

**\$357,753,754**



**FannieMae**

**Guaranteed REMIC Pass-Through Certificates  
Fannie Mae REMIC Trust 1997-G2**

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-G2 (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 “fully modified pass-through” mortgage-backed securities (the “Trust GNMA Certificates”) guaranteed as to timely payment of principal and interest by the Government National Mortgage Association (“GNMA”) and (ii) certain previously issued REMIC certificates specified herein (the “Underlying REMIC Certificates”) evidencing beneficial ownership interests in the related Fannie Mae REMIC Trusts (the “Underlying REMIC Trusts”) as further described in Exhibit A hereto. The assets of the Underlying REMIC Trusts evidence direct or indirect beneficial ownership interests in (i) certain “fully modified pass-through” mortgage-backed securities (together with the Trust GNMA Certificates, the “GNMA Certificates”) guaranteed as to timely payment of principal and interest by GNMA and (ii) certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the “MBS”). Each GNMA Certificate is based on and backed by a pool of mortgage loans which are either insured or guaranteed by the Federal Housing Administration (“FHA”), the Department of Veterans Affairs (“VA”) or the Rural Housing Service (“FmHA”). Each MBS represents a beneficial ownership interest in a pool of first lien, single-family, fixed-rate residential mortgage loans (together with the pools and mortgage loans underlying the GNMA Certificates, the “Pools” and “Mortgage Loans,” respectively) having the characteristics described herein. The Certificates will be issued and guaranteed as to timely distribution of principal and interest by Fannie Mae.

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

See “Additional Risk Factors” on page S-7 hereof and “Risk Factors” beginning on page 8 of the 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	Original Principal Balance	Principal Type(1)	Interest Rate	Interest Type(1)	CUSIP Number	Final Distribution Date
F .....	\$257,500,000	SCH	(2)	FLT	31359NSG7	January 2021
S .....	(3)	NTL	(2)	INV/IO	31359NSH5	January 2021
Z .....	21,492,000	TAC	8.50%	FIX/Z	31359NSJ1	April 2021
FA .....	51,216,000	SEQ/AD	(2)	FLT	31359NSK8	March 2012
ZA .....	19,792,000	SEQ	8.50	FIX/Z	31359NSL6	February 2027
PA .....	7,753,754	SC/PT	(4)	PO	31359NSM4	April 2022
SA .....	(3)	NTL	(2)	INV/IO	31359NSN2	April 2022
SB .....	(3)	NTL	(2)	INV/IO	31359NSP7	March 2024
SC .....	(3)	NTL	(2)	INV/IO	31359NSQ5	March 2024
R .....	0	NPR	0	NPR	31359NSR3	February 2027
RL .....	0	NPR	0	NPR	31359NSS1	February 2027

- See “Description of the Certificates—Class Definitions and Abbreviations” in the GNMA Prospectus and “Description of the Certificates—Distributions of Interest” and “—Distributions of Principal” herein.
- The F, S, FA, SA, SB and SC 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 GNMA Prospectus.
- The S, SA, SB and SC Classes will be Notional Classes, will not have principal balances and will bear interest on their notional principal balances (initially, \$308,716,000, \$7,753,754, \$144,358,505 and \$144,358,505, 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.
- This Class will be a Principal Only Class and will bear no interest.

The Certificates will be offered by Bear, Stearns & Co. Inc. (the “Dealer”) from time to time in negotiated transactions, at varying prices to be determined at the time of sale.

The Certificates will be offered by the Dealer, subject to issuance by Fannie Mae, 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 F, S, Z, FA and ZA Classes will be available through the book-entry facilities of The Depository Trust Company and that the PA, SA, SB and SC Classes will be available through the book-entry system of the Federal Reserve Banks on or about February 28, 1997 (the “Settlement Date”). It is expected that the R and RL Classes in registered, certificated form will be available for delivery at the offices of the Dealer, 245 Park Avenue, New York, New York 10167, on or about the Settlement Date.

**Bear, Stearns & Co. Inc.**

January 16, 1997

(Cover continued from previous page)

The yields to investors in the F, S, Z, FA and ZA Classes will be sensitive in varying degrees to, among other things, the rates of principal distributions on the Trust GNMA Certificates, which in turn will be determined by the rates of principal payments of the related Mortgage Loans and the characteristics of such Mortgage Loans. The yields to investors in the PA, SA, SB and SC Classes will be sensitive in varying degrees to, among other things, the rate of principal distributions or notional balance reductions on the related Underlying REMIC Certificates, which in turn will be sensitive in varying degrees to the rate of principal payments of the related Mortgage Loans, the characteristics of the Mortgage Loans included in the related Pools and the priority sequences affecting principal distributions for the Underlying REMIC Trusts. 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 (including the Principal Only Class), a slower than anticipated rate of principal payments is likely to result in a lower than anticipated yield.
- In the case of any Certificates purchased at a premium to their principal amounts, a faster than anticipated rate of principal payments is likely to result in a lower than anticipated yield.
- In the case of any Interest Only Class, a faster than anticipated rate of principal payments is likely to result in a lower than anticipated yield and, in certain cases, an actual loss on the investment.
- The yield on any Floating Rate or Inverse Floating Rate Class will be sensitive to the level of the Index. See “Description of the Certificates—Distributions of Interest—Floating Rate and Inverse Floating Rate Classes” herein.

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

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

- One of the Underlying REMIC Certificates is subordinate in priority of principal distributions to certain other classes of certificates evidencing beneficial ownership interests in the related Underlying REMIC Trust and, accordingly, there is no assurance that principal distributions will be made on such Underlying REMIC Certificate on any particular Distribution Date. The other Underlying REMIC Certificate has a notional principal balance that is based on the principal balances of certain classes in the related Underlying REMIC Trust which themselves are subordinate in priority of principal distributions. Prepayments on the related Mortgage Loans may have occurred at a rate faster or slower than that initially assumed. Additional information may be obtained by performing an analysis of current Fannie Mae principal factors in the context of applicable information contained in the related Underlying REMIC Disclosure Documents (as defined below), which may be obtained from Fannie Mae as described below.
- The actual final payment of any Class will likely occur earlier, and could occur much earlier, than the Final Distribution Date for such Class specified on the cover page. See “Description of the Certificates—Weighted Average Lives of the Certificates” herein and “Description of the Certificates—Weighted Average Life and Final Distribution Dates” in the GNMA 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 GNMA 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 GNMA 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 GNMA Prospectus, the REMIC Prospectus, the MBS Prospectus or the Underlying REMIC Disclosure Documents (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 GNMA 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 (backed by GNMA Certificates) dated June 14, 1996 (the “GNMA Prospectus”), which is attached to this Prospectus Supplement;
- Fannie Mae’s Prospectus for Guaranteed REMIC Pass-Through Certificates dated June 14, 1996 (the “REMIC Prospectus”);
- Fannie Mae’s Prospectus for Guaranteed Mortgage Pass-Through Certificates dated January 1, 1997 (the “MBS Prospectus”);
- The Prospectus and Prospectus Supplements for the Underlying REMIC Certificates (collectively, the “Underlying REMIC Disclosure Documents”); and
- Fannie Mae’s Information Statement dated February 22, 1996 and any supplements thereto (collectively, the “Information Statement”).

The MBS Prospectus, the REMIC Prospectus and the Information Statement are incorporated herein by reference and, together with the Underlying REMIC 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, other than the Underlying REMIC Disclosure Documents, may also be obtained from Bear, Stearns & Co. Inc. by writing or calling its Prospectus Department at One MetroTech Center North, Brooklyn, New York 11201 (telephone 718-272-1581).

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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 Trust GNMA Certificates (as of February 1, 1997)

<u>Unpaid Aggregate Principal Balance</u>	<u>Original Term to Maturity (in months)</u>	<u>WARM (in months)</u>	<u>WALA (in months)</u>	<u>WAC</u>
\$350,000,000	360	352	7	9.00%

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

### Characteristics of the Underlying REMIC Certificates

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

See “Description of the Certificates—The Underlying REMIC Certificates” 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:

<u>Class</u>	<u>Initial Interest Rate</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate</u>
F .....	6.05000%	8.5000%	0.55%	LIBOR + 55 basis points
S .....	2.45000%	7.9500%	0.00%	7.95% – LIBOR
FA .....	6.05000%	8.5000%	0.55%	LIBOR + 55 basis points
SA .....	7.50801%(1)	17.8212%	0.00%	17.8212% – (1.88584 × LIBOR)
SB .....	2.03125%(1)	7.5000%	0.00%	7.5% – LIBOR
SC .....	1.00000%(1)	1.0000%	0.00%	8.5% – LIBOR

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

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 or notional principal balance of the Class or Underlying REMIC Certificate specified below, as applicable, immediately prior to the related Distribution Date:

<u>Class</u>	<u>Percentage of Principal Balance or Notional Principal Balance</u>
S .....	100% of F and FA Classes
SA.....	100% of PA Class
SB.....	100% of Class 1994-40-S REMIC Certificate
SC.....	100% of Class 1994-40-S REMIC Certificate

See “Description of the Certificates—Distributions of Interest—*Notional Classes*” and “—Yield Tables—*The Inverse Floating Rate 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 Trust GNMA Certificates or the related Underlying REMIC Certificate and, in the case of the Group 1 Classes (as described herein), the accrued and unpaid interest on the Accrual Classes. For such purposes, the Principal Distribution Amount will be allocated among the Group 1 and Group 2 Principal Distribution Amounts as described herein under “Description of the Certificates—Distributions of Principal—*Principal Distribution Amount*”.

#### *Group 1 Principal Distribution Amount*

##### *ZA Class Accrual Amount*

To the FA Class, to zero.

#### *Group 1 Remaining Principal Distribution Amount*

1. To the F Class, to its Maximum Scheduled Balance.
2. To the Z Class, to its Targeted Balance.
3. To the F Class, to its Minimum Scheduled Balance.
4. To the Z Class, to zero.
5. To the F Class, to zero.
6. To the FA and ZA Classes, in that order, to zero.

#### *Group 2 Principal Distribution Amount*

To the PA Class, to zero.

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

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>225%</u>	<u>300%</u>	<u>500%</u>
F .....	13.4	6.4	4.5	3.5	2.4
S.....	12.7	6.8	5.1	4.1	2.9
Z.....	22.2	15.5	4.5	4.3	0.6
FA .....	9.1	9.1	8.4	7.4	5.3
ZA .....	27.3	22.9	17.3	14.5	9.6

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>50%</u>	<u>100%</u>	<u>300%</u>	<u>500%</u>
PA and SA .....	21.3	14.5	12.0	6.2	3.8
SB and SC .....	16.3	10.0	7.5	4.2	2.7

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

## **ADDITIONAL RISK FACTORS**

### **Additional Yield and Prepayment Considerations**

The rate of distributions of principal of the Group 1 Classes will be sensitive in varying degrees to the rate of principal distributions on the Trust GNMA Certificates, 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 Trust GNMA Certificates will have the characteristics assumed herein. Because the rate of principal distributions on the Group 1 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 is likely to differ from the rate anticipated by investors, even if such Mortgage Loans prepay at the indicated constant percentages of PSA.

The rate of distributions of principal or reductions of notional balances of the Group 2 and Group 3 Classes will be directly related to the rate of principal distributions or notional principal reductions on the related Underlying REMIC Certificates, which in turn will be sensitive in varying degrees to the rate of payments of principal (including prepayments) of the related Mortgage Loans and the priority sequences affecting principal distributions for the Underlying REMIC Trusts. As described in the related Underlying REMIC Disclosure Document, one of the Underlying REMIC Certificates is subordinate in priority of principal distributions to certain other classes of certificates evidencing beneficial ownership interests in the related Underlying REMIC Trust and, accordingly, distributions of principal of the related Mortgage Loans may for extended periods be applied to the distribution of principal of those classes of certificates having priority over such Underlying REMIC Certificate. The other Underlying REMIC Certificate has a notional principal balance that is based on the principal balances of certain classes in the related Underlying REMIC Trust which themselves are subordinate in priority of principal distributions. Prepayments on the related Mortgage Loans may have occurred at a rate faster or slower than that initially assumed. Additional information as to the Underlying REMIC Certificates may be obtained by performing an analysis of current Fannie Mae principal factors in the context of applicable information contained in the related Underlying REMIC Disclosure Documents, which may be obtained from Fannie Mae as described herein.

It is highly unlikely that the Mortgage Loans underlying the Trust GNMA Certificates or any of the Underlying REMIC Certificates will prepay at any of the rates assumed herein, will prepay at a constant PSA rate until maturity or that such Mortgage Loans will prepay at the same rate. Investors must make their own decisions as to the appropriate assumptions, including prepayment assumptions, to be used in deciding whether to purchase the Certificates. See “Risk Factors—Prepayment Considerations” in the REMIC Prospectus or GNMA Prospectus, as applicable, and “Maturity and Prepayment Assumptions” in the MBS Prospectus.

The effective yields on the Delay Classes (as defined herein) will be reduced below the yields otherwise produced because principal and interest payable on a Distribution Date will not be distributed until the 17th day following the end of the related Interest Accrual Period and will not bear interest during such delay. No interest at all will be paid on any Class after its principal balance has been reduced to zero. As a result of the foregoing, the market values of the Delay Classes will be lower than would have been the case if there were no such delay.

## DESCRIPTION OF THE CERTIFICATES

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

### General

*Structure.* The Trust and the Lower Tier REMIC will be created pursuant to a trust agreement dated as of February 1, 1997 (the “Trust Agreement”), executed by the Federal National Mortgage Association (“Fannie Mae”) in its corporate capacity and in its capacity as trustee (the “Trustee”), and the Certificates in the Classes and aggregate original principal balances set forth on the cover hereof will be issued by Fannie Mae pursuant thereto. A description of Fannie Mae and its business, together with certain financial statements and other financial information, is contained in the Information Statement.

The 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 Trust GNMA Certificates and Underlying REMIC Certificates (evidencing beneficial ownership interests in the Underlying REMIC Trusts).

*Fannie Mae Guaranty.* Fannie Mae guarantees to each holder of an MBS the timely payment of scheduled installments of principal of and interest on the underlying Mortgage Loans, whether or not received, together with the full principal balance of any foreclosed Mortgage Loan, whether or not such balance is actually recovered. The guaranty obligations of Fannie Mae with respect to the Underlying REMIC Certificates are described in the Underlying REMIC Disclosure Documents. 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 GNMA Prospectus or REMIC Prospectus, as applicable, “Description of Certificates—The Corporation’s Guaranty” in the MBS Prospectus, and “Description of the Certificates—General—Fannie Mae Guaranty” in the related Underlying REMIC Disclosure Documents.

*Characteristics of Certificates.* Each of the Group 1 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.

The Group 2 and Group 3 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.”



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 GNMA Prospectus and “Description of the Certificates—Book-Entry Procedures” herein.

The R and RL Certificates will not be issued in book-entry form but will be issued in fully registered, certificated form. As to the R or RL Certificate, “Holder” or “Certificateholder” refers to the registered owner thereof. The R or RL 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 17th day of each month (or, if such 17th day is not a business day, on the first business day next succeeding such 17th day), and distributions on the Group 2 and Group 3 Classes will be made on the 25th day of each month (or, if such 25th day is not a business day, on the first business day next succeeding such 25th day), 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 balances of the Accrual Classes 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.

*Voting the Underlying REMIC Certificates.* In the event any issue arises under the trust indenture or trust agreement governing any of the Underlying REMIC Trusts that requires the vote of holders of certificates outstanding thereunder, the Trustee will vote the related Underlying REMIC Certificates in accordance with instructions received from Holders of Certificates of the

related Classes having principal balances aggregating not less than 51% of the aggregate principal balance of all such Classes outstanding. In the absence of such instructions, the Trustee will vote in a manner consistent, in its sole judgment, with the best interests of Certificateholders.

### **Book-Entry Procedures**

*General.* Each of the Group 1 Classes will be represented by one or more certificates (the “DTC Certificates”) to be registered at all times in the name of the nominee of The Depository Trust Company, a New York-chartered limited purpose trust company, or any successor depository selected or approved by Fannie Mae (the “Depository”). In accordance with its normal procedures, the Depository will record the positions held by each Depository participating firm (each, a “Depository Participant”) in the DTC Certificates, whether held for its own account or as a nominee for another person. State Street will act as Paying Agent for, and perform certain administrative functions with respect to, the DTC Certificates.

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

The Group 2 and Group 3 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 GNMA Prospectus.

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

Fannie Mae's fiscal agent for the Group 2 and Group 3 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.

### **The Trust GNMA Certificates**

The Trust GNMA Certificates will have the aggregate unpaid principal balance and Pass-Through Rate set forth below and the general characteristics described in the GNMA Prospectus. All of the Trust GNMA Certificates are GNMA I Certificates. See "GNMA and the GNMA Programs" in the GNMA Prospectus. The characteristics of the GNMA Certificates and the Mortgage Loans as of February 1, 1997 (the "Issue Date") are expected to be as follows:

#### **Trust GNMA Certificates**

Aggregate Unpaid Principal Balance .....	\$350,000,000
GNMA Pass-Through Rate .....	8.50%

#### **Mortgage Loans**

WAC .....	9.00%
Range of WARMs .....	241 months to 360 months
Approximate Weighted Average WARM .....	352 months
Approximate Weighted Average WALA .....	7 months

### **The Underlying REMIC Certificates**

The Underlying REMIC Certificates represent beneficial ownership interests in the respective Underlying REMIC Trusts, the assets of which evidence the direct or indirect beneficial ownership interests in (i) certain GNMA Certificates having the general characteristics set forth in the GNMA Prospectus and (ii) certain MBS having the general characteristics described in the MBS Prospectus.

The general characteristics of the Underlying REMIC Certificates are described in the related Underlying REMIC Disclosure Documents. The general characteristics of the GNMA Certificates and the MBS are described in the GNMA Prospectus and the MBS Prospectus, respectively. Each GNMA Certificate is based on and backed by a pool of mortgage loans that are either insured or guaranteed by the FHA, the VA or the FmHA. Each MBS evidences beneficial ownership interests in a Pool of conventional Level Payment Mortgage Loans secured by a first-mortgage or deed of trust on a one- to four-family residential property, as described under "The Mortgage Pools" and "Yield Considerations" in the MBS Prospectus. The Underlying REMIC Certificates provide that distributions thereon will be passed through monthly, commencing in the month following the initial issuance thereof.

The table contained in Exhibit A hereto sets forth certain information with respect to the Underlying REMIC Certificates, including the numerical designations of the Underlying REMIC Trusts, the class designation, the date of issue, the CUSIP number, the interest rate, the interest type, the final distribution date, the principal type, the original principal balance or notional principal balance of the entire class, the current principal factor for such class and the principal balance or notional principal balance of such class contained in the Lower Tier REMIC as of the Issue Date. The table also sets forth the approximate weighted average WAC, approximate weighted average WARM or WAM and approximate weighted average WALA or CAGE of the Mortgage Loans underlying the related GNMA Certificates or MBS as of the Issue Date, the underlying security type and the related Class Group.

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

## **Final Data Statement**

Following the issuance of the Certificates, Fannie Mae will prepare a Final Data Statement setting forth, (a) with respect to each Trust 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 maturity Mortgage Loan underlying such Trust GNMA Certificate as of the Issue Date and (b) with respect to each Underlying REMIC Certificate, the current principal balance or notional principal balance thereof 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	Z and ZA
Accrual	Z and ZA
Floating Rate	F and FA
Inverse Floating Rate	S, SA, SB and SC
Interest Only	S, SA, SB and SC
Principal Only	PA
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 Classes) in the month after the Settlement Date. Interest to be distributed or, in the case of the Accrual Classes, added to principal on each interest-bearing Certificate on a Distribution Date will consist of one month's interest on the outstanding principal balance of such Certificate immediately prior to such Distribution Date.

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

<u>Classes</u>	<u>Interest Accrual Periods</u>
F, S and FA Classes	One month period beginning on the 17th day of the month preceding the month of the Distribution Date and ending on the 16th of the month of the Distribution Date
SA, SB and SC Classes	One month period beginning on the 25th day of the month preceding the month of the Distribution Date and ending on the 24th of the month of the Distribution Date
The Fixed Rate Classes (collectively, the “Delay Classes”)	Calendar month preceding the month in which the Distribution Date occurs

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

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

*Notional Classes.* The S, SA, SB, and SC Classes will be Notional Classes. The Notional Classes will have no principal balances and will bear interest at the applicable per annum interest rates 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 outstanding principal balance or notional principal balance of the Class or Underlying REMIC Certificate specified below immediately prior to the related Distribution Date:

<u>Class</u>	<u>Percentage of Principal Balance or Notional Principal Balance</u>
S .....	100% of F and FA Classes
SA.....	100% of PA Class
SB.....	100% of Class 1994-40-S REMIC Certificate
SC.....	100% of Class 1994-40-S REMIC Certificate

The notional principal balance of a Notional Class is used for purposes of the determination of interest distributions thereon and does not represent an interest in the principal distributions of the Trust GNMA Certificates, Underlying REMIC 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 rates determined as described below:

<u>Class</u>	<u>Initial Interest Rate</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula For Calculation of Interest Rate</u>
F .....	6.05000%	8.5000%	0.55%	LIBOR + 55 basis points
S .....	2.45000%	7.9500%	0.00%	7.95% – LIBOR
FA .....	6.05000%	8.5000%	0.55%	LIBOR + 55 basis points
SA .....	7.50801%(1)	17.8212%	0.00%	17.8212% – (1.88584 × LIBOR)
SB .....	2.03125%(1)	7.5000%	0.00%	7.5% – LIBOR
SC .....	1.00000%(1)	1.0000%	0.00%	8.5% – LIBOR

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

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

The establishment of each Index value by Fannie Mae and Fannie Mae’s determination of the rate or rates of interest for the applicable 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 F, S, FA, SA, SB and SC Classes have been reduced to zero, Fannie Mae will establish LIBOR for the related Interest Accrual Period in the manner described in the GNMA 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 5.50% in the case of the F, S and FA Classes, and will be equal to LIBOR as determined for such Interest Accrual Period for the related Underlying REMIC Certificates in the case of the SA, SB and SC Classes.

## 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>	
Scheduled	F
TAC	Z
Sequential Pay	FA and ZA
Accretion Directed	FA
Notional	S
<b>Group 2 Classes</b>	
Structured Collateral/Pass-Through	PA
Notional	SA
<b>Group 3 Classes</b>	
Notional	SB and SC
<b>No Payment Residual</b>	R and RL

\* See “Description of the Certificates—Class Definitions and Abbreviations” in the GNMA 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 amount distributable as principal of the Trust GNMA Certificates in the month of such Distribution Date calculated as described in the immediately following paragraph and any interest accrued and added on such Distribution Date to the principal balances of the Accrual Classes (the “Group 1 Principal Distribution Amount”) and (ii) the distribution of principal concurrently made on the Class 1992-G26-SC REMIC Certificate (the “Group 2 Principal Distribution Amount”). The portion of each class of Underlying REMIC Certificates held by the Lower Tier REMIC will be as set forth in Exhibit A.

On or about the fifth business day of each month, Fannie Mae will aggregate the amount of principal reported to be receivable on the Trust GNMA Certificates during such month on the basis of published GNMA factors for such month. For any Trust 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 Trust 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 Trust 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 Trust GNMA Certificate at the origination of such Trust GNMA Certificate, adjusted to the Issue Date; and (ii) each Mortgage Loan underlying a Trust GNMA Certificate bears an interest rate of 9.0% per annum. All such amounts, whether reported in GNMA factors or calculated by Fannie Mae, will be reflected in the REMIC Trust Factors for the Distribution Date in such month and will be distributed to Holders of Certificates of the Group 1 Classes on such Distribution Date, whether or not received. There will also be reflected in such REMIC Trust Factors and distributable as principal on such Distribution Date the excess of (a) the distributions of principal of the Trust GNMA Certificates received during the month prior to the month of such Distribution Date over (b) the amount of principal calculated and distributable previously in accordance with the GNMA factors and the assumed distribution schedules specified above.

### *Group 1 Principal Distribution Amount*

#### *ZA Class Accrual Amount*

On each Distribution Date, an amount equal to the accrued and unpaid interest on the ZA Class, if any, will be distributed as principal of the FA Class, until the principal balance thereof is reduced to zero. } **Accretion  
Directed  
Class**

#### *Group 1 Remaining Principal Distribution Amount*

On each Distribution Date, the excess of (x) the Group 1 Principal Distribution Amount over (y) the amount distributed pursuant to the immediately preceding paragraph (such excess, the “Group 1 Remaining Principal Distribution Amount”) will be distributed as principal of the Group 1 Classes in the following order of priority:

- (i) to the F Class, until the principal balance thereof is reduced to its Maximum Scheduled Balance for such Distribution Date; } **Scheduled  
Class**
- (ii) to the Z Class, until the principal balance thereof is reduced to its Targeted Balance for such Distribution Date; } **TAC Class**
- (iii) to the F Class, until the principal balance thereof is reduced to its Minimum Scheduled Balance for such Distribution Date; } **Scheduled  
Class**
- (iv) to the Z Class, without regard to its Targeted Balance and until the principal balance thereof is reduced to zero; } **TAC Class**
- (v) to the F Class, without regard to its Maximum or Minimum Scheduled Balance and until the principal balance thereof is reduced to zero; and } **Scheduled  
Class**
- (vi) sequentially to the FA and ZA Classes, in that order, until the respective principal balances thereof are reduced to zero. } **Sequential  
Pay  
Classes**

### *Group 2 Principal Distribution Amount*

On each Distribution Date, the Group 2 Principal Distribution Amount will be distributed as principal of the PA Class, until the principal balance thereof is reduced to zero. } **Structured  
Collateral/  
Pass-Through  
Class**

## **Structuring Assumptions**

*Pricing Assumptions.* Unless otherwise specified, the information in the tables in this Prospectus Supplement has been prepared on the basis of the actual characteristics of each Pool underlying the Underlying REMIC Certificates, the priority sequences affecting the principal distributions in the Underlying REMIC Trusts and the following assumptions (such characteristics and assumptions, collectively, the “Pricing Assumptions”):

- the Mortgage Loans underlying the Trust GNMA Certificates have original terms to maturity of 360 months, remaining terms to maturity of 352 months, a WALA of 7 months and interest rates of 9.0% per annum.
- 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 GNMA Prospectus. It is highly unlikely that prepayments will occur at any PSA rate or at any other constant rate.

*Structuring Rates.* The Principal Balance Schedules have been prepared on the basis of the Pricing Assumptions and the assumption that the Mortgage Loans underlying the Trust GNMA Certificates prepay at a constant PSA rate at the applicable Structuring Rates specified below.

<u>Principal Balance Schedule References</u>	<u>Related Classes</u>	<u>Structuring Rates</u>
Maximum Scheduled Balance	F	225%
Minimum Scheduled Balance	F	300%
Targeted Balance	Z	225%

**There is no assurance that the principal balance of any Class listed above will conform on any Distribution Date to the applicable balance specified for such Distribution Date in the Principal Balance Schedules 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 any 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. Moreover, because of the diverse remaining terms to maturity of the Mortgage Loans underlying the Trust GNMA Certificates (which may include recently originated Mortgage Loans), the Classes specified above may not be reduced to their scheduled balances, even if prepayments occur at a *constant* rate equal to any of the Structuring Rates specified above.

## Principal Balance Schedules

<u>Distribution Date</u>	<u>F Class Maximum Scheduled Balance</u>	<u>F Class Minimum Scheduled Balance</u>	<u>Z Class Targeted Balance</u>
Initial Balance.....	\$257,500,000.00	\$257,500,000.00	\$21,492,000.00
March 1997.....	256,326,926.97	255,963,094.38	21,394,090.54
April 1997.....	255,031,583.02	254,259,758.09	21,285,975.86
May 1997.....	253,614,882.27	252,391,584.50	21,167,732.23
June 1997.....	252,077,880.97	250,360,430.34	21,039,447.82
July 1997.....	250,421,776.56	248,168,413.67	20,901,222.61
August 1997.....	248,647,906.56	245,817,911.28	20,753,168.19
September 1997.....	246,757,747.03	243,311,555.15	20,595,407.76
October 1997.....	244,752,910.84	240,652,228.37	20,428,075.96
November 1997.....	242,635,145.70	237,843,060.40	20,251,318.64
December 1997.....	240,406,331.79	234,887,421.56	20,065,292.75
January 1998.....	238,068,479.32	231,788,916.96	19,870,166.04
February 1998.....	235,623,725.61	228,551,379.58	19,666,116.94
March 1998.....	233,074,332.10	225,178,863.02	19,453,334.16
April 1998.....	230,422,680.95	221,675,633.30	19,232,016.54
May 1998.....	227,671,271.52	218,046,160.29	19,002,372.68
June 1998.....	224,822,716.51	214,295,108.37	18,764,620.67
July 1998.....	221,879,737.96	210,427,326.78	18,518,987.68
August 1998.....	218,845,162.94	206,447,839.18	18,265,709.68
September 1998.....	215,721,919.07	202,361,832.87	18,005,031.00
October 1998.....	212,513,029.81	198,174,647.45	17,737,204.03
November 1998.....	209,221,609.62	193,891,763.15	17,462,488.68
December 1998.....	205,850,858.82	189,518,788.66	17,181,152.07
January 1999.....	202,404,058.36	185,061,448.60	16,893,468.06
February 1999.....	198,999,522.69	180,680,123.12	16,609,311.62
March 1999.....	195,636,740.12	176,373,534.80	16,328,640.07
April 1999.....	192,315,205.14	172,140,427.50	16,051,411.23
May 1999.....	189,034,418.35	167,979,566.06	15,777,583.38
June 1999.....	185,793,886.35	163,889,735.85	15,507,115.36
July 1999.....	182,593,121.68	159,869,742.47	15,239,966.48
August 1999.....	179,431,642.75	155,918,411.44	14,976,096.56
September 1999.....	176,308,973.80	152,034,587.86	14,715,465.88
October 1999.....	173,224,644.78	148,217,136.07	14,458,035.20
November 1999.....	170,178,191.31	144,464,939.32	14,203,765.78
December 1999.....	167,169,154.61	140,776,899.51	13,952,619.31
January 2000.....	164,197,081.43	137,151,936.84	13,704,557.95
February 2000.....	161,261,523.96	133,588,989.46	13,459,544.36
March 2000.....	158,362,039.83	130,087,013.30	13,217,541.59
April 2000.....	155,498,191.94	126,644,981.63	12,978,513.18
May 2000.....	152,669,548.53	123,261,884.93	12,742,423.06
June 2000.....	149,875,682.99	119,936,730.43	12,509,235.64
July 2000.....	147,116,173.87	116,668,541.96	12,278,915.76
August 2000.....	144,390,604.79	113,456,359.64	12,051,428.65
September 2000.....	141,698,564.40	110,299,239.58	11,826,739.99
October 2000.....	139,039,646.33	107,196,253.67	11,604,815.84
November 2000.....	136,413,449.05	104,146,489.27	11,385,622.71
December 2000.....	133,819,575.93	101,149,048.97	11,169,127.48

<u>Distribution Date</u>	<u>F Class Maximum Scheduled Balance</u>	<u>F Class Minimum Scheduled Balance</u>	<u>Z Class Targeted Balance</u>
January 2001 .....	\$131,257,635.08	\$ 98,203,050.34	\$10,955,297.45
February 2001 .....	128,727,239.34	95,307,625.67	10,744,100.31
March 2001 .....	126,228,006.25	92,461,921.78	10,535,504.12
April 2001 .....	123,759,557.92	89,665,099.67	10,329,477.36
May 2001 .....	121,321,521.04	86,916,334.40	10,125,988.86
June 2001 .....	118,913,526.80	84,214,814.79	9,925,007.83
July 2001 .....	116,535,210.81	81,559,743.18	9,726,503.89
August 2001 .....	114,186,213.11	78,950,335.28	9,530,446.96
September 2001 .....	111,866,178.05	76,385,819.88	9,336,807.37
October 2001 .....	109,574,754.29	73,865,438.64	9,145,555.81
November 2001 .....	107,311,594.72	71,388,445.93	8,956,663.28
December 2001 .....	105,076,356.41	68,954,108.54	8,770,101.17
January 2002 .....	102,868,700.56	66,561,705.52	8,585,841.22
February 2002 .....	100,688,292.47	64,210,527.99	8,403,855.47
March 2002 .....	98,534,801.48	61,899,878.92	8,224,116.33
April 2002 .....	96,407,900.90	59,629,072.92	8,046,596.53
May 2002 .....	94,307,267.99	57,397,436.06	7,871,269.13
June 2002 .....	92,232,583.87	55,204,305.65	7,698,107.55
July 2002 .....	90,183,533.58	53,049,030.17	7,527,085.45
August 2002 .....	88,159,805.89	50,930,968.90	7,358,176.89
September 2002 .....	86,161,093.35	48,849,491.90	7,191,356.19
October 2002 .....	84,187,092.23	46,803,979.74	7,026,598.00
November 2002 .....	82,237,502.42	44,793,823.37	6,863,877.29
December 2002 .....	80,312,027.48	42,818,423.91	6,703,169.31
January 2003 .....	78,410,374.54	40,877,192.55	6,544,449.59
February 2003 .....	76,532,254.21	38,969,550.27	6,387,694.02
March 2003 .....	74,677,380.67	37,094,927.81	6,232,878.70
April 2003 .....	72,845,471.47	35,252,765.36	6,079,980.10
May 2003 .....	71,036,247.64	33,442,512.59	5,928,974.89
June 2003 .....	69,249,433.52	31,663,628.28	5,779,840.10
July 2003 .....	67,484,756.79	29,915,580.33	5,632,552.99
August 2003 .....	65,741,948.45	28,197,845.57	5,487,091.09
September 2003 .....	64,020,742.68	26,509,909.53	5,343,432.25
October 2003 .....	62,320,876.94	24,851,266.44	5,201,554.52
November 2003 .....	60,642,091.81	23,221,418.94	5,061,436.26
December 2003 .....	58,984,131.01	21,619,878.04	4,923,056.09
January 2004 .....	57,346,741.35	20,046,162.92	4,786,392.88
February 2004 .....	55,729,672.72	18,499,800.87	4,651,425.73
March 2004 .....	54,132,677.99	16,980,327.03	4,518,134.05
April 2004 .....	52,555,513.05	15,487,284.41	4,386,497.43
May 2004 .....	50,997,936.71	14,020,223.63	4,256,495.76
June 2004 .....	49,459,710.71	12,578,702.90	4,128,109.14
July 2004 .....	47,940,599.65	11,162,287.79	4,001,317.92
August 2004 .....	46,440,370.95	9,770,551.16	3,876,102.73
September 2004 .....	44,958,794.90	8,403,073.08	3,752,444.35
October 2004 .....	43,495,644.51	7,059,440.63	3,630,323.86
November 2004 .....	42,050,695.56	5,739,247.85	3,509,722.53

<u>Distribution Date</u>	<u>F Class Maximum Scheduled Balance</u>	<u>F Class Minimum Scheduled Balance</u>	<u>Z Class Targeted Balance</u>
December 2004 .....	\$ 40,623,726.52	\$ 4,442,095.57	\$ 3,390,621.87
January 2005 .....	39,214,518.53	3,167,591.34	3,273,003.62
February 2005 .....	37,822,855.38	1,915,349.28	3,156,849.74
March 2005 .....	36,448,523.48	684,989.99	3,042,142.40
April 2005 .....	35,091,311.81	0.00	2,928,863.98
May 2005 .....	33,751,011.90	0.00	2,816,997.07
June 2005 .....	32,427,417.78	0.00	2,706,524.51
July 2005 .....	31,120,325.99	0.00	2,597,429.31
August 2005 .....	29,829,535.53	0.00	2,489,694.67
September 2005 .....	28,554,847.80	0.00	2,383,304.04
October 2005 .....	27,296,066.63	0.00	2,278,241.03
November 2005 .....	26,052,998.20	0.00	2,174,489.46
December 2005 .....	24,825,451.02	0.00	2,072,033.37
January 2006 .....	23,613,235.95	0.00	1,970,856.96
February 2006 .....	22,416,166.10	0.00	1,870,944.63
March 2006 .....	21,234,056.85	0.00	1,772,280.97
April 2006 .....	20,066,725.82	0.00	1,674,850.76
May 2006 .....	18,913,992.82	0.00	1,578,638.96
June 2006 .....	17,775,679.82	0.00	1,483,630.72
July 2006 .....	16,651,610.99	0.00	1,389,811.35
August 2006 .....	15,541,612.58	0.00	1,297,166.36
September 2006 .....	14,445,512.96	0.00	1,205,681.41
October 2006 .....	13,363,142.56	0.00	1,115,342.37
November 2006 .....	12,294,333.87	0.00	1,026,135.24
December 2006 .....	11,238,921.42	0.00	938,046.21
January 2007 .....	10,196,741.70	0.00	851,061.63
February 2007 .....	9,167,633.19	0.00	765,168.05
March 2007 .....	8,151,436.35	0.00	680,352.12
April 2007 .....	7,147,993.54	0.00	596,600.69
May 2007 .....	6,157,149.03	0.00	513,900.77
June 2007 .....	5,178,748.98	0.00	432,239.51
July 2007 .....	4,212,641.39	0.00	351,604.24
August 2007 .....	3,258,676.14	0.00	271,982.40
September 2007 .....	2,316,704.88	0.00	193,361.63
October 2007 .....	1,386,581.05	0.00	115,729.71
November 2007 .....	468,159.92	0.00	39,074.53
December 2007 and thereafter .....	0.00	0.00	0.00

## Yield Tables

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

***The Inverse Floating Rate Classes.* The yields to investors in the Inverse Floating Rate Classes will be sensitive in varying degrees to the level of the Index and to the rate of principal payments (including prepayments) of the Mortgage Loans underlying the Trust GNMA Certificates and the related Underlying REMIC Certificates, as applicable. The Mortgage Loans generally can be prepaid at any time. In addition, the rate of principal payments (including prepayments) of the Mortgage Loans is likely to vary, and may vary considerably, from Pool to Pool. As indicated in the tables below, it is possible that, under certain index and prepayment scenarios, investors in the Interest Only Classes would not fully recoup their initial investments.**

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 the initial Interest Accrual Period are the actual and assumed rates appearing in the table under “Distributions of Interest—*Floating Rate and Inverse Floating Rate Classes*” herein and for each Interest Accrual Period subsequent to the initial Interest Accrual Period will be based on the indicated level of the Index and (ii) the aggregate purchase prices of the Inverse Floating Rate Classes (expressed in each case as a percentage of original principal balance) are as follows:

<u>Class</u>	<u>Price*</u>
S .....	5.50%
SA .....	24.75%
SB .....	5.00%
SC .....	3.50%

\* 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 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>225%</u>	<u>300%</u>	<u>500%</u>
3.500% .....	87.8%	84.5%	78.6%	73.5%	64.9%
5.500% .....	42.4%	38.7%	32.5%	26.8%	14.9%
6.500% .....	20.5%	16.2%	9.7%	3.3%	(11.6)%
7.950% .....	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>			
	<u>50%</u>	<u>100%</u>	<u>300%</u>	<u>500%</u>
3.46875% .....	49.4%	48.6%	39.7%	25.4%
5.46875% .....	31.5%	30.1%	19.7%	5.2%
7.46875% .....	12.7%	10.6%	(1.2)%	(15.5)%
9.50000% .....	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>			
	<u>50%</u>	<u>100%</u>	<u>300%</u>	<u>500%</u>
3.46875% .....	82.0%	75.1%	62.9%	48.7%
5.46875% .....	35.0%	29.4%	18.2%	3.9%
7.50000% and above .....	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>			
	<u>50%</u>	<u>100%</u>	<u>300%</u>	<u>500%</u>
7.50000% and below .....	21.3%	16.3%	5.1%	(9.5)%
8.50000% .....	*	*	*	*

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

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

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

<u>Class</u>	<u>Price</u>
PA .....	66.75%

**Sensitivity of the Principal Only Class to Prepayments  
(Pre-Tax Yields to Maturity)**

<u>Class</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>225%</u>	<u>300%</u>	<u>500%</u>
PA .....	2.9%	3.5%	5.6%	7.1%	12.1%

**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 GNMA Prospectus or REMIC Prospectus, as applicable.

In general, the weighted average lives of the Certificates will be shortened if the level of prepayments of principal of the related Mortgage Loans increases. However, the weighted average lives will depend upon a variety of other factors, including the timing of changes in such rate of principal payments, the priority sequences of distributions of principal of the Group 1 Classes and, in the case of the Group 2 and Group 3 Classes, the priority sequences of distributions of principal in the related Underlying REMIC Trusts. The weighted average lives of the Group 1 Classes will also depend on the distribution of principal of certain Classes in accordance with the Principal Balance Schedules. In particular, if certain amounts distributable as principal of the Group 1 Classes on any Distribution Date exceed the amount required to reduce the principal balances of the applicable Classes to their scheduled amounts as set forth in the Principal Balance Schedules, such excess principal will be distributed on the remaining Group 1 Classes on such Distribution Date. Conversely, if such amounts distributable as principal on any Distribution Date are less than the amount required to reduce the applicable Classes to their scheduled amounts, no principal will be distributed on certain remaining Group 1 Classes on such Distribution Date. Accordingly, the rates of principal payments on the related Mortgage Loans are expected to have a greater effect on the weighted average life of the TAC Class than on the weighted average life of the Scheduled Class. See “Distributions of Principal” herein and “Description of the Certificates—Distributions of Principal” in the Underlying REMIC Disclosure Document.

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:

<b>Mortgage Loans relating to Trust GNMA Certificates and the Underlying REMIC Trusts specified below</b>	<b>Original Terms to Maturity</b>	<b>Remaining Terms to Maturity</b>	<b>Interest Rates</b>	<b>Related Groups</b>
Trust GNMA Certificates	360 months	360 months	9.0%	Group 1
1992-G26	360 months	302 months	(1)	Group 2
1994-40	360 months	325 months	9.5%	Group 3

(1) It has been assumed that the Mortgage Loans underlying the related GNMA Certificates issued under the GNMA I program and GNMA II program bear interest at the per annum rates of 10.0% and 11.0%, respectively.

It is not likely that (i) all of the underlying Mortgage Loans will have the interest rates, WALAs or CAGEs or remaining terms to maturity assumed or (ii) the underlying Mortgage Loans will prepay at a constant PSA level. In addition, the diverse remaining terms to maturity of the Mortgage Loans 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 WALAs or CAGEs of the Mortgage Loans are identical to the distributions of the remaining terms to maturity and WALAs or CAGEs specified in the Pricing Assumptions.



## Percent of Original Principal Balances Outstanding

Date	F Class					S <sup>+</sup> Class					Z Class					FA Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	225%	300%	500%	0%	100%	225%	300%	500%	0%	100%	225%	300%	500%	0%	100%	225%	300%	500%
Initial Percent .....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
February 1998 .....	98	95	92	89	89	98	95	92	90	90	109	109	92	92	3	97	97	97	97	97
February 1999 .....	97	86	77	70	59	96	87	80	74	64	118	118	77	77	0	93	93	93	93	93
February 2000 .....	95	77	63	52	32	94	79	67	58	42	129	129	63	63	0	89	89	89	89	89
February 2001 .....	92	68	50	37	14	91	71	56	45	26	140	140	50	50	0	84	84	84	84	84
February 2002 .....	90	59	39	25	1	88	63	46	34	14	153	153	39	39	0	80	80	80	80	80
February 2003 .....	87	51	30	15	0	85	55	37	25	6	166	166	30	30	0	74	74	74	74	36
February 2004 .....	85	43	22	7	0	82	47	29	17	0	181	181	22	22	0	69	69	69	69	0
February 2005 .....	82	36	15	1	0	78	40	23	11	0	197	197	15	15	0	63	63	63	63	0
February 2006 .....	78	28	9	0	0	74	33	17	6	0	214	214	9	0	0	56	56	56	37	0
February 2007 .....	75	21	4	0	0	70	25	11	1	0	233	233	4	0	0	49	49	49	6	0
February 2008 .....	71	14	0	0	0	66	18	6	0	0	254	254	0	0	0	41	41	36	0	0
February 2009 .....	66	7	0	0	0	60	11	1	0	0	276	276	0	0	0	32	32	6	0	0
February 2010 .....	61	0	0	0	0	55	4	0	0	0	301	300	0	0	0	22	22	0	0	0
February 2011 .....	56	0	0	0	0	49	2	0	0	0	327	246	0	0	0	12	12	0	0	0
February 2012 .....	51	0	0	0	0	42	*	0	0	0	356	194	0	0	0	1	1	0	0	0
February 2013 .....	42	0	0	0	0	35	0	0	0	0	388	118	0	0	0	0	0	0	0	0
February 2014 .....	33	0	0	0	0	27	0	0	0	0	422	40	0	0	0	0	0	0	0	0
February 2015 .....	22	0	0	0	0	19	0	0	0	0	459	0	0	0	0	0	0	0	0	0
February 2016 .....	11	0	0	0	0	9	0	0	0	0	500	0	0	0	0	0	0	0	0	0
February 2017 .....	0	0	0	0	0	0	0	0	0	0	533	0	0	0	0	0	0	0	0	0
February 2018 .....	0	0	0	0	0	0	0	0	0	0	422	0	0	0	0	0	0	0	0	0
February 2019 .....	0	0	0	0	0	0	0	0	0	0	301	0	0	0	0	0	0	0	0	0
February 2020 .....	0	0	0	0	0	0	0	0	0	0	168	0	0	0	0	0	0	0	0	0
February 2021 .....	0	0	0	0	0	0	0	0	0	0	24	0	0	0	0	0	0	0	0	0
February 2022 .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2023 .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2024 .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2025 .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2026 .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2027 .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)** .....	13.4	6.4	4.5	3.5	2.4	12.7	6.8	5.1	4.1	2.9	22.2	15.5	4.5	4.3	0.6	9.1	9.1	8.4	7.4	5.3

Date	ZA Class					PA and SA <sup>+</sup> Classes					SB <sup>+</sup> and SC <sup>+</sup> Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	225%	300%	500%	0%	50%	100%	300%	500%	0%	50%	100%	300%	500%
Initial Percent .....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
February 1998 .....	109	109	109	109	109	100	100	100	100	100	99	93	87	80	72
February 1999 .....	118	118	118	118	118	100	100	100	99	72	97	85	76	63	52
February 2000 .....	129	129	129	129	129	100	100	100	79	49	95	79	68	51	34
February 2001 .....	140	140	140	140	140	100	100	100	64	34	93	73	60	40	22
February 2002 .....	153	153	153	153	153	100	100	100	51	23	91	68	53	32	14
February 2003 .....	166	166	166	166	166	100	100	92	40	16	89	62	47	25	9
February 2004 .....	181	181	181	181	178	100	100	83	32	11	86	57	41	19	5
February 2005 .....	197	197	197	197	123	100	97	75	25	7	84	53	36	15	3
February 2006 .....	214	214	214	214	85	100	90	68	20	5	81	48	32	11	2
February 2007 .....	233	233	233	233	58	100	83	61	15	3	78	44	28	8	1
February 2008 .....	254	254	254	201	40	100	76	54	12	2	75	40	25	6	1
February 2009 .....	276	276	276	161	27	100	68	47	9	1	72	35	22	4	1
February 2010 .....	301	301	247	129	19	100	61	41	7	1	68	31	20	3	*
February 2011 .....	327	327	208	102	13	100	53	34	5	1	64	28	18	3	*
February 2012 .....	356	356	174	81	9	100	46	29	4	*	60	26	16	2	*
February 2013 .....	388	388	145	64	6	99	38	23	3	*	56	23	14	2	*
February 2014 .....	422	422	120	51	4	92	30	18	2	*	52	21	12	1	*
February 2015 .....	459	417	99	40	3	85	22	12	1	*	47	19	11	1	*
February 2016 .....	500	371	81	31	2	76	14	8	1	*	42	16	9	1	*
February 2017 .....	544	328	66	24	1	67	9	5	*	*	36	14	8	*	*
February 2018 .....	592	286	53	18	1	56	5	2	*	*	30	12	6	*	*
February 2019 .....	645	246	42	14	*	45	2	1	*	*	26	9	5	*	*
February 2020 .....	702	208	33	10	*	32	*	*	*	*	22	7	3	*	*
February 2021 .....	764	171	25	7	*	18	*	*	*	0	17	5	2	*	*
February 2022 .....	685	137	18	5	*	3	0	0	0	0	12	3	1	*	*
February 2023 .....	572	103	13	3	*	0	0	0	0	0	7	1	*	*	*
February 2024 .....	447	71	8	2	*	0	0	0	0	0	1	*	*	*	*
February 2025 .....	311	40	4	1	*	0	0	0	0	0	0	0	0	0	0
February 2026 .....	163	10	1	*	*	0	0	0	0	0	0	0	0	0	0
February 2027 .....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)** .....	27.3	22.9	17.3	14.5	9.6	21.3	14.5	12.0	6.2	3.8	16.3	10.0	7.5	4.2	2.7

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

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

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

## **Characteristics of the R 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 GNMA 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 GNMA 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 GNMA Prospectus or REMIC Prospectus, as applicable, describes the current federal income tax treatment of investors in the Certificates. These two tax discussions do not purport to deal with all federal tax consequences applicable to all categories of investors, some of which may be subject to special rules. Investors should consult their own tax advisors in determining the federal, state, local and any other tax consequences to them of the purchase, ownership and disposition of the Certificates.

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

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

As a consequence of the qualification of the Lower Tier REMIC and the Trust as REMICs, the Certificates generally will be treated as “regular or residual interests in a REMIC” for domestic

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

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

The Notional Classes, the Principal Only Class and the Accrual 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 225% PSA in the case of the Group 1 Classes and 100% PSA in the case of the Group 2 and Group 3 Classes. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Original Issue Discount*” in the GNMA Prospectus. No representation is made as to whether the Mortgage Loans underlying the GNMA Certificates or the MBS will prepay at any of those rates or any other rate. See “Description of the Certificates—Weighted Average Lives of the Certificates” herein and “Description of the Certificates—Weighted Average Life and Final Distribution Dates” in the GNMA Prospectus or REMIC Prospectus, as applicable. 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 GNMA Prospectus.

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

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

For purposes of determining the portion of the taxable income of the Trust (or the Lower Tier REMIC) that generally will not be treated as excess inclusions, the rate to be used is 120% of the “federal long-term rate.” The rate will be published on or about January 20, 1997. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*” and “—Foreign Investors—*Residual Certificates*” in the GNMA 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.

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

## **PLAN OF DISTRIBUTION**

*General.* The Dealer will receive the Certificates in exchange for the Trust GNMA Certificates and the Underlying REMIC 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 Certificates in addition to those contemplated as of the date hereof. In such event, the Trust GNMA Certificates will be increased in principal balance, but it is expected that all such additional Trust GNMA Certificates will have the same characteristics as described herein under “Description of the Certificates—The Trust GNMA Certificates.” The proportion that the original principal balance of each Group 1 Class bears to the aggregate original principal balance of all Group 1 Classes will remain the same. In addition, the dollar amounts reflected in the Principal Balance Schedules will be increased in a pro rata amount that corresponds to the increase of the principal balances of the Scheduled and TAC Classes.

## **LEGAL MATTERS**

Certain legal matters will be passed upon for the Dealer by Stroock & Stroock & Lavan LLP, 180 Maiden Lane, New York, New York 10038.

**Exhibit A**

**Underlying REMIC Certificates**

Underlying REMIC Trust	Class	Date of Issue	CUSIP Number	Interest Rate	Interest Type(1)	Final Distribution Date	Principal Type(1)	Original Principal or Notional Principal Balance of Class	February 1997 Class Factor	Principal or Notional Principal Balance in Lower Tier REMIC as of Issue Date	Approximate Weighted Average WAC	Approximate Weighted Average WAM or WARM (in months)	Approximate Weighted Average CAGE or WALA (in months)	Underlying Security Type	Class Group
1992-G26	SC	April 1992	31358MC44	(2)	INV	April 2022	SEQ	7,753,754	1.00000000	\$ 7,753,754	10.006%	247	104	GNMA	2
1994-40	S	March 1994	31359G5R3	(2)	INV/IO	March 2024	NTL	295,788,000	0.74527964	144,358,505	7.482	312	41	MBS	3

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

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

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**\$357,753,754**



**FannieMae**

**Guaranteed REMIC  
Pass-Through Certificates  
Fannie Mae REMIC Trust 1997-G2**

## PROSPECTUS SUPPLEMENT

**Bear, Stearns & Co. Inc.**

**January 16, 1997**