floating Rate	FA
Inverse Floating Rate	SA
Interest Only	IO and IB
No Payment Residual	R

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

General. The interest-bearing Certificates will bear interest at the applicable per annum interest rates set forth 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 in the month after the Settlement Date. Interest to be distributed on each interest-bearing Certificate on a Distribution Date will consist of one month’s interest on the outstanding principal balance of such Certificate immediately prior to such Distribution Date.

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

<u>Classes</u>	<u>Interest Accrual Periods</u>
FA and SA	One month period beginning on the 25th day of the month preceding the month of the Distribution Date and ending on the 24th day of the month of the Distribution Date
All Fixed Rate Classes and the F, FB, IO and IB Classes (collectively, the “Delay Classes”)	Calendar month preceding the month in which the Distribution Date occurs

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

Notional Classes. The IO and IB Classes will be Notional Classes. The Notional Classes will not have principal balances and will bear interest at the applicable per annum interest rates set forth or described on the cover during each Interest Accrual Period on their respective notional principal balances. The notional principal balance of each Notional Class will be equal to the indicated percentage of the outstanding principal balance of the Class specified below immediately prior to the related Distribution Date:

<u>Class</u>	<u>Percentage of Principal Balance</u>
IO	100% of F Class
IB	100% of FB 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 Trust MBS, the Underlying REMIC Certificates, the GNMA Certificates or the Underlying

Mortgage Loans. Although a Notional Class will not have a principal balance, a REMIC Trust Factor (as described herein) will be published with respect to 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.

Weighted Average Coupon Classes. Based on the Pricing Assumptions (as described herein), the F, FB, IO and IB Classes will bear interest during their initial Interest Accrual Period at the per annum rates of approximately 5.99761%, 6.04%, 1.84% and 1.84%, 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 1 and Group 4 MBS, as applicable, which rates will in turn be affected by, among other things, changes in the One-Year Treasury Rate.

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.

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 the rates determined as described below:

Class	Assumed Initial Interest Rate(1)	Maximum Interest Rate	Minimum Interest Rate	Formula for Calculation of Interest Rate
FA	6.525%	9.00%	1.15%	LIBOR + 115 basis points
SA	6.435%	20.41%	0.00%	20.41% – (2.6 × LIBOR)

(1) These initial interest rates are assumed rates. The actual interest rates will be calculated on the basis of the applicable formulas for the calculation of such interest rates on the Index Determination Date occurring on March 21, 1997.

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

The establishment of each Index value by Fannie Mae and Fannie Mae’s determination of the rate or rates of interest for the applicable 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.

Determination of Weighted Average Pool Accrual Rates

At any time, interest for any month will accrue on the F and FB Classes at a rate that equals the then applicable Weighted Average Pool Accrual Rate for the Group 1 MBS or Group 4 MBS, as applicable, minus 1.84% (subject in each case to a minimum rate of 0%). Interest for any month will accrue on the IO and IB Classes at a rate per annum of 1.84%, unless the related Weighted

Average Pool Accrual Rate for such month is less than 1.84%, in which case the IO or IB Class, as the case may be, shall bear interest for such month at a rate per annum equal to such 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 1 MBS or Group 4 MBS, as applicable, 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 1 MBS or Group 4 MBS, as applicable, were not affected by an interest rate cap, the related Weighted Average Pool Accrual Rate would at any time be equal, before giving effect to any rounding, to the sum of (x) the weighted average of the then applicable One-Year Treasury 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 One-Year Treasury Rate values and Net Mortgage Margins (as defined herein) 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 Mortgage Loans with differing Net Mortgage Interest Rates will cause the related Weighted Average Pool Accrual Rate to change over the life of the related Trust MBS.

Calculation of LIBOR

On each Index Determination Date, until the principal balances of the FA and SA Classes have been reduced to zero, Fannie Mae will establish LIBOR for the related Interest Accrual Period in the manner described in the REMIC Prospectus under “Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes—*LIBOR*.”

If on the initial Index Determination Date, Fannie Mae is unable to determine LIBOR in the manner specified in the REMIC Prospectus, LIBOR for the next succeeding Interest Accrual Period will be equal to LIBOR as determined for such Interest Accrual Period for the related Underlying REMIC Certificates.

Distributions of Principal

Categories of Classes

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

<u>Principal Type*</u>	<u>Classes</u>
Group 1 Classes	
Pass-Through	F
Notional	IO
Group 2 Classes	
Structured Collateral/Pass-Through	FA and SA
Group 3 Classes	
Sequential Pay	A, B, E, C and D
Group 4 Classes	
Pass-Through	FB
Notional	IB
No Payment Residual	R

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

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 concurrently made on the Group 1 MBS (the “Group 1 Principal Distribution Amount”), (ii) the aggregate distributions of principal concurrently made on the Class 1993-224-FC, Class 1993-224-SC and Class 1993-224-SD Certificates (the “Group 2 Principal Distribution Amount”), (iii) the aggregate amount distributable as principal of the GNMA Certificates in the month of such Distribution Date calculated as described in the immediately following paragraph (the “Group 3 Principal Distribution Amount”) and (iv) the aggregate distributions of principal concurrently made on the Group 4 MBS (the “Group 4 Principal Distribution Amount”).

On or about the fifth business day of each month, Fannie Mae will aggregate the amount of principal reported to be receivable on the GNMA Certificates during such month on the basis of published GNMA factors for such month. For any GNMA Certificate for which a factor is not available at such time, Fannie Mae will calculate the amount of scheduled payments of principal distributable in respect of such GNMA Certificates during such month on the basis of the assumed amortization schedules of the related Mortgage Loans. The amortization schedules will be prepared on the assumptions that; (i) each of the Mortgage Loans underlying a single GNMA Certificate amortizes on a level installment basis, had an original term to maturity of 360 months, and has a remaining term to maturity equal to the remaining term to maturity of the latest maturing Mortgage Loan underlying such GNMA Certificate at the origination of such GNMA Certificate, adjusted to the Issue Date; and (ii) each Mortgage Loan underlying a GNMA Certificate bears an interest rate of 7.5% per annum. All such amounts, whether reported in GNMA factors or calculated by Fannie Mae, will be reflected in the REMIC Trust Factors for the Distribution Date in such month and will be distributed to Holders of Certificates of the Group 3 Classes on such Distribution Date, whether or not received. There will also be reflected in such REMIC Trust Factors and distributable as principal on such Distribution Date the excess of (a) the distributions of principal of the GNMA Certificates received during the month prior to the month of such Distribution Date over (b) the amount of principal calculated and distributable previously in accordance with the GNMA factors and the assumed distribution schedules specified above.

Group 1 Principal Distribution Amount

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

Pass-Through Class

Group 2 Principal Distribution Amount

On each Distribution Date, the Group 2 Principal Distribution Amount will be distributed, concurrently, as principal of the FA and SA Classes, in proportion to their original principal balances (or 72.2222233641% and 27.7777766359%, respectively), until the principal balances thereof are reduced to zero.

Structured Collateral/Pass-Through Classes

Group 3 Principal Distribution Amount

On each Distribution Date, the Group 3 Principal Distribution Amount will be distributed, sequentially, as principal of the A, B, E, C and D Classes, in that order, until the respective principal balances thereof are reduced to zero.

Sequential Pay Classes

Group 4 Principal Distribution Amount

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

Pass-Through 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 actual characteristics of each Pool underlying the Underlying REMIC Certificates, the priority sequence affecting the principal distributions in the Underlying REMIC Trust and the following assumptions (such characteristics and assumptions, collectively, the “Pricing Assumptions”):

- the Mortgage Loans underlying the GNMA Certificates have original and remaining terms to maturity of 360 months and 340 months, respectively, a WALAs of 18 months and interest rates of 7.50% per annum;
- the Mortgage Loans underlying the Group 1 and Group 4 MBS have the aggregate principal balances, mortgage interest rates, pool accrual rates, MBS margins, original terms to maturity, remaining terms to maturity, months to rate adjustment, CAGEs, mortgage reset frequency, mortgage periodic rate caps and maximum pool accrual rates as specified in Schedule 1 hereto;
- unless otherwise specified, the level of the One-Year Treasury Rate at all times on and after the next rate change date for the Mortgage Loans underlying the Group 1 and Group 4 MBS is 5.6994%;
- all payments (including prepayments) on the Mortgage Loans underlying the GNMA Certificates are distributed on the Group 3 Classes in the month in which such payments are received;
- the Mortgage Loans prepay at the levels of CPR or constant percentages of PSA specified in the related table;
- the closing date for the sale of the Certificates is the Settlement Date; and
- the first Distribution Date for the Certificates occurs in the month following the Settlement Date.

Prepayment Assumptions. Prepayments of mortgage loans commonly are measured relative to a prepayment standard or model. The model used herein with respect to the Mortgage Loans

underlying the Group 1 and Group 4 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. The model used herein with respect to the Mortgage Loans underlying the Group 2 and Group 3 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. It is highly unlikely that prepayments will occur at a single CPR level or any PSA rate or at any other constant rate.

Yield Tables

General. The tables below indicate the sensitivity of the pre-tax corporate bond equivalent yields to maturity of applicable Classes to various levels of CPR or constant percentages of PSA, 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 levels of CPR or constant percentages of PSA, as applicable. Moreover, it is not likely that the Mortgage Loans will prepay at a single CPR level or a constant PSA rate until maturity, that all of such Mortgage Loans will prepay at the same rate or that the level of the Index will remain constant.*

***The IO, IB and SA Classes.* The yields to investors in the IO, IB and SA Classes will be sensitive in varying degrees to the rate of principal payments (including prepayments) of the Mortgage Loans underlying the related MBS Group and, in the case of the SA Class, to the level of the Index. The Mortgage Loans generally can be prepaid at any time. As indicated in the tables below, it is possible that, under certain prepayment and Index scenarios, investors in the IO and IB Classes would not fully recoup their initial investments. In addition, on the basis of the assumptions described below, the yield to maturity on the IO and IB Classes would be 0% if prepayments of the Mortgage Loans underlying the Group 1 and Group 4 MBS were to occur at constant rates of approximately 25% CPR and 24% CPR, respectively. If the actual prepayment rates of the Mortgage Loans underlying the related MBS Groups were to exceed the foregoing levels for as little as one month while equaling such levels for the remaining months, investors in the IO and IB Classes would not fully recoup their initial investments.**

Changes in an 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 such 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 rate applicable to the Inverse Floating Rate Class for the initial Interest Accrual Period is the assumed rate appearing in the table under “Distributions of Interest—*Floating Rate and Inverse Floating Rate Classes*” herein and for each Interest Accrual Period subsequent to the initial Interest Accrual Period will be based on the indicated level of the Index and (ii) the aggregate purchase price of the Inverse Floating Rate Class and the IO and IB Classes (each expressed as a percentage of original principal balance) are as follows:

<u>Class</u>	<u>Price*</u>
IO	6.00%
IB	6.00%
SA	56.25%

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

**Sensitivity of the IO Class to Prepayments
and the One-Year Treasury Rate
(Pre-Tax Yields to Maturity)**

<u>One-Year Treasury Rate*</u>	<u>CPR Prepayment Assumption</u>				
	<u>3%</u>	<u>6%</u>	<u>15%</u>	<u>21%</u>	<u>30%</u>
0.0000%	24.7%	21.3%	10.7%	3.3%	(8.4)%
3.6994%	25.5%	22.1%	11.5%	4.0%	(7.6)%
5.6994%	26.1%	22.6%	12.0%	4.5%	(7.2)%
7.6994%	26.5%	23.0%	12.4%	4.9%	(6.8)%
10.5710%	26.8%	23.3%	12.6%	5.2%	(6.6)%

* The One Year Treasury Rates shown were used to calculate assumed mortgage interest rates on the ARMs underlying the Group 1 MBS and the related Weighted Average Pool Accrual Rates. Substantially all of the ARMs contain provisions limiting the amount by which their interest rates may be adjusted. See “Description of the Certificates—*Limitations on Rate Adjustments*” herein.

**Sensitivity of the IB Class to Prepayments
and the One-Year Treasury Rate
(Pre-Tax Yields to Maturity)**

<u>One-Year Treasury Rate*</u>	<u>CPR Prepayment Assumption</u>				
	<u>3%</u>	<u>6%</u>	<u>15%</u>	<u>21%</u>	<u>30%</u>
0.0000%	24.5%	21.1%	10.5%	3.1%	(8.5)%
3.6994%	25.4%	21.9%	11.3%	3.9%	(7.8)%
5.6994%	25.9%	22.5%	11.8%	4.4%	(7.3)%
7.6994%	26.4%	22.9%	12.3%	4.8%	(6.9)%
10.5000%	26.8%	23.3%	12.6%	5.1%	(6.6)%

* The One Year Treasury Rates shown were used to calculate assumed mortgage interest rates on the ARMs underlying the Group 4 MBS and the related Weighted Average Pool Accrual Rates. Substantially all of the ARMs contain provisions limiting the amount by which their interest rates may be adjusted. See “Description of the Certificates—*Limitations on Rate Adjustments*” herein.

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>			
	<u>50%</u>	<u>100%</u>	<u>250%</u>	<u>500%</u>
3.375%	21.6%	21.6%	30.3%	94.1%
5.375%	12.3%	12.4%	22.0%	85.2%
7.375%	4.1%	4.3%	13.9%	76.6%
7.850%	2.4%	2.5%	12.0%	74.6%

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, the priority sequence of distributions of principal of the Group 3 Classes and, in the case of the Group 2 Classes, the priority sequence of distributions of principal in the related Underlying REMIC Trust. See “—Distributions of Principal” herein. See “Distributions of Principal” herein and “Description of the Certificates—Distributions of Principal” in the Underlying REMIC Disclosure Documents.

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 CPR levels or constant PSA levels, as applicable, and the corresponding weighted average lives of such Classes. The tables have been prepared on the basis of the Pricing Assumptions, except that with respect to the information set forth for each such Class under 0% CPR or 0% PSA, 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, the Underlying REMIC Trust and GNMA Certificates specified below	Original Terms to Maturity	Remaining Terms to Maturity	Interest Rates	Related Groups
Group 1 MBS	360 months	360 months	(1)	Group 1
1993-224	360 months	320 months	9.0	Group 2
GNMA Certificates	360 months	360 months	7.5	Group 3
Group 4 MBS	360 months	360 months	(2)	Group 4

(1) Assumes that the One-Year Treasury Rate at all times on and after the next rate change date, as applicable, for the Group 1 MBS is 10.571%

(2) Assumes that the One-Year Treasury Rate at all times on and after the next rate change date for the Group 4 MBS is 10.50%.

It is not likely that (i) all of the underlying Mortgage Loans will have the interest rates, CAGEs or WALAs or remaining terms to maturity assumed or (ii) the underlying Mortgage Loans

will prepay at a single CPR level or constant PSA rate. 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 CPR levels or constant PSA rates, even if the distributions of the weighted average remaining terms to maturity and the weighted average CAGEs or WALAs of the Mortgage Loans are identical to the distributions of the remaining terms to maturity and CAGEs or WALAs specified in the Pricing Assumptions.

Percent of Original Principal Balances Outstanding

Date	F and IO [†] Classes					FA and SA Classes					A Class					B Class				
	CPR Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	6%	15%	21%	30%	0%	50%	100%	250%	500%	0%	50%	125%	250%	500%	0%	50%	125%	250%	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	93	84	78	69	100	100	100	100	29	86	46	0	0	0	100	100	98	82	49
March 1999	99	86	70	60	47	100	100	100	100	0	70	0	0	0	0	100	97	77	45	0
March 2000	98	79	58	47	33	100	100	100	91	0	54	0	0	0	0	100	87	57	13	0
March 2001	98	73	49	36	22	100	100	100	62	0	36	0	0	0	0	100	76	39	0	0
March 2002	98	67	40	28	15	100	100	100	39	0	16	0	0	0	0	100	66	22	0	0
March 2003	97	61	33	22	10	100	100	100	25	0	0	0	0	0	0	99	56	6	0	0
March 2004	96	56	28	17	7	100	100	100	16	0	0	0	0	0	0	95	47	0	0	0
March 2005	96	51	23	13	5	100	100	100	11	0	0	0	0	0	0	91	37	0	0	0
March 2006	95	46	19	10	3	100	100	100	7	0	0	0	0	0	0	87	27	0	0	0
March 2007	94	41	15	7	2	100	100	100	5	0	0	0	0	0	0	82	18	0	0	0
March 2008	93	37	12	5	1	100	100	100	4	0	0	0	0	0	0	77	8	0	0	0
March 2009	91	33	10	4	1	100	100	100	4	0	0	0	0	0	0	71	0	0	0	0
March 2010	90	29	8	3	1	100	100	100	4	0	0	0	0	0	0	65	0	0	0	0
March 2011	88	26	6	2	*	100	100	100	4	0	0	0	0	0	0	58	0	0	0	0
March 2012	87	22	5	2	*	100	100	100	4	0	0	0	0	0	0	51	0	0	0	0
March 2013	84	19	4	1	*	100	100	100	4	0	0	0	0	0	0	44	0	0	0	0
March 2014	82	16	3	1	*	100	100	100	4	0	0	0	0	0	0	36	0	0	0	0
March 2015	80	13	2	1	*	100	100	100	4	0	0	0	0	0	0	27	0	0	0	0
March 2016	76	10	1	*	*	100	100	100	3	0	0	0	0	0	0	17	0	0	0	0
March 2017	73	7	1	*	*	100	100	100	2	0	0	0	0	0	0	7	0	0	0	0
March 2018	69	4	1	*	*	100	100	90	1	0	0	0	0	0	0	0	0	0	0	0
March 2019	65	2	*	*	*	100	100	70	1	0	0	0	0	0	0	0	0	0	0	0
March 2020	60	*	*	*	*	100	100	50	*	0	0	0	0	0	0	0	0	0	0	0
March 2021	54	0	0	0	0	100	71	32	0	0	0	0	0	0	0	0	0	0	0	0
March 2022	48	0	0	0	0	100	32	13	0	0	0	0	0	0	0	0	0	0	0	0
March 2023	40	0	0	0	0	69	1	*	0	0	0	0	0	0	0	0	0	0	0	0
March 2024	32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2025	23	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
March 2026	12	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)**	22.7	9.2	5.2	3.9	2.7	26.2	24.6	23.1	5.5	0.9	3.1	0.9	0.5	0.3	0.2	14.6	6.7	3.5	1.9	1.0

Date	E Class					C Class					D Class					FB and IB [†] Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					CPR Prepayment Assumption				
	0%	50%	125%	250%	500%	0%	50%	125%	250%	500%	0%	50%	125%	250%	500%	0%	6%	15%	21%	30%
Initial Percent	100	100	100	100	100	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	99	92	84	78	69
March 1999	100	100	100	100	61	100	100	100	100	100	100	100	100	100	100	99	85	70	60	47
March 2000	100	100	100	100	0	100	100	100	100	49	100	100	100	100	100	99	79	58	47	32
March 2001	100	100	100	58	0	100	100	100	100	0	100	100	100	100	90	98	72	48	36	22
March 2002	100	100	100	0	0	100	100	100	92	0	100	100	100	100	62	98	66	40	28	15
March 2003	100	100	100	0	0	100	100	100	50	0	100	100	100	100	43	97	61	33	21	10
March 2004	100	100	75	0	0	100	100	100	15	0	100	100	100	100	29	97	55	27	16	7
March 2005	100	100	33	0	0	100	100	100	0	0	100	100	100	91	20	96	50	22	13	5
March 2006	100	100	0	0	0	100	100	96	0	0	100	100	100	76	14	95	45	18	10	3
March 2007	100	100	0	0	0	100	100	71	0	0	100	100	100	63	9	94	41	15	7	2
March 2008	100	100	0	0	0	100	100	48	0	0	100	100	100	52	6	93	37	12	5	1
March 2009	100	97	0	0	0	100	100	27	0	0	100	100	100	43	4	92	32	10	4	1
March 2010	100	68	0	0	0	100	100	7	0	0	100	100	100	35	3	91	28	8	3	1
March 2011	100	40	0	0	0	100	100	0	0	0	100	100	93	29	2	89	25	6	2	*
March 2012	100	11	0	0	0	100	100	0	0	0	100	100	82	24	1	87	21	5	2	*
March 2013	100	0	0	0	0	100	88	0	0	0	100	100	73	19	1	85	18	4	1	*
March 2014	100	0	0	0	0	100	68	0	0	0	100	100	64	15	1	83	15	3	1	*
March 2015	100	0	0	0	0	100	48	0	0	0	100	100	56	12	*	81	12	2	1	*
March 2016	100	0	0	0	0	100	28	0	0	0	100	100	48	10	*	78	9	1	*	*
March 2017	100	0	0	0	0	100	8	0	0	0	100	100	41	8	*	74	6	1	*	*
March 2018	88	0	0	0	0	100	0	0	0	0	100	93	35	6	*	71	3	*	*	*
March 2019	50	0	0	0	0	100	0	0	0	0	100	80	29	5	*	66	*	*	*	*
March 2020	10	0	0	0	0	100	0	0	0	0	100	68	23	3	*	61	0	0	0	0
March 2021	0	0	0	0	0	77	0	0	0	0	100	56	18	2	*	55	0	0	0	0
March 2022	0	0	0	0	0	44	0	0	0	0	100	43	13	2	*	49	0	0	0	0
March 2023	0	0	0	0	0	9	0	0	0	0	100	30	9	1	*	42	0	0	0	0
March 2024	0	0	0	0	0	0	0	0	0	0	82	17	5	1	*	33	0	0	0	0
March 2025	0	0	0	0	0	0	0	0	0	0	57	4	1	*	*	24	0	0	0	0
March 2026	0	0	0	0	0	0	0	0	0	0	29	0	0	0	0	13	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)**	22.0	13.7	7.6	4.1	2.1	24.8	17.9	11.0	6.1	3.0	28.2	24.4	19.4	12.5	6.4	22.9	9.1	5.2	3.9	2.7

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

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

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

Characteristics of the R Class

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

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

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

CERTAIN ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES

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

REMIC Election and Special Tax Attributes

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

As a consequence of the qualification of the Trust as a REMIC, the Certificates generally will be treated as “regular or residual interests in a REMIC” for domestic building and loan associations, “real estate assets” for real estate investment trusts, and, except for the R Class, as “qualified mortgages” for other REMICs. The Small Business Job Protection Act of 1996 repeals the bad debt reserve method of accounting for mutual savings banks and domestic building and loan associations for tax years beginning after December 31, 1995. As a result, section 593(d) of the Code is no longer applicable to treat the Certificates as “qualifying real property loans.” See “Certain Federal Income Tax Consequences—Special Tax Attributes” in the REMIC Prospectus.

Taxation of Beneficial Owners of Regular Certificates

The Notional Classes and the F, FB and SA Classes 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 15% CPR in the case of the Group 1 and Group 4 Classes, 100% PSA in the case of the Group 2 Classes, and 125% PSA 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 or the GNMA Certificates 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 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 F and FB Classes pay interest based on a weighted average of the interest rates on the Group 1 MBS and Group 4 MBS, respectively, and will not qualify as “variable rate debt instruments” under the OID Regulations. Fannie Mae intends to treat all interest payments on each 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, the R Class will not have significant value. Special rules regarding the treatment of “excess inclusions” by certain thrift institutions no longer apply because of the amendment of section 593 of the Code by the Small Business Job Protection Act of 1996. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*” in the REMIC Prospectus.

For purposes of determining the portion of the taxable income of the Trust that generally will not be treated as excess inclusions, the rate to be used is 8.02% (which is 120% of the “federal long-term rate”). See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*” and “—Foreign Investors—*Residual Certificates*” in the REMIC Prospectus. The federal income tax consequences of any consideration paid to a transferee on the transfer of an R Certificate are unclear; any transferee receiving such consideration should consult its own tax advisors.

Fannie Mae intends to determine the accruals of OID on the Underlying REMIC Certificates using the same Prepayment Assumption, as provided above, that will be used to determine the accruals of OID on the related Regular Certificates. The IRS, however, could take the position that the proper Prepayment Assumption to be used with respect to the Underlying REMIC Certificates is the Prepayment Assumption set forth in the related Underlying REMIC Disclosure Document. See also “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Taxable Income or Net Loss of a REMIC Trust*” in the REMIC Prospectus.

PLAN OF DISTRIBUTION

General. The Dealer will receive the Certificates in exchange for the Trust MBS, the Underlying REMIC Certificates and the GNMA Certificates pursuant to a Fannie Mae

commitment. The Dealer proposes to offer the Certificates directly to the public from time to time in negotiated transactions at varying prices to be determined at the time of sale. The Dealer may effect such transactions to or through dealers.

Increase in Certificates. Before the Settlement Date, Fannie Mae and the Dealer may agree to offer hereby Group 1, Group 3 and Group 4 Certificates in addition to those contemplated as of the date hereof. In such event, the Trust MBS or GNMA Certificates, as applicable, will be increased in principal balance, but it is expected that all such additional Trust MBS or GNMA Certificates will have the same characteristics as described herein under “Description of the Certificates—The Group 1 and Group 4 MBS and the Related Mortgage Loans” or “—The GNMA Certificates and the Related Mortgage Loans,” as applicable. The proportion that the original principal balance of each Group 1, Group 3 and Group 4 Class bears to the aggregate original principal balance of all Group 1, Group 3 and Group 4 Classes, respectively, will remain the same.

LEGAL MATTERS

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

Underlying REMIC Certificates

Underlying REMIC Trust	Class	Date of Issue	CUSIP Number	Interest Rate	Interest Type(1)	Final Distribution Date	Principal Type(1)	Original Principal Balance of Class	March 1997 Class Factor	Principal Balance in the Trust as of Issue Date	Approximate Weighted Average WAC	Approximate Weighted Average WAM (in months)	Approximate Weighted Average CAGE (in months)	Underlying Security Type	Class Group
1993-224	FC	November 1993	31359FCB2	(2)	FLT	November 2023	SUP	\$26,545,316	0.99867723	\$9,986,772.30	7.063%	310	42	MBS	2
1993-224	SC	November 1993	31359FCC0	(2)	INV	November 2023	SUP	9,004,119	0.99867724	3,387,494.22	7.063	310	42	MBS	2
1993-224	SD	November 1993	31359FCD8	(2)	INV	November 2023	SUP	3,247,566	0.99867723	1,221,786.72	7.063	310	42	MBS	2

- (1) See “Description of the Certificates—Class Definitions and Abbreviations” in the REMIC Prospectus.
- (2) These Classes bear interest during their respective interest accrual periods, subject to the applicable maximum and minimum interest rates, as further described in the related Underlying REMIC Disclosure Documents.

**ASSUMED CHARACTERISTICS OF THE MORTGAGE LOANS
UNDERLYING THE GROUP 1 AND GROUP 4 MBS**

(As of March 1, 1997)

Schedule 1

Mortgage Loan Group	Related Classes	Aggregate Principal Balances	Mortgage Interest Rates	Pool Accrual Rates	MBS Margins	Original Terms to Maturity(1)	Remaining Terms to Maturity(1)	Months to Rate Adjustment	CAGEs(1)	Mortgage Reset Frequency	Mortgage Periodic Rate Caps	Maximum Pool Accrual Rates
1	F/IO	\$ 69,309,352.73	7.626%	7.201%	2.279%	360	278	2	70	12	2.0%	11.834%
1	F/IO	96,857,192.31	7.888	7.463	2.313	360	285	3	65	12	2.0	11.599
1	F/IO	118,321,827.33	8.165	7.740	2.305	360	263	8	82	12	2.0	12.606
1	F/IO	154,322,670.91	8.375	7.950	2.327	360	272	6	79	12	2.0	12.408
1	F/IO	122,616,722.17	8.625	8.200	2.374	360	275	6	77	12	2.0	12.287
1	F/IO	62,682,867.11	8.744	8.319	2.538	360	258	6	79	12	2.0	13.109
4	FB/IB	114,815,406.07	8.305	7.880	2.345	360	266	4	86	12	2.0	12.845

(1) In months.

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.

TABLE OF CONTENTS

	Page
Prospectus Supplement	
Table of Contents	S- 3
Reference Sheet	S- 4
Additional Risk Factors	S- 7
Description of the Certificates	S- 8
Certain Additional Federal Income Tax Consequences	S-25
Plan of Distribution	S-26
Legal Matters	S-27
Exhibit A	A- 1
Schedule 1	A- 2
REMIC Prospectus	
Prospectus Supplement	2
Summary of Prospectus	3
Risk Factors	8
Description of the Certificates	10
The Trust Agreement	23
Certain Federal Income Tax Consequences	25
Legal Investment Considerations	37
Legal Opinion	37
ERISA Considerations	37
Glossary	39
GNMA Prospectus	
Prospectus Supplement	2
Summary of Prospectus	3
Risk Factors	8
Description of the Certificates	10
The Trust Agreement	22
GNMA and the GNMA Programs	24
Certain Federal Income Tax Consequences	25
Legal Investment Considerations	37
Legal Opinion	37
ERISA Considerations	37
Glossary	39

\$953,522,091



FannieMae

**Guaranteed REMIC
Pass-Through Certificates**

Fannie Mae REMIC Trust 1997-20

PROSPECTUS SUPPLEMENT

**Donaldson, Lufkin & Jenrette
Securities Corporation**

February 25, 1997