

**\$700,000,000**



**FannieMae**

**Guaranteed REMIC Pass-Through Certificates  
Fannie Mae REMIC Trust 1997-52**

The Guaranteed REMIC Pass-Through Certificates offered hereby (the "Certificates") will represent beneficial ownership interests in one of two trust funds. The Certificates, other than the RL Class, will represent beneficial ownership interests in Fannie Mae REMIC Trust 1997-52 (the "Trust"). The assets of the Trust will consist of the "regular interests" in a separate trust fund (the "Lower Tier REMIC"). The assets of the Lower Tier REMIC will consist of (i) certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the "MBS") and (ii) certain "fully modified pass-through" mortgage-backed securities (the "GNMA Certificates") guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("GNMA"). Each MBS represents a beneficial ownership interest in a pool of first lien, single-family, fixed-rate residential mortgage loans having the characteristics described herein. Each GNMA Certificate is based on and backed by a pool of mortgage loans (together with the pools and mortgage loans underlying the MBS, the "Pools" and "Mortgage Loans", 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	Class	Group	Original Principal Balance	Principal Type(1)	Interest Rate	Interest Type(1)	CUSIP Number	Final Distribution Date
PA	1	\$333,778,000	PAC	7.50%	FIX	31359QBA1	August 2027	FG	1	\$ 18,000,000	SUP	(2)	FLT	31359QBS2	August 2027
CB	1	15,657,000	SUP	7.50	FIX	31359QBB9	April 2025	SG	1	3,600,000	SUP	(2)	INV	31359QBT0	August 2027
CD	1	16,802,000	SUP	7.50	FIX	31359QBC7	September 2025	A	2	6,602,000	SEQ	8.00%	FIX	31359QBU7	February 2002
CE	1	10,066,000	SUP	7.50	FIX	31359QBD5	February 2026	B	2	71,312,000	SEQ	7.25	FIX	31359QBV5	January 2022
CG	1	4,557,000	SUP	7.50	FIX	31359QBE3	August 2027	C	2	17,776,000	SEQ	7.25	FIX	31359QBW3	February 2024
CK	1	1,220,000	SUP	7.25	FIX	31359QBF0	August 2027	F	2	44,544,000	SEQ	(2)	FLT	31359QBX1	February 2024
CL	1	1,220,000	SUP	7.75	FIX	31359QBG8	August 2027	S	2	(3)	NLT	(2)	INV/IO	31359QBY9	February 2024
FA	1	9,991,000	SUP	(2)	FLT	31359QBH6	June 2024	IA	2	(3)	NLT	8.00	FIX/IO	31359QBZ6	July 2027
SA	1	1,999,000	SUP	(2)	INV	31359QBJ2	June 2024	VA	2	13,860,000	SEQ/AD	7.50	FIX	31359QCA0	January 2004
FB	1	23,039,000	SUP	(2)	FLT	31359QBK9	April 2025	VB	2	9,029,000	SEQ/AD	7.50	FIX	31359QCB8	December 2006
SB	1	4,608,000	SUP	(2)	INV	31359QBL7	April 2025	VC	2	15,877,000	SEQ/AD	7.50	FIX	31359QCC6	October 2010
FC	1	39,219,167	SUP	(2)	FLT	31359QBM5	August 2027	Z	2	21,000,000	SEQ	7.92	FIX/Z	31359QCD4	July 2027
SC	1	3,337,801	SUP	(2)	INV	31359QBN3	August 2027	IB	2	(3)	NLT	8.00	FIX/IO	31359QCE2	October 2010
SD	1	4,506,032	SUP	(2)	INV	31359QBP8	August 2027	R		0	NPR	0	NPR	31359QCF9	August 2027
CH	1	1,861,000	SUP	7.50	FIX	31359QBQ6	March 2026	RL		0	NPR	0	NPR	31359QCG7	August 2027
CJ	1	6,539,000	SUP	7.50	FIX	31359QBR4	August 2026								

- (1) See "Description of the Certificates—Class Definitions and Abbreviations" in the REMIC Prospectus and "Description of the Certificates—Distributions of Interest" and "—Distributions of Principal" herein.
- (2) These Classes will bear interest based on "LIBOR" as described under "Description of the Certificates—Distributions of Interest" herein and "Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes" in the REMIC Prospectus.
- (3) The S, IA and IB Classes will be Notional Classes, will not have principal balances and will bear interest on their notional principal balances (initially, \$44,544,000, \$597,660 and \$2,035,215, respectively). The notional principal balances of the Notional Classes will be calculated as specified herein. See "Description of the Certificates—Distributions of Interest—Notional Classes" herein.

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

The Certificates will be offered by the Dealer, subject to issuance by Fannie Mae, 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 Classes will be available through the book-entry system of the Federal Reserve Banks and that the Group 2 Classes will be available through the book-entry facilities of The Depository Trust Company on or about July 30, 1997 (the "Settlement Date"). It is expected that the R and RL Classes in registered, certificated form will be available for delivery at the offices of the Dealer, One New York Plaza, New York, New York, on or about the Settlement Date.

**Prudential Securities Incorporated**

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The yields to investors in the Group 1 and Group 2 Classes (as specified herein) will be sensitive in varying degrees to, among other things, the rates of principal distributions on the MBS and the GNMA Certificates, respectively, 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 yield to investors in each Class will also be sensitive to the purchase price paid for such Class and, in the case of any Floating Rate or Inverse Floating Rate Class, fluctuations in the level of the Index (as defined herein). Accordingly, investors should consider the following risks:

- The Mortgage Loans generally may be prepaid at any time without penalty, and, accordingly, the rate of principal payments thereon is likely to vary considerably from time to time.
- Slight variations in Mortgage Loan characteristics could substantially affect the weighted average lives and yields of some or all of the Classes.
- In the case of any Certificates purchased at a discount to their principal amounts, a slower than anticipated rate of principal payments is likely to result in a lower than anticipated yield.
- In the case of any Certificates purchased at a premium to their principal amounts, a faster than anticipated rate of principal payments is likely to result in a lower than anticipated yield.
- In the case of any Interest Only Class, a faster than anticipated rate of principal payments is likely to result in a lower than anticipated yield and, in certain cases, an actual loss on the investment.
- The yield on any Floating Rate or Inverse Floating Rate Class will be sensitive to the level of the Index. See “Description of the Certificates—Distributions of Interest—Floating Rate and Inverse Floating Rate Classes” herein.

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

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

- The actual final payment of any Class will likely occur earlier, and could occur much earlier, than the Final Distribution Date for such Class specified on the cover page. See “Description of the Certificates—Weighted Average Lives of the Certificates” herein and “Description of the Certificates—Weighted Average Life and Final Distribution Dates” in the REMIC Prospectus.
- The rate of principal distributions of the Certificates is uncertain and investors may be unable to reinvest the distributions thereon at yields equaling the yields on the Certificates. See “Risk Factors—Suitability and Reinvestment Considerations” in the REMIC Prospectus.
- Investors whose investment activities are subject to legal investment laws and regulations or to review by regulatory authorities may be subject to restrictions on investment in certain Classes of the Certificates. Investors should consult their legal advisors to determine whether and to what extent the Certificates constitute legal investments or are subject to restrictions on investment. See “Legal Investment Considerations” in the REMIC Prospectus.
- The Dealer intends to make a market for the Certificates but is not obligated to do so. There can be no assurance that such a secondary market will develop or, if developed, that it will continue. Thus, investors may not be able to sell their Certificates readily or at prices that will enable them to realize their anticipated yield. No investor should purchase Certificates unless such investor understands and is able to bear the risk that the value of the Certificates will fluctuate over time and that the Certificates may not be readily salable.

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

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

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

- Fannie Mae’s Prospectus for Guaranteed REMIC Pass-Through Certificates dated June 14, 1996 (the “REMIC Prospectus”), which is attached to this Prospectus Supplement;
- Fannie Mae’s Prospectus for Guaranteed 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”); and
- Fannie Mae’s Information Statement dated March 31, 1997 and any supplements thereto (collectively, the “Information Statement”).

The MBS Prospectus and the Information Statement are incorporated herein by reference and, together with the other Disclosure Documents, may be obtained from Fannie Mae by writing or calling its MBS Helpline at 3900 Wisconsin Avenue, N.W., Area 2H-3S, Washington, D.C. 20016 (telephone 1-800-BEST-MBS or 202-752-6547). Such documents may also be obtained from Prudential Securities Incorporated, by writing or calling its Prospectus Department at 111 Eighth Avenue, 5th Floor, New York, New York 10011 (telephone 212-776-8190).

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## REFERENCE SHEET

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

### Assumed Characteristics of the Mortgage Loans Underlying the MBS and the GNMA Certificates (as of July 1, 1997)

	Group	Approximate Principal Balance	Approximate Weighted Average Remaining Term to Maturity or WARM (in months)	Approximate Calculated Loan Age or WALA (in months)	Approximate Weighted Average Coupon
MBS	1	\$100,000,000	360	0	8.05%
		100,000,000	359	1	8.05%
		100,000,000	358	2	8.05%
		100,000,000	357	3	8.05%
		100,000,000	356	4	8.05%
GNMA Certificates	2	\$ 40,000,000	360	0	8.75%
		40,000,000	359	1	8.75%
		40,000,000	358	2	8.75%
		40,000,000	357	3	8.75%
		40,000,000	356	4	8.75%

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 will bear interest at the applicable per annum interest rates set forth on the cover.

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

Class	Initial Interest Rate	Maximum Interest Rate	Minimum Interest Rate	Formula for Calculation of Interest Rate
FA.....	6.43750%	9.00000%	0.75000%	LIBOR + 75 basis points
SA.....	12.81036%	41.23649%	0.00300%	$41.23649\% - (4.99800000 \times \text{LIBOR})$
FB.....	6.43750%	9.00000%	0.75000%	LIBOR + 75 basis points
SB.....	12.81226%	41.24853%	0.00032%	$41.24853\% - (4.99978298 \times \text{LIBOR})$
FC.....	6.78750%	9.00000%	1.10000%	LIBOR + 110 basis points
SC.....	10.57500%	10.57500%	0.00000%	$92.82501\% - (11.75000157 \times \text{LIBOR})$
SD.....	11.42360%	60.92592%	0.00000%	$60.92592\% - (8.70370361 \times \text{LIBOR})$
FG.....	6.73750%	9.00000%	1.05000%	LIBOR + 105 basis points
SG.....	11.31250%	39.75000%	0.00000%	$39.75000\% - (5 \times \text{LIBOR})$
F.....	6.18750%	9.50000%	0.50000%	LIBOR + 50 basis points
S.....	3.31250%	9.00000%	0.00000%	9.0% - LIBOR

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

## Notional Classes

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

<u>Class</u>	
S	100% of F Class
IA	1.00% of VA Class
	1.00% of VB Class
	1.00% of VC Class
	1.00% of Z Class
IB	5.25% of VA Class
	5.25% of VB Class
	5.25% of VC Class

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

## Distributions of Principal

The portion of the Principal Distribution Amount allocated to each Class of Certificates will be determined by distributions of principal of the MBS or the GNMA Certificates, as applicable, and, in the case of the Group 2 Classes, the Group 2 Accrual Amount. For such purposes, the Principal Distribution Amount will be allocated among the Groups of Classes as described herein under “Description of the Certificates—Distributions of Principal—*Principal Distribution Amount*.”

### *Group 1 Principal Distribution Amount*

1. To the PA Class, to its Planned Balance.
2. (a) 50% of the remaining amount in the following order:
  - (i) to the FA and SA Classes, in proportion to their original principal balances, to zero; and
  - (ii) to the CB Class, to zero, and
- (b) 50% of such remaining amount to the FB and SB Classes, in proportion to their original principal balances, to zero.
3. To the CD Class, to zero.
4. (a) 50% of the remaining amount to the FC, SC and SD Classes, in proportion to their original principal balances, to zero, and
- (b) 50% of such remaining amount in the following order:
  - (i) to the CE Class, to zero; and
  - (ii) to the CG, CK, CL, CH, CJ, FG and SG Classes, to zero, as follows:
    - (a) 12.3172149093% to the CG Class,
    - (b) 3.2975646674% to the CK Class,
    - (c) 3.2975646674% to the CL Class, and
    - (d) 81.0876557559% in the following order:
      - first*, to the CH and CJ Classes, in that order; and
      - second*, to the FG and SG Classes, in proportion to their original principal balances.
5. To the PA Class, to zero.

*Group 2 Principal Distribution Amount*

*Group 2 Accrual Amount*

To the VA, VB and VC Classes, in that order, to zero, and then to the Z Class.

*Group 2 Cash Flow Distribution Amount*

1. To the A Class, to zero.

2. (a) 66.6666666667% of the remaining amount to the B and C Classes, in that order, to zero, and (b) 33.3333333333% of such remaining amount to the F Class, to zero.

3. To the VA, VB, VC and Z Classes, in that order, to zero.

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

<u>Group 1 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>165%</u>	<u>275%</u>	<u>500%</u>
PA .....	18.2	7.5	7.5	7.5	4.8
CB .....	27.2	15.4	3.5	1.8	1.1
CD .....	27.8	18.0	5.9	2.4	1.5
CE .....	28.3	19.9	10.0	2.9	1.7
CG, CK and CL .....	29.3	25.2	19.6	4.8	2.3
FA and SA .....	26.5	11.9	1.5	0.8	0.5
FB and SB .....	26.9	13.9	2.6	1.4	0.8
FC, SC and SD .....	29.0	24.1	17.5	4.4	2.2
CH .....	28.5	21.2	12.7	3.2	1.9
CJ .....	28.8	22.3	14.5	3.6	2.0
FG and SG .....	29.5	26.4	21.7	5.3	2.4

<u>Group 2 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>155%</u>	<u>300%</u>	<u>500%</u>
A .....	2.4	0.7	0.6	0.4	0.3
B .....	17.5	6.2	4.6	2.9	2.1
C .....	25.5	14.0	10.2	5.9	3.9
F and S .....	19.1	7.8	5.7	3.5	2.4
IA .....	28.4	22.2	18.2	11.3	7.1
VA .....	3.5	3.5	3.5	3.5	3.2
VB .....	7.9	7.9	7.9	7.1	4.8
VC .....	11.4	11.4	11.2	8.0	5.5
Z .....	28.4	22.2	18.7	13.0	8.7
IB .....	7.8	7.8	7.7	6.2	4.5

\* Determined as specified under "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 2 Classes will be sensitive in varying degrees to the rate of principal distributions on the MBS and the GNMA Certificates, respectively, which in turn will reflect the rate of amortization (including prepayments) of the related Mortgage Loans. There can be no assurance that the Mortgage Loans underlying the MBS and the GNMA Certificates will have the characteristics assumed herein. Because the rate of principal distributions on the Group 1 and Group 2 Classes will be related to the rate of amortization of the related Mortgage Loans, which are likely to include Mortgage Loans with remaining terms to maturity shorter or longer than those assumed and interest rates higher or lower than those assumed, the rates of principal distributions on such Classes are likely to differ from the rate anticipated by investors, even if the related Mortgage Loans prepay at the indicated constant percentages of PSA.

It is highly unlikely that the Mortgage Loans underlying the MBS or GNMA Certificates will prepay at any of the rates assumed herein, will prepay at a *constant* PSA rate until maturity or 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 on or about the 18th or 20th day, as applicable, following the end of the related Interest Accrual Period and will not bear interest during such delay. No interest at all will be paid on any Class after its principal balance has been reduced to zero. As a result of the foregoing, the market values of the Delay Classes will be lower than would have been the case if there were no such delay.

## DESCRIPTION OF THE CERTIFICATES

The following summaries describing certain provisions of the Certificates do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the remaining provisions of this Prospectus Supplement, the additional Disclosure Documents and the provisions of the Trust Agreement (defined below). Capitalized terms used and not otherwise defined in this Prospectus Supplement have the meanings assigned to such terms in the applicable Disclosure Document or the Trust Agreement (as the context may require).

### General

*Structure.* The Trust and the Lower Tier REMIC will be created pursuant to a trust agreement dated as of July 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 Certificates (other than the R and RL Classes) will be designated as the “regular interests,” and the R Class will be designated as the “residual interest,” in the REMIC constituted by the Trust. The interests in the Lower Tier REMIC other than the RL Class (the “Lower Tier Regular Interests”) will be designated as the “regular interests,” and the RL Class will be designated as the “residual interest,” in the Lower Tier REMIC. The assets of the Lower Tier REMIC will consist of the MBS and the GNMA Certificates.

*Fannie Mae Guaranty.* Fannie Mae guarantees to each holder of an MBS the timely payment of scheduled installments of principal of and interest on the underlying Mortgage Loans, whether or not received, together with the full principal balance of any foreclosed Mortgage Loan, whether or not

such balance is actually recovered. In addition, Fannie Mae will be obligated to distribute on a timely basis to the Holders of Certificates required installments of principal and interest and to distribute the principal balance of each Class of Certificates in full no later than the applicable Final Distribution Date, whether or not sufficient funds are available in the Trust Account. The guaranties of Fannie Mae are not backed by the full faith and credit of the United States. See “Description of the Certificates—Fannie Mae’s Guaranty” in the REMIC Prospectus or GNMA Prospectus, as applicable, and “Description of Certificates—The Corporation’s Guaranty” in the MBS Prospectus.

*Characteristics of Certificates.* The Group 1 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 2 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 and RL Certificates will not be issued in book-entry form but will be issued in fully registered, certificated form. As to the R or RL Certificate, “Holder” or “Certificateholder” refers to the registered owner thereof. The R or RL Certificates will be transferable at the corporate trust office of the Transfer Agent, or at the agency of the Transfer Agent in New York, New York. The Transfer Agent initially will be State Street Bank and Trust Company in Boston, Massachusetts (“State Street”). A service charge may be imposed for any registration of transfer of the R or RL Certificate and Fannie Mae may require payment of a sum sufficient to cover any tax or other governmental charge. See also “Characteristics of the R and RL Classes” herein.

The distribution to the Holder of the R and RL Classes of the proceeds of any remaining assets of the Trust and the Lower Tier REMIC, as applicable, will be made only upon presentation and surrender of the related Certificate at the office of the Paying Agent. The Paying Agent initially will be State Street.

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

*Distribution Dates.* Distributions on the Group 1 Classes will be made on the 18th day of each month (or, if such 18th day is not a business day, on the first business day next succeeding such 18th day) and distributions on the Group 2 Classes will be made on the first business day following the 20th day of each month (or, if the 19th and 20th days are both business days, on such 20th 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 and any interest to be added as principal to the principal balance of the Accrual Class on such Distribution Date.

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

## **Book-Entry Procedures**

*General.* The Group 1 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.

The Group 2 Classes will be represented by one or more 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 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 MBS**

The MBS will have the aggregate unpaid principal balance and Pass-Through Rate set forth below and the general characteristics described in the MBS Prospectus. The MBS will provide that principal and interest on the related Mortgage Loans will be passed through monthly, commencing in the month following the month of the initial issuance of the MBS. The Mortgage Loans underlying the MBS will be conventional Level Payment Mortgage Loans secured by first mortgages or deeds of trust on one- to four-family ("single family") residential properties and having original maturities of up to 30 years, as described under "The Mortgage Pools" and "Yield Considerations" in the MBS Prospectus. The characteristics of the MBS and the related Mortgage Loans as of July 1, 1997 (the "Issue Date") are expected to be as follows:

### **MBS**

Aggregate Unpaid Principal Balance .....	\$500,000,000
MBS Pass-Through Rate .....	7.5%

### **Related Mortgage Loans**

Range of WACs (per annum percentages) .....	7.75% to 10.00%
Range of WAMs .....	241 months to 360 months
Approximate Weighted Average WAM .....	358 months
Approximate Weighted Average CAGE .....	2 months

## **The GNMA Certificates**

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 GNMA Certificates are GNMA II 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 .....	8.00%

### **Mortgage Loans**

Range of WACs .....	8.50% to 9.50%
Range of WARMs .....	241 months to 360 months
Approximate Weighted Average WARM .....	358 months
Approximate Weighted Average WALA .....	2 months

## **Final Data Statement**

Following the issuance of the Certificates, Fannie Mae will prepare a Final Data Statement setting forth (a) with respect to the MBS, the Pool number, the current WAC (or original WAC, if the current WAC is not available) and the current WAM (or Adjusted WAM, if the current WAM is not available) of the Mortgage Loans underlying such MBS, along with the weighted average of all the

current or original WACs and the weighted average of all the current or Adjusted WAMs, based on the current unpaid principal balances of the Mortgage Loans underlying the MBS as of the Issue Date and (b) with respect to each GNMA Certificate, among other things, 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 maturing 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	PA, CB, CD, CE, CG, CK, CL, CH, CJ, A, B, C, IA, VA, VB, VC, Z and IB
Accrual	Z
Floating Rate	FA, FB, FC, FG and F
Inverse Floating Rate	SA, SB, SC, SD, SG and S
Interest Only	S, IA and IB
No Payment Residual	R and RL

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

*General.* The interest-bearing Certificates will bear interest at the applicable per annum interest rates set forth on the cover or described herein. Interest on the interest-bearing Certificates is calculated on the basis of a 360-day year consisting of twelve 30-day months and is distributable monthly on each Distribution Date, commencing (except with respect to the Accrual Class) in the month after the Settlement Date. Interest to be distributed or, in the case of the Accrual Class, added to principal on each interest-bearing Certificate on a Distribution Date will consist of one month’s interest on the outstanding principal balance of such Certificate immediately prior to such Distribution Date.

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

<u>Classes</u>	<u>Interest Accrual Periods</u>
The FA, SA, FB and SB Classes	One month period beginning on the 18th day of the month preceding the month of the Distribution Date and ending on the 17th of the month of the Distribution Date
F and S Classes	One month period beginning on the 20th day of the month preceding the month of the Distribution Date and ending on the 19th day of the month of the Distribution Date
The Fixed Rate Classes and the FC, SC, SD, FG and SG Classes (collectively, the “Delay Classes”)	Calendar month preceding the month in which the Distribution Date occurs

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

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

*Notional Classes.* The S, IA and IB Classes will be Notional Classes. The Notional Classes will have no principal balances and will bear interest at the applicable per annum interest rates set forth on the cover or described herein during each Interest Accrual Period on their respective notional principal balances. The notional principal balance of each Notional Class will be equal to the indicated percentage of the principal balance of the applicable Class specified below immediately prior to the related Distribution Date:

<u>Class</u>	
S .....	100% of F Class
IA .....	1.00% of VA Class
	1.00% of VB Class
	1.00% of VC Class
	1.00% of Z Class
IB .....	5.25% of VA Class
	5.25% of VB Class
	5.25% of VC Class

The notional principal balance of a Notional Class is used for purposes of the determination of interest distributions thereon and does not represent an interest in the principal distributions of the MBS or 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.

*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:

<u>Class</u>	<u>Initial Interest Rate</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate</u>
FA .....	6.43750%	9.00000%	0.75000%	LIBOR + 75 basis points
SA .....	12.81036%	41.23649%	0.00300%	$41.23649\% - (4.99800000 \times \text{LIBOR})$
FB .....	6.43750%	9.00000%	0.75000%	LIBOR + 75 basis points
SB .....	12.81226%	41.24853%	0.00032%	$41.24853\% - (4.99978298 \times \text{LIBOR})$
FC .....	6.78750%	9.00000%	1.10000%	LIBOR + 110 basis points
SC .....	10.57500%	10.57500%	0.00000%	$92.82501\% - (11.75000157 \times \text{LIBOR})$
SD .....	11.42360%	60.92592%	0.00000%	$60.92592\% - (8.70370361 \times \text{LIBOR})$
FG .....	6.73750%	9.00000%	1.05000%	LIBOR + 105 basis points
SG .....	11.31250%	39.75000%	0.00000%	$39.75000\% - (5 \times \text{LIBOR})$
F .....	6.18750%	9.50000%	0.50000%	LIBOR + 50 basis points
S .....	3.31250%	9.00000%	0.00000%	9.0% - LIBOR

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

## Calculation of LIBOR

On each Index Determination Date, until the principal balances and notional principal balances of the FA, SA, FB, SB, FC, SC, SD, FG, SG, F and S Classes have been reduced to zero, Fannie Mae will establish LIBOR for the related Interest Accrual Period in the manner described in the REMIC Prospectus under "Description of the Certificates—Indices Applicable to Floating Rate and Inverse Floating Rate Classes—*LIBOR*."

If on the initial Index Determination Date, Fannie Mae is unable to determine LIBOR in the manner specified in the REMIC Prospectus, LIBOR for the next succeeding Interest Accrual Period will be equal to 5.6875%.

## Distributions of Principal

### *Categories of Classes*

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

<u>Principal Type*</u>	<u>Classes</u>
<b>Group 1 Classes</b>	
PAC	PA
Support	CB, CD, CE, CG, CK, CL, FA, SA, FB, SB, FC, SC, SD, CH, CJ, FG and SG
<b>Group 2 Classes</b>	
Sequential Pay	A, B, C, F, VA, VB, VC and Z
Notional	S, IA and IB
Accretion Directed	VA, VB and VC
<b>No Payment Residual</b>	R and RL

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

### *Principal Distribution Amount*

Principal will be distributed monthly on the Certificates in an amount (the "Principal Distribution Amount") equal to the sum of (i) the aggregate distributions of principal made on the MBS in the month of such Distribution Date (the "Group 1 Principal Distribution Amount") and (ii) the aggregate amount distributable as principal of the GNMA Certificates in such month calculated as described in the immediately following paragraph (the "Group 2 Cash Flow Distribution Amount") and any interest accrued and added on such Distribution Date to the principal balance of the Z Class (the "Group 2 Accrual Amount" and together with the Group 2 Cash Flow Distribution Amount, the "Group 2 Principal Distribution Amount").

On or about the eighth 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



*Group 1 Principal Distribution Amount*

(1) to the PA Class, until the principal balance thereof is reduced to its Planned Balance for such Distribution Date;

(a) 50% of the remaining amount in the following order of priority:

(ii) to the CB Class, until the principal balance thereof is reduced to zero, and

(3) to the CD Class, until the principal balance thereof is reduced to zero;

(a) 50% of the remaining amount, concurrently, to the FC, SC and SD Classes, in proportion to their original principal balances (or 83.3333340416%, 7.0921976925% and 9.5744682659%, respectively), until the principal balances thereof are reduced to zero, and

(b) 50% of such remaining amount in the following order of priority:

(i) to the CE Class, until the principal balance thereof is reduced to zero;

(ii) to the CG, CK, CL, CH, CJ, FG and SG Classes, until the principal balances thereof are reduced to zero as follows:

(a) 12.3172149093% to the CG Class.

(b) 3.2975646674% to the CK Class.

(c) 3.2975646674% to the CL Class, and

(d) 81.0876557559% in the following order:

*first*, sequentially, to the CH and CJ Classes, in that order, and

*second*, concurrently, to the FG and SG Classes, in proportion to their original principal balances (or 83.333333333% and 16.666666667%, respectively); and



(5) to the PA Class, without regard to its Planned Balance and until the principal balance thereof is reduced to zero. } PAC Class

#### Group 2 Principal Distribution Amount

##### Group 2 Accrual Amount

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

##### Group 2 Cash Flow Distribution Amount

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

- (1) to the A Class, until the principal balance thereof is reduced to zero;
  - (2) to the Classes specified below as follows:
    - (a) 66.6666666667% of the remaining amount, sequentially, to the B and C Classes, in that order, until the respective principal balances thereof are reduced to zero, and
    - (b) 33.3333333333% of such remaining amount to the F Class, until the principal balance thereof is reduced to zero; and
  - (3) sequentially, to the VA, VB, VC and Z Classes, in that order, until the respective principal balances thereof are reduced to zero.
- } Sequential Pay Classes

### Structuring Assumptions

*Pricing Assumptions.* Unless otherwise specified, the information in the tables in this Prospectus Supplement has been prepared on the basis of the following assumptions (collectively, the “Pricing Assumptions”):

- the Mortgage Loans underlying the MBS and GNMA Certificates have original terms to maturity of 360 months and have the principal balances, remaining terms to maturity, CAGEs or WALAs, as applicable, and interest rates, respectively, as specified:
 

MBS	\$100,000,000	360 months	0 months	8.05%
	100,000,000	359 months	1 months	8.05%
	100,000,000	358 months	2 months	8.05%
	100,000,000	357 months	3 months	8.05%
	100,000,000	356 months	4 months	8.05%
GNMA Certificates	\$ 40,000,000	360 months	0 months	8.75%
	40,000,000	359 months	1 months	8.75%
	40,000,000	358 months	2 months	8.75%
	40,000,000	357 months	3 months	8.75%
	40,000,000	356 months	4 months	8.75%
- all payments (including prepayments) on the Mortgage Loans underlying the GNMA Certificates, are distributed on the Certificates in the month in which such payments are received;
- the Mortgage Loans prepay at the constant percentages of PSA specified in the related table;
- the closing date for the sale of the Certificates is the Settlement Date; and

- the first Distribution Date for the Certificates occurs in the month following the Settlement Date.

*Prepayment Assumptions.* Prepayments of mortgage loans commonly are measured relative to a prepayment standard or model. The model used in this Prospectus Supplement is the Public Securities Association’s standard prepayment model (“PSA”). To assume a specified rate of PSA is to assume a specified rate of prepayment each month of the then outstanding principal balance of a pool of new mortgage loans computed as described under “Description of the Certificates—Prepayment Models” in the REMIC Prospectus. It is highly unlikely that prepayments will occur at any *constant* PSA rate or at any other *constant* rate.

*Structuring Range.* The Principal Balance Schedule has been prepared on the basis of the Pricing Assumptions and the assumption that the Mortgage Loans underlying the MBS prepay at a constant PSA rate within the Structuring Range specified below.

<u>Principal Balance Schedule Reference</u>	<u>Related Class</u>	<u>Structuring Range</u>
Planned Balance	PA	Between 100% and 275%

**There is no assurance that the principal balance of the Class listed above will conform on any Distribution Date to the applicable balance specified for such Distribution Date in the Principal Balance Schedule herein, or that distributions of principal on such Class will begin or end on the respective Distribution Dates specified therein.** Because any excess of the principal distribution on any Distribution Date over the amount necessary to reduce such Class to its scheduled balance will be distributed, the ability to reduce such Class will not be enhanced by the averaging of high and low principal payments from month to month. In addition, even if prepayments on the related Mortgage Loans occur at rates falling within the applicable Structuring Range specified above, principal distributions may be insufficient to reduce such Class to its scheduled balance if such prepayments do not occur at a *constant* PSA rate. Moreover, because of the diverse remaining terms to maturity of the Mortgage Loans underlying the MBS (which may include recently originated Mortgage Loans), the Class specified above may not be reduced to its scheduled balance, even if prepayments occur at a *constant* rate within the applicable Structuring Range specified above.

*Initial Effective Range.* The Effective Range for a Class is the range of prepayment rates (measured by *constant* PSA rates) that would reduce such Class to its scheduled balance on each Distribution Date. The Initial Effective Range set forth in the table below is based upon the assumed characteristics of the Mortgage Loans underlying the MBS specified in the Pricing Assumptions.

<u>Related Class</u>	<u>Initial Effective Range</u>
PA	Between 100% and 275%

The actual Effective Range at any time will be based upon the actual characteristics of the Mortgage Loans underlying the MBS at such time, which are likely to vary (and may vary considerably) from the Pricing Assumptions. The actual Effective Range calculated on the basis of the actual characteristics likely will differ from the Initial Effective Range. As a result, the PA Class might not be reduced to its scheduled balance even if prepayments on the related Mortgage Loans were to occur at a *constant* PSA rate within the Initial Effective Range (particularly if such rate were at the lower or higher end of such range). In addition, even if prepayments occur at rates falling within the actual Effective Range, principal distributions may be insufficient to reduce the PA Class to its scheduled balances if such prepayments do not occur at a *constant* PSA rate. It is highly unlikely that the Mortgage Loans will prepay at any *constant* PSA rate. In general, the actual Effective Range may narrow, widen or shift upward or downward to reflect actual prepayment experience over time. The principal payment stability of the PAC Class will be supported in part by the Support Classes. When the Support Classes are retired, the PAC Class, if still outstanding, may no longer have an Effective Range and will be more sensitive to prepayments.

## Principal Balance Schedule

<u>Distribution Date</u>	<u>PA Class Planned Balance</u>	<u>Distribution Date</u>	<u>PA Class Planned Balance</u>
Initial Balance .....	\$333,778,000.00	November 2001 .....	\$225,185,921.02
August 1997 .....	333,190,286.38	December 2001 .....	222,785,118.55
September 1997 .....	332,517,090.86	January 2002 .....	220,396,069.81
October 1997 .....	331,758,572.59	February 2002 .....	218,018,713.43
November 1997 .....	330,914,934.68	March 2002 .....	215,652,988.38
December 1997 .....	329,986,424.26	April 2002 .....	213,298,833.92
January 1998 .....	328,973,332.37	May 2002 .....	210,956,189.63
February 1998 .....	327,875,993.92	June 2002 .....	208,624,995.40
March 1998 .....	326,694,787.52	July 2002 .....	206,305,191.43
April 1998 .....	325,430,135.33	August 2002 .....	203,996,718.22
May 1998 .....	324,082,502.88	September 2002 .....	201,699,516.58
June 1998 .....	322,652,398.79	October 2002 .....	199,413,527.62
July 1998 .....	321,140,374.54	November 2002 .....	197,138,692.74
August 1998 .....	319,547,024.09	December 2002 .....	194,874,953.67
September 1998 .....	317,872,983.61	January 2003 .....	192,622,252.40
October 1998 .....	316,118,931.00	February 2003 .....	190,380,531.26
November 1998 .....	314,285,585.55	March 2003 .....	188,149,732.83
December 1998 .....	312,373,707.40	April 2003 .....	185,929,800.02
January 1999 .....	310,384,097.12	May 2003 .....	183,720,676.01
February 1999 .....	308,317,595.09	June 2003 .....	181,522,304.29
March 1999 .....	306,175,081.01	July 2003 .....	179,334,628.61
April 1999 .....	303,957,473.24	August 2003 .....	177,157,593.05
May 1999 .....	301,665,728.18	September 2003 .....	174,991,141.93
June 1999 .....	299,300,839.61	October 2003 .....	172,835,219.89
July 1999 .....	296,863,837.98	November 2003 .....	170,689,771.83
August 1999 .....	294,355,789.66	December 2003 .....	168,554,742.96
September 1999 .....	291,777,796.16	January 2004 .....	166,430,078.73
October 1999 .....	289,147,004.33	February 2004 .....	164,315,724.91
November 1999 .....	286,480,311.43	March 2004 .....	162,211,627.52
December 1999 .....	283,794,361.32	April 2004 .....	160,117,732.87
January 2000 .....	281,105,540.76	May 2004 .....	158,033,987.54
February 2000 .....	278,429,975.73	June 2004 .....	155,960,338.38
March 2000 .....	275,767,597.18	July 2004 .....	153,896,732.52
April 2000 .....	273,118,336.41	August 2004 .....	151,843,117.35
May 2000 .....	270,482,125.07	September 2004 .....	149,799,440.54
June 2000 .....	267,858,895.18	October 2004 .....	147,765,650.01
July 2000 .....	265,248,579.09	November 2004 .....	145,741,693.98
August 2000 .....	262,651,109.49	December 2004 .....	143,727,520.90
September 2000 .....	260,066,419.43	January 2005 .....	141,723,079.50
October 2000 .....	257,494,442.29	February 2005 .....	139,728,318.77
November 2000 .....	254,935,111.82	March 2005 .....	137,743,187.96
December 2000 .....	252,388,362.07	April 2005 .....	135,767,636.58
January 2001 .....	249,854,127.46	May 2005 .....	133,801,614.40
February 2001 .....	247,332,342.72	June 2005 .....	131,845,071.44
March 2001 .....	244,822,942.93	July 2005 .....	129,897,957.99
April 2001 .....	242,325,863.51	August 2005 .....	127,960,224.58
May 2001 .....	239,841,040.18	September 2005 .....	126,031,822.00
June 2001 .....	237,368,409.02	October 2005 .....	124,112,701.28
July 2001 .....	234,907,906.43	November 2005 .....	122,202,813.72
August 2001 .....	232,459,469.13	December 2005 .....	120,302,110.85
September 2001 .....	230,023,034.16	January 2006 .....	118,410,544.47
October 2001 .....	227,598,538.90	February 2006 .....	116,528,066.60

<u>Distribution Date</u>	<u>PA Class Planned Balance</u>	<u>Distribution Date</u>	<u>PA Class Planned Balance</u>
March 2006 .....	\$114,654,629.52	July 2010 .....	\$ 47,602,819.06
April 2006 .....	112,790,185.76	August 2010 .....	46,782,819.31
May 2006 .....	110,939,624.50	September 2010 .....	45,975,963.18
June 2006 .....	109,118,061.68	October 2010 .....	45,182,047.04
July 2006 .....	107,325,053.20	November 2010 .....	44,400,870.37
August 2006 .....	105,560,161.66	December 2010 .....	43,632,235.71
September 2006 .....	103,822,956.28	January 2011 .....	42,875,948.59
October 2006 .....	102,113,012.82	February 2011 .....	42,131,817.52
November 2006 .....	100,429,913.44	March 2011 .....	41,399,653.91
December 2006 .....	98,773,246.63	April 2011 .....	40,679,272.05
January 2007 .....	97,142,607.11	May 2011 .....	39,970,489.07
February 2007 .....	95,537,595.75	June 2011 .....	39,273,124.88
March 2007 .....	93,957,819.45	July 2011 .....	38,587,002.12
April 2007 .....	92,402,891.06	August 2011 .....	37,911,946.16
May 2007 .....	90,872,429.30	September 2011 .....	37,247,785.01
June 2007 .....	89,366,058.67	October 2011 .....	36,594,349.31
July 2007 .....	87,883,409.35	November 2011 .....	35,951,472.30
August 2007 .....	86,424,117.12	December 2011 .....	35,318,989.73
September 2007 .....	84,987,823.30	January 2012 .....	34,696,739.89
October 2007 .....	83,574,174.63	February 2012 .....	34,084,563.51
November 2007 .....	82,182,823.19	March 2012 .....	33,482,303.77
December 2007 .....	80,813,426.36	April 2012 .....	32,889,806.23
January 2008 .....	79,465,646.69	May 2012 .....	32,306,918.82
February 2008 .....	78,139,151.87	June 2012 .....	31,733,491.79
March 2008 .....	76,833,614.61	July 2012 .....	31,169,377.66
April 2008 .....	75,548,712.59	August 2012 .....	30,614,431.22
May 2008 .....	74,284,128.38	September 2012 .....	30,068,509.47
June 2008 .....	73,039,549.36	October 2012 .....	29,531,471.61
July 2008 .....	71,814,667.66	November 2012 .....	29,003,178.96
August 2008 .....	70,609,180.07	December 2012 .....	28,483,495.00
September 2008 .....	69,422,787.98	January 2013 .....	27,972,285.26
October 2008 .....	68,255,197.32	February 2013 .....	27,469,417.36
November 2008 .....	67,106,118.49	March 2013 .....	26,974,760.90
December 2008 .....	65,975,266.27	April 2013 .....	26,488,187.53
January 2009 .....	64,862,359.76	May 2013 .....	26,009,570.81
February 2009 .....	63,767,122.37	June 2013 .....	25,538,786.27
March 2009 .....	62,689,281.65	July 2013 .....	25,075,711.33
April 2009 .....	61,628,569.34	August 2013 .....	24,620,225.29
May 2009 .....	60,584,721.22	September 2013 .....	24,172,209.30
June 2009 .....	59,557,477.09	October 2013 .....	23,731,546.32
July 2009 .....	58,546,580.72	November 2013 .....	23,298,121.12
August 2009 .....	57,551,779.75	December 2013 .....	22,871,820.21
September 2009 .....	56,572,825.67	January 2014 .....	22,452,531.86
October 2009 .....	55,609,473.74	February 2014 .....	22,040,146.04
November 2009 .....	54,661,482.94	March 2014 .....	21,634,554.42
December 2009 .....	53,728,615.92	April 2014 .....	21,235,650.31
January 2010 .....	52,810,638.94	May 2014 .....	20,843,328.67
February 2010 .....	51,907,321.79	June 2014 .....	20,457,486.07
March 2010 .....	51,018,437.79	July 2014 .....	20,078,020.66
April 2010 .....	50,143,763.70	August 2014 .....	19,704,832.16
May 2010 .....	49,283,079.67	September 2014 .....	19,337,821.83
June 2010 .....	48,436,169.19	October 2014 .....	18,976,892.42

<u>Distribution Date</u>	<u>PA Class Planned Balance</u>	<u>Distribution Date</u>	<u>PA Class Planned Balance</u>
November 2014 .....	\$ 18,621,948.21	March 2019 .....	\$ 6,470,354.94
December 2014 .....	18,272,894.93	April 2019 .....	6,327,623.98
January 2015 .....	17,929,639.76	May 2019 .....	6,187,405.53
February 2015 .....	17,592,091.29	June 2019 .....	6,049,658.94
March 2015 .....	17,260,159.55	July 2019 .....	5,914,344.17
April 2015 .....	16,933,755.92	August 2019 .....	5,781,421.83
May 2015 .....	16,612,793.15	September 2019 .....	5,650,853.12
June 2015 .....	16,297,185.35	October 2019 .....	5,522,599.85
July 2015 .....	15,986,847.92	November 2019 .....	5,396,624.44
August 2015 .....	15,681,697.59	December 2019 .....	5,272,889.87
September 2015 .....	15,381,652.34	January 2020 .....	5,151,359.73
October 2015 .....	15,086,631.45	February 2020 .....	5,031,998.15
November 2015 .....	14,796,555.40	March 2020 .....	4,914,769.82
December 2015 .....	14,511,345.93	April 2020 .....	4,799,640.01
January 2016 .....	14,230,925.96	May 2020 .....	4,686,574.51
February 2016 .....	13,955,219.61	June 2020 .....	4,575,539.63
March 2016 .....	13,684,152.17	July 2020 .....	4,466,502.25
April 2016 .....	13,417,650.07	August 2020 .....	4,359,429.72
May 2016 .....	13,155,640.88	September 2020 .....	4,254,289.93
June 2016 .....	12,898,053.29	October 2020 .....	4,151,051.27
July 2016 .....	12,644,817.09	November 2020 .....	4,049,682.62
August 2016 .....	12,395,863.14	December 2020 .....	3,950,153.34
September 2016 .....	12,151,123.37	January 2021 .....	3,852,433.27
October 2016 .....	11,910,530.77	February 2021 .....	3,756,492.74
November 2016 .....	11,674,019.36	March 2021 .....	3,662,302.53
December 2016 .....	11,441,524.18	April 2021 .....	3,569,833.88
January 2017 .....	11,212,981.27	May 2021 .....	3,479,058.49
February 2017 .....	10,988,327.64	June 2021 .....	3,389,948.49
March 2017 .....	10,767,501.32	July 2021 .....	3,302,476.45
April 2017 .....	10,550,441.24	August 2021 .....	3,216,615.38
May 2017 .....	10,337,087.31	September 2021 .....	3,132,338.70
June 2017 .....	10,127,380.37	October 2021 .....	3,049,620.27
July 2017 .....	9,921,262.16	November 2021 .....	2,968,434.34
August 2017 .....	9,718,675.32	December 2021 .....	2,888,755.57
September 2017 .....	9,519,563.39	January 2022 .....	2,810,559.03
October 2017 .....	9,323,870.77	February 2022 .....	2,733,820.15
November 2017 .....	9,131,542.73	March 2022 .....	2,658,514.79
December 2017 .....	8,942,525.39	April 2022 .....	2,584,619.16
January 2018 .....	8,756,765.70	May 2022 .....	2,512,109.86
February 2018 .....	8,574,211.42	June 2022 .....	2,440,963.84
March 2018 .....	8,394,811.14	July 2022 .....	2,371,158.44
April 2018 .....	8,218,514.24	August 2022 .....	2,302,671.34
May 2018 .....	8,045,270.86	September 2022 .....	2,235,480.57
June 2018 .....	7,875,031.96	October 2022 .....	2,169,564.52
July 2018 .....	7,707,749.23	November 2022 .....	2,104,901.91
August 2018 .....	7,543,375.10	December 2022 .....	2,041,471.80
September 2018 .....	7,381,862.78	January 2023 .....	1,979,253.58
October 2018 .....	7,223,166.15	February 2023 .....	1,918,226.96
November 2018 .....	7,067,239.86	March 2023 .....	1,858,372.00
December 2018 .....	6,914,039.22	April 2023 .....	1,799,669.03
January 2019 .....	6,763,520.27	May 2023 .....	1,742,098.73
February 2019 .....	6,615,639.72	June 2023 .....	1,685,642.06

<u>Distribution Date</u>	<u>PA Class Planned Balance</u>	<u>Distribution Date</u>	<u>PA Class Planned Balance</u>
July 2023 .....	\$ 1,630,280.30	August 2025 .....	\$ 552,957.78
August 2023 .....	1,575,995.02	September 2025 .....	520,375.71
September 2023 .....	1,522,768.07	October 2025 .....	488,481.47
October 2023 .....	1,470,581.62	November 2025 .....	457,263.13
November 2023 .....	1,419,418.08	December 2025 .....	426,708.94
December 2023 .....	1,369,260.18	January 2026 .....	396,807.36
January 2024 .....	1,320,090.89	February 2026 .....	367,547.01
February 2024 .....	1,271,893.49	March 2026 .....	338,916.70
March 2024 .....	1,224,651.48	April 2026 .....	310,905.43
April 2024 .....	1,178,348.66	May 2026 .....	283,502.38
May 2024 .....	1,132,969.07	June 2026 .....	256,696.88
June 2024 .....	1,088,497.01	July 2026 .....	230,478.46
July 2024 .....	1,044,917.02	August 2026 .....	204,836.81
August 2024 .....	1,002,213.91	September 2026 .....	179,761.78
September 2024 .....	960,372.70	October 2026 .....	155,243.39
October 2024 .....	919,378.67	November 2026 .....	131,271.82
November 2024 .....	879,217.34	December 2026 .....	107,837.42
December 2024 .....	839,874.45	January 2027 .....	84,930.67
January 2025 .....	801,335.97	February 2027 .....	62,542.23
February 2025 .....	763,588.08	March 2027 .....	40,662.90
March 2025 .....	726,617.22	April 2027 .....	23,380.24
April 2025 .....	690,410.01	May 2027 .....	10,579.87
May 2025 .....	654,953.30	June 2027 .....	2,151.43
June 2025 .....	620,234.15	July 2027 and thereafter .....	0.00
July 2025 .....	586,239.82		



## Yield Tables

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

*The Inverse Floating Rate Classes and the IA and IB Classes.* **The yields to investors in the Inverse Floating Rate Classes and the IA and IB Classes will be sensitive in varying degrees to the rate of principal payments (including prepayments) of the Mortgage Loans underlying the MBS or the GNMA Certificates, as applicable, and, in the case of the Inverse Floating Rate Classes, to the level of the Index. The Mortgage Loans generally can be prepaid at any time. In addition, the rate of principal payments (including prepayments) of the Mortgage Loans is likely to vary, and may vary considerably, from Pool to Pool. As indicated in the tables below, it is possible that, under certain Index and prepayment scenarios, as applicable, investors in the Interest Only Classes would not fully recoup their initial investments. Further, on the basis of the assumptions described below, the yield to maturity on the IA and IB Classes would be 0% if prepayments on the Mortgage Loans underlying the GNMA Certificates were to occur at constant rates of approximately 386% PSA and 429% PSA, respectively. If the actual prepayment rate of such Mortgage Loans were to exceed either of the foregoing levels for as little as one month while equaling such level for the remaining months, investors in the IA and IB Classes, as applicable, would not fully recoup their initial investments.**

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

The information set forth in the following tables was prepared on the basis of the Pricing Assumptions and the assumptions that (i) the interest rates applicable to the Inverse Floating Rate Classes for each Interest Accrual Period subsequent to the initial Interest Accrual Period will be based on the indicated level of the Index and (ii) the aggregate purchase prices of the Inverse Floating Rate

Classes and the IA and IB Classes (expressed in each case as a percentage of original principal balance) are as follows:

<u>Class</u>	<u>Price*</u>
SA .....	98.62500%
SB .....	95.31250%
SD .....	81.12500%
SC .....	87.50000%
SG .....	88.50000%
S .....	8.03125%
IA .....	72.00000%
IB .....	39.50000%

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>165%</u>	<u>275%</u>	<u>500%</u>
3.68750% .....	24.1%	24.2%	24.7%	25.2%	26.0%
5.68750% .....	13.4%	13.4%	14.3%	15.0%	16.2%
7.68750% .....	3.0%	3.0%	4.1%	5.2%	6.7%
8.25000% .....	0.1%	0.2%	1.4%	2.5%	4.1%

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>165%</u>	<u>275%</u>	<u>500%</u>
3.68750% .....	25.0%	25.1%	26.5%	28.1%	30.4%
5.68750% .....	13.9%	14.0%	15.5%	17.3%	19.8%
7.68750% .....	3.2%	3.3%	5.0%	6.9%	9.5%
8.25000% .....	0.3%	0.4%	2.1%	4.0%	6.7%

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>165%</u>	<u>275%</u>	<u>500%</u>
3.6875% .....	37.6%	37.6%	37.7%	40.2%	45.0%
5.6875% .....	14.5%	14.5%	14.8%	18.2%	23.3%
7.0000% and above .....	0.8%	0.9%	1.2%	4.9%	9.9%

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>165%</u>	<u>275%</u>	<u>500%</u>
7.0000% and below .....	12.4%	12.4%	12.6%	14.8%	17.9%
7.6875% .....	3.2%	3.3%	3.5%	5.8%	9.0%
7.9000% .....	0.5%	0.6%	0.8%	3.1%	6.3%

**Sensitivity of the SG 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>165%</u>	<u>275%</u>	<u>500%</u>
3.6875% .....	25.0%	25.0%	25.0%	26.3%	28.9%
5.6875% .....	13.1%	13.1%	13.2%	14.7%	17.5%
7.6875% .....	1.8%	1.9%	2.0%	3.7%	6.5%
7.9500% .....	0.4%	0.5%	0.6%	2.3%	5.1%

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>155%</u>	<u>300%</u>	<u>500%</u>
3.6875% .....	72.3%	69.2%	65.5%	54.5%	38.3%
5.6875% .....	41.3%	37.6%	32.9%	19.2%	(0.1)%
7.6875% .....	10.9%	5.4%	(1.6)%	(21.4)%	(46.1)%
9.0000% .....	*	*	*	*	*

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

**Sensitivity of the IA and IB Classes to Prepayments**

<u>Pre-Tax Yields to Maturity</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>155%</u>	<u>300%</u>	<u>500%</u>
IA .....	10.4%	9.8%	8.7%	3.7%	(5.4)%
IB .....	10.5%	10.5%	10.4%	6.3%	(3.9)%

**Weighted Average Lives of the Certificates**

The weighted average life of a Certificate is determined by (a) multiplying the amount of the reduction, if any, of the principal balance of such Certificate from one Distribution Date to the next Distribution Date by the number of years from the Settlement Date to the second such Distribution Date, (b) summing the results and (c) dividing the sum by the aggregate amount of the reductions in principal balance of such Certificate referred to in clause (a). For a description of the factors which may influence the weighted average life of a Certificate, see “Description of the Certificates—Weighted Average Life and Final Distribution Dates” in the REMIC Prospectus.

In general, the weighted average lives of the Certificates will be shortened if the level of prepayments of principal of the related Mortgage Loans increases. However, the weighted average lives will depend upon a variety of other factors, including the timing of changes in such rate of principal payments and the priority sequences of distributions of principal of the Classes. The weighted average lives of the Group 1 Classes will also depend on the distribution of principal of the PAC Class in accordance with the Principal Balance Schedule. In particular, if the amount distributable as principal of the Group 1 Classes on any Distribution Date exceeds the amount required to reduce the balance of the PAC Class to its scheduled amount as set forth in the Principal Balance Schedule, such excess principal will be distributed on the remaining Group 1 Classes on such Distribution Date. Conversely, if the principal distributable on any Distribution Date is less than the amount required to reduce the PAC Class to its scheduled amount, no principal will be distributed to the remaining Group 1 Classes on such Distribution Date. Accordingly, the rates of principal payments on the Mortgage Loans underlying the Group 1 Classes are expected to have a greater effect on the weighted average lives of the Support Classes than on the weighted average life of the PAC Class. See “—Distributions of Principal” herein.

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

### Decrement Tables

The following tables indicate the percentages of original principal balances of the specified Classes that would be outstanding after each of the dates shown at various constant PSA levels and the corresponding weighted average lives of such Classes. The tables have been prepared on the basis of the Pricing Assumptions, except that with respect to the information set forth for each such Class under 0% PSA it has been assumed that the underlying Mortgage Loans have the original and remaining terms to maturity and bear interest at the per annum rates specified below:

<u>Mortgage Loans relating to MBS and GNMA Certificates specified below</u>	<u>Original Terms to Maturity</u>	<u>Remaining Terms to Maturity</u>	<u>Interest Rates</u>	<u>Related Groups</u>
MBS	360 months	360 months	10.0%	Group 1
GNMA Certificates	360 months	360 months	9.5%	Group 2

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

## Percent of Original Principal Balances Outstanding

Date	PA Class					CB Class					CD Class					CE Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	165%	275%	500%	0%	100%	165%	275%	500%	0%	100%	165%	275%	500%	0%	100%	165%	275%	500%
Initial Percent .....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
July 1998 .....	99	96	96	96	96	100	100	100	100	68	100	100	100	100	100	100	100	100	100	100
July 1999 .....	98	89	89	89	89	100	100	100	24	0	100	100	100	100	0	100	100	100	100	0
July 2000 .....	97	79	79	79	75	100	100	69	0	0	100	100	100	0	0	100	100	100	27	0
July 2001 .....	96	70	70	70	52	100	100	28	0	0	100	100	100	0	0	100	100	100	0	0
July 2002 .....	95	62	62	62	36	100	100	0	0	0	100	100	90	0	0	100	100	100	0	0
July 2003 .....	93	54	54	54	25	100	100	0	0	0	100	100	43	0	0	100	100	100	0	0
July 2004 .....	92	46	46	46	17	100	100	0	0	0	100	100	7	0	0	100	100	100	0	0
July 2005 .....	90	39	39	39	12	100	100	0	0	0	100	100	0	0	0	100	100	85	0	0
July 2006 .....	88	32	32	32	8	100	100	0	0	0	100	100	0	0	0	100	100	71	0	0
July 2007 .....	86	26	26	26	6	100	100	0	0	0	100	100	0	0	0	100	100	54	0	0
July 2008 .....	84	22	22	22	4	100	100	0	0	0	100	100	0	0	0	100	100	33	0	0
July 2009 .....	82	18	18	18	3	100	100	0	0	0	100	100	0	0	0	100	100	7	0	0
July 2010 .....	79	14	14	14	2	100	100	0	0	0	100	100	0	0	0	100	100	0	0	0
July 2011 .....	76	12	12	12	1	100	90	0	0	0	100	100	0	0	0	100	100	0	0	0
July 2012 .....	73	9	9	9	1	100	62	0	0	0	100	100	0	0	0	100	100	0	0	0
July 2013 .....	69	8	8	8	1	100	33	0	0	0	100	100	0	0	0	100	100	0	0	0
July 2014 .....	65	6	6	6	*	100	3	0	0	0	100	100	0	0	0	100	100	0	0	0
July 2015 .....	60	5	5	5	*	100	0	0	0	0	100	49	0	0	0	100	100	0	0	0
July 2016 .....	55	4	4	4	*	100	0	0	0	0	100	0	0	0	0	100	93	0	0	0
July 2017 .....	50	3	3	3	*	100	0	0	0	0	100	0	0	0	0	100	45	0	0	0
July 2018 .....	44	2	2	2	*	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
July 2019 .....	37	2	2	2	*	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
July 2020 .....	29	1	1	1	*	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
July 2021 .....	21	1	1	1	*	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
July 2022 .....	12	1	1	1	*	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
July 2023 .....	2	*	*	*	*	100	0	0	0	0	100	0	0	0	0	100	0	0	0	0
July 2024 .....	*	*	*	*	*	77	0	0	0	0	100	0	0	0	0	100	0	0	0	0
July 2025 .....	*	*	*	*	*	0	0	0	0	0	2	0	0	0	0	100	0	0	0	0
July 2026 .....	*	*	*	*	*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2027 .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)** .....	18.2	7.5	7.5	7.5	4.8	27.2	15.4	3.5	1.8	1.1	27.8	18.0	5.9	2.4	1.5	28.3	19.9	10.0	2.9	1.7

Date	CG, CK and CL Classes					FA and SA Classes					FB and SB Classes					FC, SC and SD Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	165%	275%	500%	0%	100%	165%	275%	500%	0%	100%	165%	275%	500%	0%	100%	165%	275%	500%
Initial Percent .....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
July 1998 .....	100	100	100	100	100	100	100	77	38	0	100	100	90	73	38	100	100	100	100	100
July 1999 .....	100	100	100	100	81	100	100	25	0	0	100	100	68	14	0	100	100	100	100	64
July 2000 .....	100	100	100	100	0	100	100	0	0	0	100	100	39	0	0	100	100	100	84	0
July 2001 .....	100	100	100	67	0	100	100	0	0	0	100	100	16	0	0	100	100	100	53	0
July 2002 .....	100	100	100	39	0	100	100	0	0	0	100	100	0	0	0	100	100	100	30	0
July 2003 .....	100	100	100	19	0	100	100	0	0	0	100	100	0	0	0	100	100	100	15	0
July 2004 .....	100	100	100	7	0	100	100	0	0	0	100	100	0	0	0	100	100	100	6	0
July 2005 .....	100	100	100	1	0	100	100	0	0	0	100	100	0	0	0	100	100	97	1	0
July 2006 .....	100	100	100	*	0	100	100	0	0	0	100	100	0	0	0	100	100	94	*	0
July 2007 .....	100	100	100	*	0	100	92	0	0	0	100	96	0	0	0	100	100	90	*	0
July 2008 .....	100	100	100	*	0	100	74	0	0	0	100	89	0	0	0	100	100	86	*	0
July 2009 .....	100	100	100	*	0	100	50	0	0	0	100	78	0	0	0	100	100	80	*	0
July 2010 .....	100	100	95	*	0	100	21	0	0	0	100	66	0	0	0	100	100	74	*	0
July 2011 .....	100	100	87	*	0	100	0	0	0	0	100	51	0	0	0	100	100	68	*	0
July 2012 .....	100	100	79	*	0	100	0	0	0	0	100	35	0	0	0	100	100	62	*	0
July 2013 .....	100	100	71	*	0	100	0	0	0	0	100	19	0	0	0	100	100	56	*	0
July 2014 .....	100	100	64	*	0	100	0	0	0	0	100	2	0	0	0	100	100	50	*	0
July 2015 .....	100	100	56	*	0	100	0	0	0	0	100	0	0	0	0	100	100	44	*	0
July 2016 .....	100	100	50	*	0	100	0	0	0	0	100	0	0	0	0	100	98	39	*	0
July 2017 .....	100	100	43	*	0	100	0	0	0	0	100	0	0	0	0	100	88	34	*	0
July 2018 .....	100	100	37	*	0	100	0	0	0	0	100	0	0	0	0	100	78	29	*	0
July 2019 .....	100	87	31	*	0	100	0	0	0	0	100	0	0	0	0	100	68	25	*	0
July 2020 .....	100	75	26	*	0	100	0	0	0	0	100	0	0	0	0	100	59	20	*	0
July 2021 .....	100	63	21	*	0	100	0	0	0	0	100	0	0	0	0	100	49	17	*	0
July 2022 .....	100	51	17	*	0	100	0	0	0	0	100	0	0	0	0	100	40	13	*	0
July 2023 .....	100	40	12	*	0	100	0	0	0	0	100	0	0	0	0	100	31	10	*	0
July 2024 .....	100	29	9	*	0	0	0	0	0	0	43	0	0	0	0	100	23	7	*	0
July 2025 .....	100	18	5	*	0	0	0	0	0	0	0	0	0	0	0	100	14	4	*	0
July 2026 .....	67	8	2	*	0	0	0	0	0	0	0	0	0	0	0	53	6	2	*	0
July 2027 .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)** .....	29.3	25.2	19.6	4.8	2.3	26.5	11.9	1.5	0.8	0.5	26.9	13.9	2.6	1.4	0.8	29.0	24.1	17.5	4.4	2.2

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

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

Date	CH Class					CJ Class					FG and SG Classes					A Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	165%	275%	500%	0%	100%	165%	275%	500%	0%	100%	165%	275%	500%	0%	100%	155%	300%	500%
Initial Percent .....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
July 1998 .....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	81	27	0	0	0
July 1999 .....	100	100	100	100	0	100	100	100	100	42	100	100	100	100	100	61	0	0	0	0
July 2000 .....	100	100	100	100	0	100	100	100	100	0	100	100	100	100	0	38	0	0	0	0
July 2001 .....	100	100	100	0	0	100	100	100	0	0	100	100	100	93	0	13	0	0	0	0
July 2002 .....	100	100	100	0	0	100	100	100	0	0	100	100	100	54	0	0	0	0	0	0
July 2003 .....	100	100	100	0	0	100	100	100	0	0	100	100	100	27	0	0	0	0	0	0
July 2004 .....	100	100	100	0	0	100	100	100	0	0	100	100	100	10	0	0	0	0	0	0
July 2005 .....	100	100	100	0	0	100	100	100	0	0	100	100	100	2	0	0	0	0	0	0
July 2006 .....	100	100	100	0	0	100	100	100	0	0	100	100	100	*	0	0	0	0	0	0
July 2007 .....	100	100	100	0	0	100	100	100	0	0	100	100	100	*	0	0	0	0	0	0
July 2008 .....	100	100	100	0	0	100	100	100	0	0	100	100	100	*	0	0	0	0	0	0
July 2009 .....	100	100	100	0	0	100	100	100	0	0	100	100	100	*	0	0	0	0	0	0
July 2010 .....	100	100	13	0	0	100	100	100	0	0	100	100	100	*	0	0	0	0	0	0
July 2011 .....	100	100	0	0	0	100	100	68	0	0	100	100	100	*	0	0	0	0	0	0
July 2012 .....	100	100	0	0	0	100	100	32	0	0	100	100	100	*	0	0	0	0	0	0
July 2013 .....	100	100	0	0	0	100	100	0	0	0	100	100	99	*	0	0	0	0	0	0
July 2014 .....	100	100	0	0	0	100	100	0	0	0	100	100	89	*	0	0	0	0	0	0
July 2015 .....	100	100	0	0	0	100	100	0	0	0	100	100	78	*	0	0	0	0	0	0
July 2016 .....	100	100	0	0	0	100	100	0	0	0	100	100	69	*	0	0	0	0	0	0
July 2017 .....	100	100	0	0	0	100	100	0	0	0	100	100	60	*	0	0	0	0	0	0
July 2018 .....	100	93	0	0	0	100	100	0	0	0	100	100	51	*	0	0	0	0	0	0
July 2019 .....	100	0	0	0	0	100	69	0	0	0	100	100	43	*	0	0	0	0	0	0
July 2020 .....	100	0	0	0	0	100	13	0	0	0	100	100	36	*	0	0	0	0	0	0
July 2021 .....	100	0	0	0	0	100	0	0	0	0	100	87	29	*	0	0	0	0	0	0
July 2022 .....	100	0	0	0	0	100	0	0	0	0	100	71	23	*	0	0	0	0	0	0
July 2023 .....	100	0	0	0	0	100	0	0	0	0	100	55	17	*	0	0	0	0	0	0
July 2024 .....	100	0	0	0	0	100	0	0	0	0	100	40	12	*	0	0	0	0	0	0
July 2025 .....	100	0	0	0	0	100	0	0	0	0	100	26	7	*	0	0	0	0	0	0
July 2026 .....	0	0	0	0	0	0	0	0	0	0	93	11	3	*	0	0	0	0	0	0
July 2027 .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)** .....	28.5	21.2	12.7	3.2	1.9	28.8	22.3	14.5	3.6	2.0	29.5	26.4	21.7	5.3	2.4	2.4	0.7	0.6	0.4	0.3

Date	B Class					C Class					F and S† Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	155%	300%	500%	0%	100%	155%	300%	500%	0%	100%	155%	300%	500%
Initial Percent .....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
July 1998 .....	100	100	100	95	89	100	100	100	100	100	100	100	100	96	91
July 1999 .....	100	93	87	72	53	100	100	100	100	100	100	94	90	78	62
July 2000 .....	100	81	70	44	13	100	100	100	100	100	100	85	76	55	30
July 2001 .....	100	70	55	21	0	100	100	100	100	36	100	76	64	37	7
July 2002 .....	99	59	41	2	0	100	100	100	100	0	99	67	53	21	0
July 2003 .....	97	49	28	0	0	100	100	100	44	0	98	59	43	9	0
July 2004 .....	95	40	17	0	0	100	100	100	0	0	96	52	34	0	0
July 2005 .....	93	31	7	0	0	100	100	100	0	0	94	45	25	0	0
July 2006 .....	91	23	0	0	0	100	100	89	0	0	92	38	18	0	0
July 2007 .....	88	15	0	0	0	100	100	55	0	0	90	32	11	0	0
July 2008 .....	85	7	0	0	0	100	100	24	0	0	88	26	5	0	0
July 2009 .....	82	*	0	0	0	100	100	0	0	0	85	20	0	0	0
July 2010 .....	78	0	0	0	0	100	74	0	0	0	82	15	0	0	0
July 2011 .....	74	0	0	0	0	100	48	0	0	0	79	10	0	0	0
July 2012 .....	70	0	0	0	0	100	24	0	0	0	76	5	0	0	0
July 2013 .....	65	0	0	0	0	100	1	0	0	0	72	*	0	0	0
July 2014 .....	60	0	0	0	0	100	0	0	0	0	68	0	0	0	0
July 2015 .....	54	0	0	0	0	100	0	0	0	0	63	0	0	0	0
July 2016 .....	48	0	0	0	0	100	0	0	0	0	58	0	0	0	0
July 2017 .....	41	0	0	0	0	100	0	0	0	0	53	0	0	0	0
July 2018 .....	33	0	0	0	0	100	0	0	0	0	46	0	0	0	0
July 2019 .....	25	0	0	0	0	100	0	0	0	0	40	0	0	0	0
July 2020 .....	15	0	0	0	0	100	0	0	0	0	32	0	0	0	0
July 2021 .....	5	0	0	0	0	100	0	0	0	0	24	0	0	0	0
July 2022 .....	0	0	0	0	0	76	0	0	0	0	15	0	0	0	0
July 2023 .....	0	0	0	0	0	27	0	0	0	0	5	0	0	0	0
July 2024 .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2025 .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2026 .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2027 .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)** .....	17.5	6.2	4.6	2.9	2.1	25.5	14.0	10.2	5.9	3.9	19.1	7.8	5.7	3.5	2.4

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

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

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



Date	IA† Class					VA Class					VB Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	155%	300%	500%	0%	100%	155%	300%	500%	0%	100%	155%	300%	500%
Initial Percent .....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
July 1998 .....	100	100	100	100	100	88	88	88	88	88	100	100	100	100	100
July 1999 .....	100	100	100	100	100	74	74	74	74	74	100	100	100	100	100
July 2000 .....	100	100	100	100	100	60	60	60	60	60	100	100	100	100	100
July 2001 .....	100	100	100	100	100	44	44	44	44	44	100	100	100	100	100
July 2002 .....	100	100	100	100	80	27	27	27	27	0	100	100	100	100	11
July 2003 .....	100	100	100	100	56	8	8	8	8	0	100	100	100	100	0
July 2004 .....	100	100	100	97	38	0	0	0	0	0	82	82	82	60	0
July 2005 .....	100	100	100	78	27	0	0	0	0	0	49	49	49	0	0
July 2006 .....	100	100	100	63	18	0	0	0	0	0	13	13	13	0	0
July 2007 .....	100	100	100	51	13	0	0	0	0	0	0	0	0	0	0
July 2008 .....	100	100	100	41	9	0	0	0	0	0	0	0	0	0	0
July 2009 .....	100	100	98	33	6	0	0	0	0	0	0	0	0	0	0
July 2010 .....	100	100	87	26	4	0	0	0	0	0	0	0	0	0	0
July 2011 .....	100	100	77	21	3	0	0	0	0	0	0	0	0	0	0
July 2012 .....	100	100	67	17	2	0	0	0	0	0	0	0	0	0	0
July 2013 .....	100	100	59	13	1	0	0	0	0	0	0	0	0	0	0
July 2014 .....	100	91	51	10	1	0	0	0	0	0	0	0	0	0	0
July 2015 .....	100	82	45	8	1	0	0	0	0	0	0	0	0	0	0
July 2016 .....	100	73	38	6	*	0	0	0	0	0	0	0	0	0	0
July 2017 .....	100	64	33	5	*	0	0	0	0	0	0	0	0	0	0
July 2018 .....	100	57	28	4	*	0	0	0	0	0	0	0	0	0	0
July 2019 .....	100	49	23	3	*	0	0	0	0	0	0	0	0	0	0
July 2020 .....	100	42	19	2	*	0	0	0	0	0	0	0	0	0	0
July 2021 .....	100	35	15	2	*	0	0	0	0	0	0	0	0	0	0
July 2022 .....	100	28	12	1	*	0	0	0	0	0	0	0	0	0	0
July 2023 .....	100	22	9	1	*	0	0	0	0	0	0	0	0	0	0
July 2024 .....	88	16	6	*	*	0	0	0	0	0	0	0	0	0	0
July 2025 .....	61	10	4	*	*	0	0	0	0	0	0	0	0	0	0
July 2026 .....	32	4	2	*	*	0	0	0	0	0	0	0	0	0	0
July 2027 .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)** .....	28.4	22.2	18.2	11.3	7.1	3.5	3.5	3.5	3.5	3.2	7.9	7.9	7.9	7.1	4.8

Date	VC Class					Z Class					IB† Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	155%	300%	500%	0%	100%	155%	300%	500%	0%	100%	155%	300%	500%
Initial Percent .....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
July 1998 .....	100	100	100	100	100	108	108	108	108	108	96	96	96	96	96
July 1999 .....	100	100	100	100	100	117	117	117	117	117	91	91	91	91	91
July 2000 .....	100	100	100	100	100	127	127	127	127	127	86	86	86	86	86
July 2001 .....	100	100	100	100	100	137	137	137	137	137	80	80	80	80	80
July 2002 .....	100	100	100	100	100	148	148	148	148	148	74	74	74	74	44
July 2003 .....	100	100	100	100	0	161	161	161	161	158	67	67	67	67	0
July 2004 .....	100	100	100	100	0	174	174	174	174	109	60	60	60	55	0
July 2005 .....	100	100	100	45	0	188	188	188	188	75	52	52	52	19	0
July 2006 .....	100	100	100	0	0	203	203	203	179	52	44	44	44	0	0
July 2007 .....	85	85	85	0	0	220	220	220	145	36	35	35	35	0	0
July 2008 .....	61	61	61	0	0	238	238	238	116	25	25	25	25	0	0
July 2009 .....	35	35	28	0	0	258	258	258	93	17	14	14	12	0	0
July 2010 .....	7	7	0	0	0	279	279	247	75	11	3	3	0	0	0
July 2011 .....	0	0	0	0	0	285	285	218	59	8	0	0	0	0	0
July 2012 .....	0	0	0	0	0	285	285	192	47	5	0	0	0	0	0
July 2013 .....	0	0	0	0	0	285	285	168	37	4	0	0	0	0	0
July 2014 .....	0	0	0	0	0	285	258	146	29	2	0	0	0	0	0
July 2015 .....	0	0	0	0	0	285	232	127	23	2	0	0	0	0	0
July 2016 .....	0	0	0	0	0	285	207	109	18	1	0	0	0	0	0
July 2017 .....	0	0	0	0	0	285	184	93	14	1	0	0	0	0	0
July 2018 .....	0	0	0	0	0	285	161	79	11	*	0	0	0	0	0
July 2019 .....	0	0	0	0	0	285	139	66	8	*	0	0	0	0	0
July 2020 .....	0	0	0	0	0	285	119	54	6	*	0	0	0	0	0
July 2021 .....	0	0	0	0	0	285	99	44	4	*	0	0	0	0	0
July 2022 .....	0	0	0	0	0	285	80	34	3	*	0	0	0	0	0
July 2023 .....	0	0	0	0	0	285	62	26	2	*	0	0	0	0	0
July 2024 .....	0	0	0	0	0	250	45	18	1	*	0	0	0	0	0
July 2025 .....	0	0	0	0	0	174	29	11	1	*	0	0	0	0	0
July 2026 .....	0	0	0	0	0	91	13	5	*	*	0	0	0	0	0
July 2027 .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)** .....	11.4	11.4	11.2	8.0	5.5	28.4	22.2	18.7	13.0	8.7	7.8	7.8	7.7	6.2	4.5

\* 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 and RL Classes**

The R and RL Classes will have no principal balances and will not bear interest. The Holder of the R Class will be entitled to receive the proceeds of the remaining assets of the Trust, if any, after the principal balances of all Classes have been reduced to zero, and the Holder of the RL Class will be entitled to receive the proceeds of the remaining assets of the Lower Tier REMIC, if any, after the principal balances of the Lower Tier Regular Interests have been reduced to zero. It is not anticipated that there will be any material assets remaining in either such circumstance.

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

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

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

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

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

Elections will be made to treat the Lower Tier REMIC and the Trust as REMICs for federal income tax purposes. Arnold & Porter, special tax counsel to Fannie Mae, will deliver its opinion to Fannie Mae that, assuming compliance with the Trust Agreement, the Lower Tier REMIC and the Trust will qualify as REMICs for federal income tax purposes. The Certificates, other than the R and RL Classes, will be designated as the “regular interests,” and the R Class will be designated as the “residual interest,” in the REMIC constituted by the Trust. The Lower Tier Regular Interests will be designated as the “regular interests” and the RL Class will be designated as the “residual interest” in the Lower Tier REMIC.

As a consequence of the qualification of the Lower Tier REMIC and the Trust as REMICs, the Certificates generally will be treated as “regular or residual interests in a REMIC” for domestic building and loan associations, “real estate assets” for real estate investment trusts, and, except for

the R and RL Classes, as “qualified mortgages” for other REMICs. The Small Business Job Protection Act of 1996 repeals the bad debt reserve method of accounting for mutual savings banks and domestic building and loan associations for tax years beginning after December 31, 1995. As a result, section 593(d) of the Code is no longer applicable to treat the Certificates as “qualifying real property loans.” See “Certain Federal Income Tax Consequences—Special Tax Attributes” in the REMIC Prospectus.

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

The Notional Classes, the Accrual Class and the SC, SD and SG Classes will be, and certain other Classes of 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 165% PSA in the case of the Group 1 Classes and 155% PSA in the case of the Group 2 Classes. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Original Issue Discount*” in the REMIC Prospectus. No representation is made as to whether the Mortgage Loans underlying the GNMA Certificates or the MBS will prepay at either 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.

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

Under the Regulations, neither the R Class nor the RL Class will have significant value. Special rules regarding the treatment of “excess inclusions” by certain thrift institutions no longer apply because of the amendment of sections 593 and 860E of the Code by the Small Business Job Protection Act of 1996. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*” in the REMIC Prospectus.

For purposes of determining the portion of the taxable income of the Trust (or the Lower Tier REMIC) that generally will not be treated as excess inclusions, the rate to be used is 120% of the “federal long-term rate.” The rate will be published on or about June 20, 1997. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*” and “—Foreign Investors—*Residual Certificates*” in the REMIC Prospectus. The federal income tax consequences of any consideration paid to a transferee on the transfer of an R or RL Certificate are unclear; any transferee receiving such consideration should consult its own tax advisors.

## **PLAN OF DISTRIBUTION**

*General.* The Dealer will receive the Certificates in exchange for the MBS 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 or Group 2 Certificates in addition to those contemplated as of the date hereof. In such event, the MBS or the GNMA Certificates, as applicable, will be increased in principal balance, but it is expected that all such additional MBS or GNMA Certificates will have the same characteristics as described herein under “Description of the Certificates—The MBS” or “—The GNMA Certificates,” as applicable. The proportion that the original principal balance of each Group 1 or Group 2 Class bears to the aggregate original principal balance of all Group 1 or Group 2

Classes, respectively, will remain the same. In addition, the dollar amounts reflected in the Principal Balance Schedule will be increased in a pro rata amount that corresponds to the increase of the principal balances of the PAC Class.

#### **LEGAL MATTERS**

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

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.

**\$700,000,000**



**FannieMae**

**Guaranteed REMIC  
Pass-Through Certificates**

**Fannie Mae REMIC Trust 1997-52**

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## **PROSPECTUS SUPPLEMENT**

**Prudential Securities Incorporated**

**June 12, 1997**