

**PRICING SUPPLEMENT DATED SEPTEMBER 19, 1997
(To Offering Circular dated June 24, 1997)**

FANNIE MAE

**Medium-Term Notes,
Series B**

This Pricing Supplement relates to the issue of Medium-Term Notes, Series B described below (the "Notes") and should be read in conjunction with the Offering Circular dated June 24, 1997 (the "Offering Circular") relating to the Medium-Term Notes, Series B of the Federal National Mortgage Association (the "Corporation" or "Fannie Mae"). Unless otherwise defined herein, capitalized terms used herein have the meanings given to them in the Offering Circular.

**THE NOTES, TOGETHER WITH INTEREST THEREON, ARE NOT
GUARANTEED BY THE UNITED STATES AND DO NOT CONSTITUTE A DEBT OR
OBLIGATION OF THE UNITED STATES OR OF ANY AGENCY OR
INSTRUMENTALITY THEREOF OTHER THAN THE CORPORATION.**

CUSIP Number: 31364FCB5

Certain Securities Terms

1. Principal Amount: \$250,000,000.00
2. Issue Date (expected Settlement Date): September 26, 1997
3. Maturity Date: September 27, 2027
 - a. Amount Payable on the Maturity Date: 100% of principal amount
4. Subject to Redemption Prior to Maturity Date
 - X No
 - Yes; in whole or in part, at the option of the Corporation, at any time (and from time to time) on or after _____ at a redemption price of 100% of the principal amount redeemed, plus accrued interest thereon to the date of redemption
5. Interest Category: Fixed Rate Notes
6. Interest
 - a. Frequency of Interest Payments
 - X Semiannually
 - Other: _____

- b. Interest Payment Dates: 27th day of each March and September
- c. First Interest Payment Date: March 27, 1998
- d. Interest rate per annum: 6.09%

Offering

- 1. Pricing Date: September 19, 1997
- 2. Method of Distribution: X Principal Non-Underwritten
- 3. The following dealers have jointly and severally agreed to purchase all the Notes:

ABN AMRO Chicago Corporation
Merrill Lynch Government Securities, Inc.
Utendahl Capital Partners, L.P.

a. If Multiple Dealers, Representative(s): Merrill Lynch Government Securities, Inc.
- 4. Offering Price:
 X Fixed Offering Price: 92.774%, plus accrued interest, if any, from September 26, 1997
 Variable Price Offering
- 5. If Fixed Offering Price, discount to Dealer(s): .55% of Principal Amount
- 6. Price to Dealer(s): 92.224% of Principal Amount
- 7. Proceeds to Corporation: \$230,560,000.00
- 8. Concession: .375% and reallowance: .250%

United States Taxation

In the opinion of Arnold & Porter, special tax counsel to the Corporation, the following paragraph, when read in conjunction with the discussion under "United States Taxation" in the Offering Circular, correctly describes the principal aspects of the current United States federal tax treatment of investors who purchase the Notes described in the Offering Circular. The

discussion does not purport to deal with all tax consequences applicable to all categories of investors, some of which may be subject to special rules.

Recent Tax Legislation

The Taxpayer Relief Act of 1997 modified the federal income taxation of capital gains. The maximum tax rate on capital gains received by individuals from the sale or disposition of investments (other than collectibles) held for more than 18 months is 20 percent. If an individual holds an investment for more than one year, but not for more than 18 months, the maximum rate is 28 percent. Finally, the top capital gains tax rate for individuals will drop to 18 percent for assets purchased after January 1, 2000, and held for more than five years. Investors should consult their own tax advisors for more information or for the capital gains rate applicable to a specific Note they own.