May 19, 1997
Clearing Memo #204

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

RE: Expansion of Book-Entry Services for the Federal National
Mortgage Association (Fannie Mae)

The Federal National Mortgage Association (Fannie Mae) will

begin issuing mortgage-backed securities (MBS) with a P&I

remittance on the 18th calendar day of each month. These

securities will include REMIC tranches, stripped MBS classes and

grantor trusts, and will generally be similar to other mortgage-

backed securities issued by Fannie Mae in all respects except for

having a P&I remittance date of the 18th. In this connection,

the Federal Reserve Banks have been named fiscal agent with

respect to these securities.

The record date of these new securities will be the last

business day of the month and the payment date will be the 18th

day of the following month (or the next business day if the 18th

is a holiday). As a result, the span between the record date and

the payment date for the new securities is 18 days, unlike Fannie

Mae's existing mortgage-backed securities where the span between

the record date and the payment date is 25 days.

The new securities will be processed by the Federal Reserve operated book-entry securities transfer system. Transfers of these obligations will be governed by the same procedures and fees applicable to transfers of other book-entry securities. These obligations are transferable nationwide upon issuance.

A.   CUSIP NUMBERS/SECURITY DESCRIPTIONS

Each security will be assigned a unique nine character CUSIP number. Listed below are examples of the security descriptions:

Fixed Rate REMIC   FXRM CLNNNA RTNN-NNN
                          (& various combinations)

Floating Rate REMIC   FXRA CLNNA RTNNNN-NN
                          (& various combinations)

STRIPS   FXST SPO TRNNNNNNCL
                          FXST SIO TRNNNNNNCL
                          (& various combinations)

Fixed Rate MBS   FXMS NN.NNN AANNNNNN
                          (& various combinations)

Adjustable Rate MBS   FXAR XX.XXX AANNNNNN
                          (& various combinations)

B.   DENOMINATIONS

The minimum and multiple denominations for these securities will be announced with each new issue.

C.   ORIGINAL ISSUES

On the original issue settlement date, Fannie Mae will transmit the securities through the securities transfer system to depository institutions (DIs). The original issue will be effected by sending a Type Code 2500 message (reversal code 2502) which will transfer the securities against payment to the purchaser's account from Fannie Mae's issuer account.

D.   SECONDARY MARKET TRANSACTIONS

Transfer will be at par amount and effected using the standard Type Code 2000 messages, and will be governed by the same procedures and fees applicable to transfers of other Fannie Mae book-entry securities.
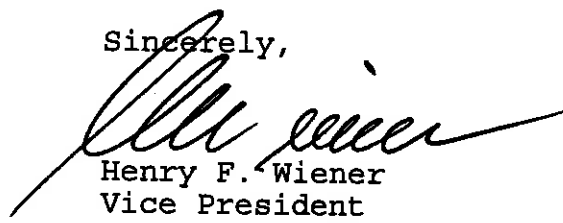
E.   PRINCIPAL AND INTEREST PAYMENTS

The principal and/or interest payments for these securities will be automated. The payments will be aggregated such that each subaccount (securities account) of each DI will receive one Type Code 8906 message reflecting the total payment (interest and principal) for each securities product (i.e. FXRM, FXRA, etc.) held by that subaccount (securities account). Prior to payment date, each DI will receive an advice of credit from FRBNY which will break down the total payment amount by principal and interest for each CUSIP in each subaccount (securities account).

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DIs that receive the advice of credit information on cartridge/ magnetic tape will receive a separate one for these products. As mentioned previously, the record date for these Fannie Mae securities is the last business day of the month and the payment is the 18th day (or the next business day if the 18th is not a business day) of the following month.

Questions regarding this announcement should be directed to Gerald V. Lombardo, Electronic Payments Officer, Electronic Payments Function, Securities Transfer Department at (212) 720-5380.

Sincerely,

Henry F. Wiener
Vice President
Electronic Payments Function