Prospectus Supplement
(To Prospectus dated November 1, 1995)

$415,000,000

FannieMae

Guaranteed REMIC Pass-Through Certificates
Fannie Mae Multifamily REMIC Trust 1997-M5

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 Multifamily REMIC Trust 1997-M5 (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 a single Fannie Mae Guaranteed Mortgage Pass-Through Certificate (the ''MBS'') evidencing a beneficial interest in a pool (the ''Pool'') of first-lien multifamily mortgage loans (the ''Mortgage Loans'') having the characteristics described herein and in the Multifamily REMIC Prospectus and MBS Prospectus (each as defined herein) attached hereto. The Mortgage Loans are fixed-rate, level-pay loans providing for balloon payments at maturity. See ''The MBS'' herein. Certain information with respect to the Mortgage Loans and the Mortgaged Properties is set forth in the MBS Prospectus.

The Certificates will be issued and guaranteed as to timely distribution of principal and interest by Fannie Mae and offered by Fannie Mae pursuant to the Multifamily REMIC Prospectus. See ''Description of the Certificates—General—*Fannie Mae Guaranty*'' herein.

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 ''Risk Factors'' beginning on page S-5 for a discussion of certain risks that should be considered in connection with an investment in the Certificates.

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THE CERTIFICATES MAY NOT BE SUITABLE INVESTMENTS FOR ALL INVESTORS. NO INVESTOR SHOULD PURCHASE CERTIFICATES UNLESS SUCH INVESTOR UNDERSTANDS AND IS ABLE TO BEAR THE PREPAYMENT, YIELD, LIQUIDITY AND OTHER RISKS ASSOCIATED WITH SUCH CERTIFICATES. PROSPECTIVE INVESTORS IN ANY CLASS OF CERTIFICATES SHOULD CAREFULLY CONSIDER WHETHER SUCH AN INVESTMENT IS APPROPRIATE FOR THEIR INVESTMENT OBJECTIVES. SEE ''DESCRIPTION OF THE CERTIFICATES'' HEREIN.

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
A	$ 31,844,000	SEQ	6.59%	FIX	31359P7A8	March 2002
B	68,156,000	SEQ	6.65	FIX	31359P7B6	August 2007
C	315,000,000	SEQ	6.74	FIX	31359P7C4	August 2007
I	(2)	NTL	(3)	WAC/IO	31359P7E0	August 2007
N	(2)	NTL	0.17	FIX/IO	31359P7D2	August 2007
R	0	NPR	0	NPR	31359P7F7	August 2007
RL	0	NPR	0	NPR	31359P7G5	August 2007

(1) *See ''Description of the Certificates—Class Definitions and Abbreviations'' in the Multifamily REMIC Prospectus and ''Description of the Certificates—Distributions of Interest'' and ''—Distributions of Principal'' herein.*

(2) *The I and N Classes will be Notional Classes, will have no principal balances and will bear interest on their respective notional principal balances (initially, $415,000,000 and $415,000,000, respectively). The notional principal balance of each of the I and N Classes will be equal to 100% of the sum of the principal balances of the A, B and C Classes. See ''Description of the Certificates—Distributions of Interest—Notional Classes'' herein.*

(3) *The I Class will bear interest during each Interest Accrual Period at a variable rate per annum calculated as specified herein. During the initial Interest Accrual Period, the I Class will bear interest at a per annum rate of 0.16629%. See ''Description of the Certificates—Distributions of Interest—Notional Classes'' herein.*

The Certificates are offered by Donaldson, Lufkin & Jenrette Securities Corporation (the ''Dealer'') from time to time in negotiated transactions, at varying prices to be determined at the time of sale.

The Certificates are offered by the Dealer, subject to issuance by Fannie Mae and to prior sale or to withdrawal or modification of the offer without notice, when, as and if delivered to and accepted by the Dealer, and subject to approval of certain legal matters by counsel. It is expected that the Certificates, except for the R and RL Classes, will be available through the book-entry facilities of The Depository Trust Company on or about 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, 277 Park Avenue, New York, New York 10172 on or about the Settlement Date.

Donaldson, Lufkin & Jenrette
Securities Corporation

The date of this Prospectus Supplement is July 1, 1997.

(Cover continued from previous page)

The yield to investors in each Class of Certificates will be sensitive in varying degrees to, among other things, the rate of principal payments of the related Mortgage Loans, the actual characteristics of such Mortgage Loans and the purchase price paid for such Class. Accordingly, investors should consider the following risks:

- **Each of the Mortgage Loans is subject to a prepayment lockout prior to February 2007; however, the principal balance of any or all of the Mortgage Loans may be distributed following, among other events, a default of the Mortgage Loans, and the principal balance of any Mortgage Loan may be distributed in whole or in part following a casualty or condemnation of the related Mortgaged Property, any of which could take place during the otherwise applicable prepayment lockout period.**
- **The borrowers under the Mortgage Loans are affiliated entities and each of the Mortgage Loans contains a cross-default provision under which a default as to any Mortgage Loan would constitute a default under all of the Mortgage Loans. As a result, it is possible that, under certain circumstances, such a default would result in a prepayment in full of all of the Mortgage Loans (and, therefore, 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 a Notional 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.**
- **There will be no reimbursement to investors for any premium paid by such investors, or for any loss in an investor's yield, if such investors receive early payments of principal.**

See ''Description of the Certificates—The MBS'' and ''—Yield Tables'' herein.

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

- **Under certain circumstances, one or more of the Mortgaged Properties may be released as security for the Mortgage Loans and replacement collateral substituted therefor. Investors should consult with their own tax advisors regarding the consequences of any such release. See ''Certain Additional Federal Income Tax Consequences — REMIC Elections and Special Tax Attributes'' herein and ''Characteristics of the Mortgage Loans — Defeasance of Mortgaged Properties'' in the MBS Prospectus Supplement attached hereto.**
- **The actual final payment of any Class may 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 ''Maturity and Prepayment Considerations and Risks—Weighted Average Life and Final Distribution Dates'' in the Multifamily 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 ''Yield Considerations—Reinvestment Risk'' in the Multifamily REMIC Prospectus and ''Description of the Certificates—Yield Tables'' herein.**
- **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 Multifamily 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 a secondary market will develop for the Certificates 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 Multifamily REMIC Prospectus or the MBS Prospectus. Any representation to the contrary is a criminal offense.

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

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 Multifamily REMIC Pass-Through Certificates dated November 1, 1995 (the ''Multifamily REMIC Prospectus'');
- Fannie Mae's Prospectus for Guaranteed Mortgage Pass-Through Certificates dated January 1, 1997, as supplemented by the MBS Prospectus Supplement thereto dated July 1, 1997 attached hereto (as so supplemented, the ''MBS Prospectus''); and
- Fannie Mae's Information Statement dated March 31, 1997 and any supplements thereto (the ''Information Statement'').

The Information Statement is incorporated herein by reference and may be obtained from Fannie Mae by writing or calling its MBS Helpline at 3900 Wisconsin Avenue, N.W., Area 2H-3S, Washington, D.C. 20016 (telephone 1-800-BEST-MBS or 202-752-7547). The Information Statement may also be obtained from Donaldson, Lufkin & Jenrette Securities Corporation by writing or calling its Prospectus Department at 277 Park Avenue, 7th Floor, New York New York 10172 (telephone 212-892-4525). Other data specific to the Certificates is available in electronic form by calling Fannie Mae at 1-800-752-6440 or 202-752-6000.

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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.

Certain Characteristics of the Mortgage Loans (as of July 1, 1997)

Approximate Principal Balance	Approximate Weighted Average Remaining Term to Maturity (in months)	Approximate Weighted Average Calculated Loan Age (in months)	Weighted Average Amortization Term (1) (in months)	Prepayment Lockout Period	Approximate Weighted Average Coupon
$390,141,000	121	0	300	114	7.5%
$ 24,859,000	121	0	228	114	7.5%

(1) Beginning in August 1997.

See "The MBS" herein for a further description of the Mortgage Loans.

Interest Rates

The Certificates will bear interest at the rates set forth on the cover or described herein. See "Description of the Certificates—Distributions of Interest" herein.

Notional Classes

The notional principal balance of each of the I and N Classes will be equal to 100% of the aggregate outstanding principal balance of the A, B and C Classes immediately prior to the related Distribution Date. See "Description of the Certificates—Distributions of Interest—*Notional Classes*" herein.

Distribution of Principal

To the A, B and C Classes, in that order, to zero. See "Description of the Certificates—Distributions of Principal" herein.

Weighted Average Lives (years)*

Class	CPR Prepayment Assumption 0%	CPR Prepayment Assumption 100%**
A	2.5	2.5
B	8.0	7.9
C	10.1	9.6
I	9.1	8.8
N	9.1	8.8

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

** Assumes no prepayment through the applicable lockout period and prepayments at a rate of 100% CPR thereafter.

RISK FACTORS

Yield Considerations

The effective yields to Certificateholders in the Trust will depend upon the purchase prices of the related Certificates, the rate of principal payments, including prepayments, on the Mortgage Loans, and the actual characteristics of the Mortgage Loans. Generally, if the actual rate of payments on the Mortgage Loans is slower than the rate anticipated by an investor who purchased a Certificate of the A, B or C Class at a discount, the actual yield to such investor will be lower than such investor's anticipated yield. If the actual rate of payment on the Mortgage Loans is faster than the rate anticipated by an investor who purchased a Certificate of a Notional Class or who purchased a Certificate of the A, B or C Class at a premium, the actual yield to such investor will also be lower than such investor's anticipated yield.

The timing of changes in the rate of principal payments (including prepayments in the form of liquidations resulting from default, casualty or condemnation) may significantly affect the yield to an investor, even if the average rate of principal prepayments is consistent with such investor's expectations. In general, the earlier the payment of principal, the greater the effect on an investor's yield to maturity. As a result, the effect on an investor's yield of principal payments (including prepayments) occurring at a rate higher (or lower) than the rate anticipated by the investor during the period immediately following the Settlement Date will not be offset by any subsequent equivalent reduction (or increase) in the rate of principal payments (including prepayments).

The effective yields on the Certificates will be reduced below the yields otherwise produced because principal and interest payable on a Distribution Date will not be distributed earlier than the 25th 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 Certificate after its principal balance has been reduced to zero. As a result of the foregoing, the market values of the Certificates will be lower than would have been the case if there were no such delay. Investors must make their own decisions as to the appropriate assumptions, including prepayment assumptions, to be used in deciding whether to purchase the Certificates.

There will be no reimbursement to investors for any premium paid by investors or for any loss in yield if such investors receive early payments of principal.

Reinvestment Risk

It is not possible to predict the rate at which distributions of principal of the Certificates will be received. Since prevailing interest rates are subject to fluctuation, there can be no assurance that investors in the Certificates will be able to reinvest the distributions thereon at yields equaling or exceeding the yields on the Certificates. It is possible that yields on such reinvestments will be lower, and may be significantly lower, than the yields on the Certificates. Prospective investors in the Certificates should carefully consider the related reinvestment risks in light of other investments that may be available to such investors.

Prepayment Considerations and Risks

The rate of distributions of principal of the A, B and C Classes is related directly to the rate of payments of principal of the Mortgage Loans, which may be in the form of scheduled amortization or prepayments (for this purpose, the term "prepayment" includes prepayments and liquidations resulting from default, casualty or condemnation), as well as to the sequential order in which each such Class will receive distributions in respect of principal. Each of the Mortgage Loans is subject to a prepayment lockout prior to February 2007; however, the principal balance of any or all of the Mortgage Loans may be distributed following, among other events, a default of the Mortgage Loans, and the principal balance of any Mortgage Loan may be distributed in whole or in part following a casualty or condemnation of the related Mortgaged Property, any of which could take place during the otherwise applicable prepayment lockout period. In addition, the borrowers under the Mortgage Loans are affiliated entities and each of the Mortgage Loans contains a cross-default provision under which a default as to any Mortgage Loan would constitute a default under all of the Mortgage Loans. As a result, it is possible that, under certain circumstances, such a default could result in a prepayment in full of all of the Mortgage Loans (and, therefore, all of the Classes). Further, while the Mortgage Loans underlying the MBS have original maturities of 10 years, each such Mortgage Loan will provide for monthly payments based upon a 25-year amortization schedule (except that one Mortgage Loan having an original principal amount of $24,859,000 will provide for such payments based upon a 19-year amortization schedule), with a lump sum payment equal to the unpaid principal balance thereof due at maturity. See ''Description of the Certificates—The MBS'' herein and ''Maturity and Prepayment Considerations and Risks—Early Repayment of Mortgage Loans'' in the Multifamily REMIC Prospectus.

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 Multifamily REMIC Prospectus, the MBS Prospectus and the provisions of the Trust Agreement (as defined below). Capitalized terms used and not otherwise defined in this Prospectus Supplement have the respective meanings assigned to such terms in the Multifamily REMIC Prospectus (including the Glossary contained therein) or the Trust Agreement (as the context may require).

General

Structure. The Trust 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 Trust will consist of the Lower Tier Regular Interests, and the Certificates, other than the RL Class, will evidence the entire beneficial ownership interest in the distributions of principal and interest on the Lower Tier Regular Interests.

The assets of the Lower Tier REMIC will consist of the MBS. The Lower Tier Regular Interests and the RL Class (collectively, the ''Lower Tier Interests'') will in the aggregate evidence the entire beneficial ownership interest in the distribution of principal and interest on the MBS.

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

The Corporation's Guaranty" in the MBS Prospectus. The guaranty of Fannie Mae is not backed by the full faith and credit of the United States.

Characteristics of Certificates. The Certificates, other than the R and RL Certificates, will be represented by one or more certificates (the "DTC Certificates") to be registered at all times in the name of the nominee of the Depository (as defined herein), which Depository will maintain such Certificates through its book-entry facilities. When used herein with respect to any DTC Certificate, the terms "Holders" and "Certificateholders" refer to the nominee of the Depository. See "Description of the Certificates—Book-Entry Procedures" herein.

The R and RL Certificates will not be issued in book-entry form but will be issued in fully registered, certificated form. As to any R or RL Certificate, "Holder" or "Certificateholder" refers to the registered owner thereof. The R and 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 any 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 or RL Certificate of the proceeds of any remaining assets of the Trust or 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. Each of the R and RL Certificates will be issued as a single certificate and will not have a principal balance.

Distribution Dates. Distributions on the Certificates 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 (each, a "Distribution Date"), commencing in the month following the Settlement Date. See "Distributions of Interest—*General*" and "—*Interest Accrual Period*" and "Distributions of Principal—*Principal Distribution Amount*" herein.

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

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

Book-Entry Procedures

General. The DTC Certificates will 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. See "Description of the Certificates—Denominations, Certificate Form" in the REMIC 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.

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 such MBS. The Mortgage Loans underlying the MBS will be conventional Level Payment Mortgage Loans secured by first mortgages or deeds of trust on multifamily residential properties, each providing for a balloon payment at maturity and having an original maturity of 10 years. See the MBS Prospectus Supplement attached hereto and "The Mortgage Pools" and "Yield Considerations" in the MBS Prospectus for a further description of the Mortgage Loans. The characteristics of the MBS and the Mortgage Loans as of July 1, 1997 (the "Issue Date") are expected to be as follows:

Aggregate Unpaid Principal Balance	$415,000,000
MBS Pass-Through Rate	7.05%
WAC (per annum percentage)	7.50%
WAM	121 months
CAGE	0 months

Distributions of Interest

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

Interest Type*	Classes
Fixed Rate	A, B, C and N
Weighted Average Coupon	I
Interest Only	I and N
No Payment Residual	R and RL

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

General. The interest-bearing Certificates will bear interest at the respective 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 in the month after the Settlement Date. Interest to be distributed on each interest-bearing Certificate on a Distribution Date will consist of one month's interest on the outstanding principal balance of such Certificate immediately prior to such Distribution Date.

Interest Accrual Period. Interest to be distributed on each Distribution Date will accrue on the interest-bearing Certificates during the one-month period set forth below (an ''Interest Accrual Period'').

Classes	Interest Accrual Period
All interest-bearing Classes	Calendar month preceding the month in which the Distribution Date occurs

See ''Description of the Certificates—Yield Tables'' herein.

Notional Classes. The I and N Classes will be Notional Classes and will have no principal balances. The N Class will bear interest during each Interest Accrual Period at the per annum rate set forth on the cover hereof. The I Class will bear interest during each Interest Accrual Period at the rate per annum equal to the difference between 6.88% and the weighted average of the interest rates of the A, B and C Classes, weighted on the basis of the then outstanding principal balances of the indicated Classes. During the initial Interest Accrual Period, the I Class will bear interest at a per annum rate of 0.16629%. Fannie Mae's determination of the rate of interest for such Class for each 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.

The notional principal balance of each Notional Class will be equal to 100% of the sum of the outstanding principal balances of the A, B and C Classes immediately prior to the related Distribution Date.

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 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 any 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 balance of any Notional Class.

Distributions of Principal

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

Principal Type*	Classes
Sequential Pay	A, B and C
Notional	I and N
No Payment Residual	R and RL

* See ''Description of the Certificates—Class Definitions and Abbreviations'' in the Multifamily REMIC Prospectus.

Principal Distribution Amount

On each Distribution Date, principal will be distributed on the Certificates in an amount (the ''Principal Distribution Amount'') equal to the distribution of principal concurrently made on the

MBS. No principal is scheduled to be paid on the Mortgage Loans prior to the month in which the second Distribution Date occurs. Accordingly, no principal is expected to be distributed on the MBS on the first Distribution Date.

On each Distribution Date, the Principal Distribution Amount will be distributed, sequentially, as principal of the A, B and C 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 under "Yield Tables" and "Decrement Tables" has been prepared on the basis of the following assumptions (the "Pricing Assumptions"):

- the Mortgage Loans have the following characteristics:

Approximate Principal Balance	Approximate Weighted Average Remaining Term to Maturity (in months)	Approximate Weighted Average Calculated Loan Age (in months)	Weighted Average Amortization Term (1) (in months)	Prepayment Lockout Period	Approximate Weighted Average Coupon
$390,141,000	121	0	300	114	7.5%
$ 24,859,000	121	0	228	114	7.5%

(1) Beginning in August 1997.

- the Mortgage Loans prepay at the percentages of CPR specified in the related table, provided that no prepayments occur through the applicable lockout period;
- distributions on the Certificates are always received on the 25th of the month, whether or not a business day; and
- the distribution occurring on the first Distribution Date will consist solely of interest.

CPR Assumptions. Prepayments on mortgage loans may be measured by a prepayment standard or model. The model used herein is the "Constant Prepayment Rate" or "CPR" model. The CPR model represents an assumed constant rate of prepayment each month, expressed as a per annum percentage of the then outstanding principal balance of the pool of mortgage loans. *CPR does not purport to be either an historical description of the prepayment experience of any pool of mortgage loans or a prediction of the anticipated rate of prepayment of any pool of mortgage loans, including the Mortgage Loans underlying the MBS.* See "—Yield Tables" and "—Decrement Tables" herein and "Yield Considerations" and "Maturity and Prepayment Considerations and Risks" in the Multifamily REMIC Prospectus.

Yield Tables

General. The table below indicates the sensitivity of the pre-tax corporate bond equivalent yields to maturity of the Interest Only Classes to various constant percentages of CPR. The yields set forth in the table 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.

The Interest Only Classes. **As indicated in the tables below, the yields to investors in the Interest Only Classes will be sensitive to the rate of principal payments (including**

principal prepayments) of the Mortgage Loans. Subject to certain restrictions, the Mortgage Loans may be prepaid prior to their stated maturities. See "Risk Factors" herein. There can be no assurance that the Mortgage Loans will prepay at any of the rates assumed herein or at any other particular rate, 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 Interest Only Classes will be as assumed below.

The information set forth in the following table was prepared on (i) the basis of the Pricing Assumptions and (ii) the assumption that the aggregate purchase prices of the Interest Only Classes (expressed in each case as a percentage of original principal balance) will be as follows:

Class	Price*
I	1.0104%
N	1.0915%

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

Sensitivity of the Interest Only Classes to Prepayments
(Pre-Tax Yields to Maturity)

	CPR Prepayment Assumption	
	0%	100%*
I	7.7%	7.0%
N	7.7%	6.9%

* Assumes no prepayment through the applicable lockout period and prepayments thereafter at a rate of 100% CPR.

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 "Maturity and Prepayment Considerations and Risks—Weighted Average Life and Final Distribution Dates" in the Multifamily REMIC Prospectus.

The weighted average lives of the Certificates will depend, in varying degrees, on the rate of payment of principal of the related Mortgage Loans (including the timing of changes in such rate) which, in turn will depend on the characteristics of such Mortgage Loans, the level of prevailing interest rates and other economic, geographic and social factors.

The interaction of the foregoing factors may have an effect on the Certificates at different times during the lives of the Certificates. Accordingly, no assurance can be given as to the weighted average life of any Class. Further, to the extent the price of a Certificate represents a discount or premium to its respective original principal balance, any variability in the weighted average life of a Certificate in combination with such discount or premium could result in variability in its yield to maturity. For an example of how the weighted average life of a Certificate may be affected at various constant prepayment rates, see the Decrement Tables below.

Decrement Tables

The following tables indicate the percentages of the original principal balances or notional principal balances of the specified Classes that would be outstanding after each of the dates shown at the *constant* percentages of CPR and the corresponding weighted average lives of such Classes. The tables have been prepared on the basis of the Pricing Assumptions. It is unlikely, however, that prepayments of the Mortgage Loans will conform to any level of CPR, and no representation is made that the Mortgage Loans will prepay at the CPRs shown or at any other constant prepayment rate.

Percent of Original Principal Balances Outstanding

	CPR Prepayment Assumption							
	A Class		B Class		C Class		I and N Classes‡	
Date	**0%**	**100%†**	**0%**	**100%†**	**0%**	**100%†**	**0%**	**100%†**
Initial Percent	100	100	100	100	100	100	100	100
July 1998	82	82	100	100	100	100	99	99
July 1999	62	62	100	100	100	100	97	97
July 2000	39	39	100	100	100	100	95	95
July 2001	16	16	100	100	100	100	94	94
July 2002	0	0	95	95	100	100	92	92
July 2003	0	0	82	82	100	100	89	89
July 2004	0	0	68	68	100	100	87	87
July 2005	0	0	53	53	100	100	85	85
July 2006	0	0	37	37	100	100	82	82
July 2007	0	0	19	0	100	0	79	0
July 2008	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	2.5	2.5	8.0	7.9	10.1	9.6	9.1	8.8

** Determined as specified under "Weighted Average Lives of the Certificates" herein.
† Assumes no prepayment through the applicable lockout period and prepayments thereafter at a rate of 100% CPR.
‡ 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 not have principal balances and will not bear interest. The Holder of the R Class will be entitled to receive the proceeds of the remaining assets of the Trust, if any, after the principal balances of all Classes have been reduced to zero, and the Holder of the RL Class will be entitled to receive the proceeds of the remaining assets of the Lower Tier REMIC, if any, after the principal balances of the Lower Tier Regular Interests have been reduced to zero. It is not anticipated that there will be any material assets remaining in either such circumstance.

The R and RL Classes will be subject to certain transfer restrictions. No transfer of record or beneficial ownership of an R or RL Certificate will be allowed to a "disqualified organization." In addition, no transfer of record or beneficial ownership of an R or RL Certificate will be allowed to any person that is not a "U.S. Person" without the written consent of Fannie Mae. Under regulations issued by the Treasury Department on December 23, 1992 (the "Regulations"), a transfer of a "noneconomic residual interest" to a U.S. Person will be disregarded for all federal tax purposes unless no significant purpose of the transfer is to impede the assessment or collection of tax. The R and RL Classes will constitute noneconomic residual interests under the Regulations. Any transferee of an R or RL Certificate must execute and deliver an affidavit and an Internal Revenue Service Form W-9 on which the transferee provides its taxpayer identification number. See "Description of the Certificates—Additional Characteristics of Residual Certificates" and "Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates" in the Multifamily 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 Multifamily 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 Multifamily REMIC Prospectus, describes the current federal income tax treatment of investors in the Certificates. These two tax discussions do not purport to deal with all federal tax consequences applicable to all categories of investors, some of which may be subject to special rules. Investors should consult their own tax advisors in determining the federal, state, local and any other tax consequences to them of the purchase, ownership and disposition of the Certificates.

REMIC Elections and Special Tax Attributes

Elections will be made to treat the Lower Tier REMIC and the Trust as REMICs for federal income tax purposes. The 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." If there is a release of the Mortgaged Properties as discussed under "Characteristics of the Mortgage Loans—Defeasance of Mortgaged Properties" in the MBS Prospectus Supplement, the Certificates will retain the special tax attributes discussed above in proportion to the value of the real property remaining as security for the Mortgage Loans. See "Federal Tax Aspects" in the MBS Prospectus Supplement and "Certain Federal Income Tax Consequences—Special Tax Attributes" in the Multifamily REMIC Prospectus.

Taxation of Beneficial Owners of Regular Certificates

The Notional Classes will be, and certain other Classes of Certificates may be, issued with original issue discount for federal income tax purposes, which generally will result in recognition of some taxable income in advance of the receipt of the cash attributable to such income. The Prepayment Assumption that will be used in determining the rate of accrual of original issue discount will be 0% CPR. See "Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—*Original Issue Discount*" in the Multifamily REMIC Prospectus. No representation is made as to whether the Mortgage Loans underlying the MBS will prepay at that or any other rate. See "Description of the Certificates—Weighted Average Life" herein and "Maturity and Prepayment Considerations and Risks—Weighted Average Life and Final Distribution Dates" in the Multifamily 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 Multifamily 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 Multifamily REMIC Prospectus.

For purposes of determining the portion of the taxable income of the Trust that generally will not be treated as excess inclusions, the rate to be used is 8.16% (which is 120% of the "federal long-term rate"). See "Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Residual Certificates—*Excess Inclusions*" and "—Foreign Investors—*Residual Certificates*" in the Multifamily REMIC Prospectus. The federal income tax consequences of any consideration paid to a transferee on the transfer of an R Certificate are unclear; any transferee receiving such consideration should consult its own tax advisors.

PLAN OF DISTRIBUTION

The Dealer will receive the Certificates in exchange for the MBS pursuant to a Fannie Mae commitment. The Dealer proposes to offer the Certificates directly to the public from time to time in negotiated transactions at varying prices to be determined at the time of sale. The Dealer may effect such transactions to or through dealers.

LEGAL MATTERS

Certain legal matters will be passed upon for Fannie Mae by Brown & Wood LLP; and an opinion with respect to certain tax matters will be delivered to Fannie Mae by Dewey Ballantine. Certain legal matters will be passed upon for the Dealer by Cadwalader, Wickersham & Taft.

SUPPLEMENT TO PROSPECTUS REFERRED TO IN POOL STATISTICS ATTACHED HERETO

FANNIE MAE
GUARANTEED MORTGAGE PASS-THROUGH CERTIFICATES
(FIXED-RATE MULTIFAMILY BALLOON MORTGAGE LOANS)

PRINCIPAL AND INTEREST
PAYABLE ON THE 25TH DAY OF EACH MONTH
BEGINNING IN THE MONTH FOLLOWING THE ISSUE DATE

THE CERTIFICATES, TOGETHER WITH 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.

Each Certificate offered hereby, and by the Prospectus (the "Prospectus") to which this is a supplement (which Prospectus is referred to in the Pool Statistics attached hereto), evidences a fractional undivided interest in a pool (the "Pool") containing conventional, fixed-rate first lien mortgage loans (the "Mortgage Loans") formed and held in trust by Fannie Mae. Fannie Mae was chartered by an act of Congress, and its formal name as established by such act is the Federal National Mortgage Association. The Mortgage Loans were purchased by Fannie Mae for resale to Certificateholders by issuance of the Certificates, and they and the underlying Mortgage Loans are more particularly described herein.

The Certificates are issued pursuant to the terms of the Trust Indenture dated as of November 1, 1981, as amended, executed by Fannie Mae acting in its corporate capacity and in its capacity as Trustee, as supplemented by an Issue Supplement dated as of the Issue Date set forth in the Pool Statistics attached hereto. Fannie Mae has certain contractual servicing responsibilities with respect to the Pool. In addition, Fannie Mae is obligated to distribute scheduled monthly installments of principal (including any balloon payment at maturity) and interest (adjusted to the Pass-Through Rate), as further described herein, to the Certificateholders, whether or not received. Fannie Mae is also obligated to distribute to Certificateholders the full principal balance of each Mortgage Loan upon foreclosure, whether or not such principal balance is actually recovered.

The Pool Statistics attached hereto contain statistical information respecting the Pool, including a prefix to the Pool Number that identifies the specific type of Mortgage Loan in the Pool. The Schedule of Loan Information attached hereto contains additional Mortgage Loan information, including the maturity date, amortization term and prepayment characteristics of the Mortgage Loans in the Pool. Fannie Mae may, but is not committed to, publish certain updated information about the Mortgage Loans periodically with Bloomberg L.P., or another similar information service from time to time. Such information is in addition to any information provided in the Bond Buyer.

The Schedule of Loan Information also sets forth the aggregate Debt Service Coverage Ratio and the aggregate Loan-to-Value Ratio as of the Issue Date for the Mortgage Loans. The "Debt Service Coverage Ratio" is the ratio of (a) the Net Operating Income (as hereinafter defined) estimated by the Lender to be generated by the related Mortgaged Properties for the 12-month period following the date of origination to (b) the product of the aggregate monthly payments in effect at origination for such Mortgage Loans, multiplied by 12. "Net Operating Income" is the revenue estimated by the Lender to be generated from the use and operation of a Mortgaged Property (consisting primarily of estimated market rental rates and laundry facilities, if any) less the estimated operating expenses (such as utilities, general administrative expenses, management fees, advertising, repairs and maintenance) and less the estimated fixed expenses (such as insurance and real estate taxes), all calculated in accordance with Fannie Mae's Multifamily Delegated Underwriting and Servicing Guide (the "DUS Guide"). The "Loan-to-Value Ratio," as set forth in the Schedule of Loan Information for the Mortgage Loans, is the ratio of (a) the aggregate Issue Date principal balance of the Mortgage Loans and (b) the aggregate appraised value of the Mortgaged Properties, expressed as a percentage of such appraised value.

CHARACTERISTICS OF THE MORTGAGE LOANS

Amortization, Maturity Date and Payments

Each Mortgage Loan provides for a monthly payment in an amount sufficient to pay all interest accruing on such Mortgage Loan and to fully amortize the outstanding principal balance of the Mortgage Loan over a period as set forth in the related Mortgage Note. The Schedule of Loan Information provides under "Original Amortization Term" the rate at which such Mortgage Loans amortize. Each Mortgage Loan will mature on August 1, 2007. On such maturity date, all unpaid principal will be payable as a balloon payment due on the stated maturity date of the Mortgage Note together with accrued interest.

The obligors under the Mortgage Loans are affiliated entities. In addition, each Mortgage Loan is cross-defaulted and cross-collateralized with each other Mortgage Loan. A default under one Mortgage Loan will constitute a default under each other Mortgage Loan, thereby entitling Fannie Mae to declare each Mortgage Loan due and payable. Such an event would result in an early repayment of the Certificates.

Prepayment Restrictions and Early Principal Recovery

Voluntary partial prepayment of the Mortgage Loans is prohibited at all times. In addition, each of the Mortgage Loans provides that prior to February 1, 2007, the related borrower may not prepay such Mortgage Loan.

Although partial voluntary prepayment is prohibited, early recovery of Mortgage Loan principal, in whole or part, could occur on account of receipt of casualty insurance proceeds or a condemnation award affecting the Mortgaged Property. Any casualty insurance proceeds will be applied to restoration or repair of the Mortgaged Property and not to reduce Mortgage Loan principal, if there is then no Mortgage Loan default and Fannie Mae determines that: (i) there are sufficient funds to achieve restoration of the Mortgaged Property to a satisfactory condition, (ii) rental income after restoration will be sufficient to meet all project obligations, and (iii) restoration will be completed prior to the earlier of the maturity date of such Mortgage Loan, or within one year of the event of casualty.

Prepayment or other early recovery of principal of the Mortgage Loans or repurchase of the Mortgage Loans by Fannie Mae may affect a Certificateholder's yield on its investment in Certificates. In addition, a partial early recovery of principal may affect the monthly payment amount distributable to Certificateholders. Fannie Mae guarantees the payment of principal and interest when due, whether or not received, but makes no representation or guaranty as to the occurrence or non-occurrence of an early repayment of principal of the Certificates.

Substitution of Mortgaged Properties

The borrower has a right under the Mortgage Loan Documents to substitute multifamily properties as collateral for one or more of the Mortgaged Properties, provided that each of the following conditions is satisfied: (i) the proposed substitution collateral is of like kind and quality and does not alter the geographic diversity of the collateral, as determined by Fannie Mae, (ii) the original principal balance of the Mortgage Note with respect to the Mortgaged Property being released, when added to the original principal balance of any other Mortgage Notes for which the borrower has previously substituted collateral, does not exceed $41,500,000, (iii) the appraised value (as determined by an appraisal reasonably satisfactory to Fannie Mae) of the proposed substitution collateral is not less than the then-current appraised value of the Mortgaged Property being released and, in any event, not less than 125% of the original principal balance of the related Mortgage Note, (iv) the net operating income of the proposed substitution collateral for the preceding twelve months is not less than that of the Mortgaged Property being released and in any event results in a debt service coverage ratio of not less than 1.4, (v) no default or event that, with the giving of notice or the passage of time, or both, would constitute a default under the Mortgage Loan, shall have occurred and be continuing, and (vi) the proposed substitution collateral and the borrower meets all the then-applicable underwriting standards and guidelines of Fannie Mae for loans on substantially comparable property as determined by Fannie Mae.

Defeasance of Mortgaged Properties

During such period beginning two years after the Certificates are placed in a REMIC trust, the borrower shall have a right under the Mortgage Loan Documents to obtain the release of the Mortgaged Properties, provided that the borrower (i) provides the servicer of other Mortgage Loans with not less than 60 days written notice, (ii) shall remit all accrued but unpaid interest on the date of such release, (iii) pledges U.S. Government Securities with terms that will be sufficient to make scheduled payments on the Mortgage Loans, and (iv) delivers to the servicer of the Mortgage Loans those security agreements, certificates, and opinions, as required by the Mortgage Loan Documents with respect to such release.

Mortgage Loan Documents

The Mortgage Note and Mortgage are executed on FNMA/FHLMC Uniform Instruments for multifamily loans made in the state in which the Mortgaged Property is located (as amended by an Addendum and a Rider). Because the borrower's covenants (breach of which could result in Mortgage Loan default and early distribution of principal to Certificateholders) are the covenants provided for by such standard forms, they are typical of those contained in loans secured by multifamily rental properties.

Assumption and Further Encumbrance

Each Mortgage Loan in the Pool is assumable by a new mortgagor in the case of certain transfers of the related Mortgaged Property. As to such transfers, and certain sales or transfers of interests in the mortgagor, Fannie Mae's general policy described in the Prospectus requiring acceleration in the event of certain transfers of the Mortgaged Property is inapplicable. Among the permitted transfers are any for which a 1% transfer fee is paid and for which the transferee executes an assumption agreement, if the transferee meets those standards as to creditworthiness and management ability customarily applied by Fannie Mae for approval of borrowers for loans secured by similar properties. No portion of any such transfer fee will be distributed to Certificateholders.

FEDERAL TAX ASPECTS

Certain federal income tax consequences of the ownership of Certificates are described in the Prospectus. The rulings described in the Prospectus under "Certain Federal Income Tax Consequences" and identified as Paragraphs 1, 2 and 3 do not apply to a mortgage loan to the extent that its principal amount exceeds the value of the real property securing it. The definition of "real property" is based on state law for purposes of the rulings described in Paragraphs 1 and 2, and on federal income tax law for purposes of the ruling described in Paragraph 3. Relying on the Lender's representations of its compliance with requirements of the DUS Guide concerning property appraisals and loan-to-value ratios, Fannie Mae believes that the fair market value of the real property securing each Mortgage Loan exceeds the Issue Date principal balance of such Mortgage Loan. The principal security for each Mortgage Loan is a first lien on real property consisting of a multifamily rental property. However, each Mortgage Loan is also secured by a security interest in related tangible personal property (*e.g.*, equipment and furniture) and in related intangible personal property such as rents and revenues, insurance proceeds, condemnation awards or settlements, contract rights, deposits, permits, accounts, licenses, and so forth.

This Prospectus Supplement does not contain complete information regarding this offering and should be read only in conjunction with the Prospectus that it supplements.

The date of this Prospectus Supplement is the Issue Date.

Exhibit A

SCHEDULE OF LOAN INFORMATION
(Pool No. MY 160440)

Property City/State/Zip	No. Units	Occup %	Co-op Ind.	Issue Date Princ. Bal.	Appraised Value	Original Am. Term	Rem. Term	Mortgage Int. Rate	1st Monthly Pymt. Date	Maturity Date	Lockout Flag/# Mos.	Annual NOI
Laurel MD 20707	96	100.00	N	$ 2,216,000	$ 3,400,000	300	121	7.500%	9/1/97	8/1/07	Y 114	$ 302,954
Lanham MD 20706	127	95.00	N	$ 2,981,000	$ 4,700,000	300	121	7.500	9/1/97	8/1/07	Y 114	$ 374,283
Laurel MD 20707	176	93.00	N	$ 4,058,000	$ 6,900,000	300	121	7.500	9/1/97	8/1/07	Y 114	$ 462,136
Laurel MD 20707	296	94.00	N	$10,471,000	$12,900,000	300	121	7.500	9/1/97	8/1/07	Y 114	$1,190,502
Laurel MD 20707	422	96.00	N	$10,106,000	$16,700,000	300	121	7.500	9/1/97	8/1/07	Y 114	$1,229,949
Laurel MD 20707	132	87.00	N	$ 2,694,000	$ 5,200,000	300	121	7.500	9/1/97	8/1/07	Y 114	$ 332,213
Lanham MD 20706	443	96.00	N	$12,240,000	$21,600,000	300	121	7.500	9/1/97	8/1/07	Y 114	$1,719,433
Adelphi MD 20783	445	93.00	N	$11,521,000	$17,500,000	300	121	7.500	9/1/97	8/1/07	Y 114	$1,253,724
Adelphi MD 20783	76	97.00	N	$ 1,733,000	$ 2,900,000	300	121	7.500	9/1/97	8/1/07	Y 114	$ 220,185
Adelphi MD 20903	200	99.00	N	$ 2,440,000	$ 4,800,000	300	121	7.500	9/1/97	8/1/07	Y 114	$ 319,556
Adelphi MD 20783	144	96.00	N	$ 6,294,000	$ 9,900,000	300	121	7.500	9/1/97	8/1/07	Y 114	$ 764,841
Landover MD 20785	810	91.00	N	$14,292,000	$22,200,000	300	121	7.500	9/1/97	8/1/07	Y 114	$1,894,713
Oxon Hill MD 20745	841	95.00	N	$19,108,000	$30,500,000	300	121	7.500	9/1/97	8/1/07	Y 114	$2,497,572
Oxon Hill MD 20745	1406	90.00	N	$19,719,000	$28,600,000	300	121	7.500	9/1/97	8/1/07	Y 114	$2,583,987
Annandale VA 22003	750	99.00	N	$24,859,000	$34,800,000	228	121	7.500	9/1/97	8/1/07	Y 114	$3,046,457
Baltimore MD 21202	212	96.00	N	$ 4,892,000	$ 7,900,000	300	121	7.500	9/1/97	8/1/07	Y 114	$ 562,369
Greenbelt MD 20770	276	98.00	N	$ 9,936,000	$13,000,000	300	121	7.500	9/1/97	8/1/07	Y 114	$1,137,671
Baltimore MD 21211	286	87.00	N	$ 5,579,000	$ 8,400,000	300	121	7.500	9/1/97	8/1/07	Y 114	$ 587,637
Baltimore MD 21201	138	99.00	N	$ 8,025,000	$13,400,000	300	121	7.500	9/1/97	8/1/07	Y 114	$ 947,408
Baltimore MD 21201	399	96.00	N	$ 9,707,000	$17,000,000	300	121	7.500	9/1/97	8/1/07	Y 114	$1,104,685
Beltsville MD 20705	757	95.00	N	$22,642,000	$35,300,000	300	121	7.500	9/1/97	8/1/07	Y 114	$2,481,021
Alexandria VA 22306	443	95.00	N	$13,298,000	$19,300,000	300	121	7.500	9/1/97	8/1/07	Y 114	$1,628,950
Alexandria VA 22306	168	100.00	N	$ 5,025,000	$ 7,900,000	300	121	7.500	9/1/97	8/1/07	Y 114	$ 625,610
Bladensburg MD 20710	140	89.00	N	$ 3,516,000	$ 5,600,000	300	121	7.500	9/1/97	8/1/07	Y 114	$ 439,352
Hyattsville MD 20710	156	95.00	N	$ 3,948,000	$ 5,900,000	300	121	7.500	9/1/97	8/1/07	Y 114	$ 486,807
Bladensburg MD 20710	567	97.00	N	$14,980,000	$19,600,000	300	121	7.500	9/1/97	8/1/07	Y 114	$1,853,204
Glen Burnie MD 21061	124	100.00	N	$ 2,538,000	$ 4,000,000	300	121	7.500	9/1/97	8/1/07	Y 114	$ 342,200
Hyattsville MD 20781	305	99.00	N	$ 8,789,000	$12,800,000	300	121	7.500	9/1/97	8/1/07	Y 114	$1,012,469
Hyattsville MD 20781	107	96.00	N	$ 2,675,000	$ 4,300,000	300	121	7.500	9/1/97	8/1/07	Y 114	$ 330,790
Temple Hills MD 20748	334	97.00	N	$ 8,377,000	$11,660,000	300	121	7.500	9/1/97	8/1/07	Y 114	$ 981,728
Gaithersburg MD 20877	232	98.00	N	$ 6,550,000	$ 9,800,000	300	121	7.500	9/1/97	8/1/07	Y 114	$ 801,681
Cockeysville MD 21030	479	97.00	N	$12,687,000	$19,000,000	300	121	7.500	9/1/97	8/1/07	Y 114	$1,738,441
Silver Spring MD 20903	184	97.00	N	$ 5,579,000	$ 8,400,000	300	121	7.500	9/1/97	8/1/07	Y 114	$ 661,761
Silver Spring MD 20903	397	97.00	N	$11,541,000	$15,100,000	300	121	7.500	9/1/97	8/1/07	Y 114	$1,373,289
Silver Spring MD 20903	399	94.00	N	$14,140,000	$21,600,000	300	121	7.500	9/1/97	8/1/07	Y 114	$1,778,827
New Carrollton MD 20784	459	93.00	N	$12,993,000	$19,000,000	300	121	7.500	9/1/97	8/1/07	Y 114	$1,712,718
Silver Spring MD 20910	1122	90.00	N	$49,407,000	$68,200,000	300	121	7.500	9/1/97	8/1/07	Y 114	$5,918,667
Capitol Heights MD 20743	308	93.00	N	$ 6,840,000	$11,100,000	300	121	7.500	9/1/97	8/1/07	Y 114	$ 774,859

Property City/State/Zip	No. Units	Occup %	Co-op Ind.	Issue Date Princ. Bal.	Appraised Value	Original Am. Term	Rem. Term	Mortgage Int. Rate	1st Monthly Pymt. Date	Maturity Date	Lockout Flag/# Mos.	Annual NOI
Capitol Heights MD 20743	69	97.00	N	$ 1,403,000	$ 2,100,000	300	121	7.500%	9/1/97	8/1/07	Y 114	$ 163,835
Hillcrest Heights MD 20746	962	95.00	N	$25,201,000	$37,000,000	300	121	7.500	9/1/97	8/1/07	Y 114	$3,215,377

Total Loans 40

Debt Service Coverage Ratio: 1.37
Loan-to-Value Ratio: 66.94

NOTES:

Orig. Am. Term: No. of months used to calculate original monthly principal and interest payment, beginning in August 1997.

Rem. Term: Number of months until Maturity Date.

Lockout Flag/# Mos.: Number of months indicated is the length of the lockout period from origination of the mortgage.

1st Monthly Pymt. Date: This is the first date that a full P&I payment is due and payable.

Annual NOI: This is the underwritten amount submitted to Fannie Mae by the seller of the mortgage. In evaluating all or any portion of the mortgages, Fannie Mae may have used a methodology for calculating NOI that is different than that used by such seller. Any different methodology by Fannie Mae may have produced results which differ from that set forth in this column.

Exhibit B

SUPPLEMENT TO PROSPECTUS DATED JANUARY 1, 1997

$415,000,000.00
ISSUE DATE JULY 1, 1997
SECURITY DESCRIPTION FNMS 07.0500 MY160440
7.0500 PERCENT PASS-THROUGH RATE
FANNIE MAE POOL NUMBER MY-160440
CUSIP 31366WEM0
PRINCIPAL AND INTEREST PAYABLE ON THE 25TH OF EACH MONTH
BEGINNING AUGUST 25, 1997

POOL STATISTICS (AS OF ISSUE DATE)

Number of mortgage loans		40
Average outstanding balance		10,375,000.00
Maturity date		08/01/2007
Weighted avg remaining term		121
Highest annual interest rate		7.5000
Lowest annual interest rate		7.5000
Weighted avg annual int rate		7.5000
% UPB w/intrst only first distrib		100.00

Geographic Distribution of Security Properties

Maryland	37	371,818,000.00
Virginia	3	43,182,000.00

The date of this Supplement is July 1, 1997

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, the Multifamily REMIC Prospectus, the MBS Prospectus and the Information Statement 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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$415,000,000

FannieMae[SM]

Guaranteed REMIC Pass-Through Certificates

Fannie Mae Multifamily REMIC Trust 1997-M5

PROSPECTUS SUPPLEMENT

Donaldson, Lufkin & Jenrette
Securities Corporation

July 1, 1997