

FEDERAL RESERVE BANK OF NEW YORK

NEW YORK, N.Y. 10045

AREA CODE 212-720-5000

February 29, 1988
Clearing Memo No. 136

Memorandum to Institutions Maintaining Direct Wire Links with
the Federal Reserve Bank of New York for Securities Transfer

RE: Expansion of Book-Entry Services For Federal National
Mortgage Association

The Federal National Mortgage Association ("Fannie Mae") may issue Real Estate Mortgage Investment Conduits (REMICs) with an adjustable or floating rate in book-entry form. In this connection, the Federal Reserve Bank of New York (FRBNY) has been named fiscal agent with respect to these obligations.

These REMIC transactions will be handled by the FRBNY's Securities Transfer System. Transfers will be governed by the same procedures and prices applicable to transfers of book-entry mortgage-backed securities, although these obligations will be eligible for transfer initially within the Second Federal Reserve District only.

A. CUSIP Numbers/Security Description

A unique nine character CUSIP number will be assigned these obligations. The security description field (on line 8 of the securities transfer message) will include the alpha mnemonic ("FNRA"), the series, class identifier and year issued. An example of this is "FNRA CL 1A RT1988- 1".

B. Denominations

The minimum and multiple denominations for these REMICs will be \$100,000 and \$1.00, respectively.

C. Original Issue

Fannie Mae has indicated that all original issues for these obligations will be in book-entry form. On the original issue settlement date, Fannie Mae (using its on-line link to

FRBNY) will transmit the securities through the Securities Transfer System to Depository Institutions (DIs) located in the Second Federal Reserve District. The original issue will be effected by sending a type code 25 message (reversal code 2502) which will transfer the securities against payment to the purchaser's account from the Fannie Mae issuer account.

D. Secondary Market Transactions

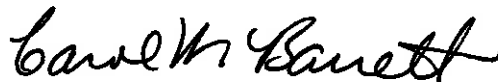
DIs will be able to conduct secondary market transactions for these REMICs through the Second District Securities Transfer System. The transfers will be effected using the standard type code 20 message, and will be governed by the same procedures and prices applicable to transfers of other non-Treasury book-entry securities.

E. Principal and Interest Payments

Interest payments will be distributed monthly. The payments (principal and interest) will be automated. FRBNY will calculate the payments by applying the principal paydown and interest factors to the holdings as of the record date. All payments for all adjustable and floating rate REMIC CUSIPS held in each subaccount will be aggregated into one total payment amount. On the specified payment date (approximately twenty five days after the record date), each subaccount will receive one type code 8906 message reflecting this total payment amount. Prior to payment date, each DI will receive a statement from FRBNY which will break down the total amount by principal and interest for each CUSIP in each subaccount.

Questions regarding this announcement should be directed to Patricia Hilt-Lupack, Manager, Securities Transfer Department, on (212) 720-5379.

Sincerely,



Carol W. Barrett
Vice President