

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

(Mark One)

/X/ Annual report pursuant to Section 15(d) of the Securities Exchange Act
of 1934 (Fee Required)

For the fiscal year ended December 31, 1995

OR

/ / Transition report pursuant to Section 15(d) of the Securities Exchange
Act of 1934 (No Fee Required)

For the transition period from _____ to _____

Commission file number 1-8993

A. Full title of the plan and the address of the plan, if different from
that of the issuer named below:

SOURCE ONE MORTGAGE SERVICES CORPORATION
EMPLOYEE STOCK OWNERSHIP AND 401(K) SAVINGS PLAN
27555 FARMINGTON ROAD, FARMINGTON HILLS, MICHIGAN 48334-3357
810-488-7000

B. Name of issuer of the securities held pursuant to the plan and the
address of its principal executive office:

FUND AMERICAN ENTERPRISES HOLDINGS, INC.
80 South Main Street
Hanover, New Hampshire 03755-2053
(603) 643-1567

EXPLANATORY NOTE

This Annual Report on Form 11-K is being filed so that it may be incorporated by reference into a Registration Statement on Form S-8 which Fund American Enterprises Holdings, Inc. is filing with respect to shares of Common Stock, \$1.00 par value per share, of Fund American Enterprises Holdings, Inc. issuable under the Plan.

INFORMATION FILED

The following financial statements and exhibit are filed with, and included in, this Report:

- A. Financial statements for the Plan consisting of:
 - 1. Report of Independent Auditors
 - 2. Statements of Assets Available for Benefits as of December 31, 1995 and 1994
 - 3. Statements of Changes in Assets Available for Benefits for the years ended December 31, 1995 and 1994
 - 4. Notes to Financial Statements
 - 5. Schedule of Assets held for Investment Purposes
 - 6. Schedule of Reportable Transactions
- B. Exhibit:
 - 23 Consent of Ernst & Young LLP

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

Source One Mortgage Services Corporation
Employee Stock Ownership and 401(K)
Savings Plan

Date: September 27, 1996

By /s/ Greg Ghilardi

Greg Ghilardi
Vice President - Human Resources
Source One Mortgage Services
Corporation

[ERNST & YOUNG LETTERHEAD]

Report of Independent Auditors

The Board of Directors
Source One Mortgage Services Corporation

We have audited the accompanying statements of assets available for benefits of the Source One Mortgage Services Corporation Employee Stock Ownership Plan (the "Plan") as of December 31, 1995 and 1994, and the related statements of changes in assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets available for benefits of the Plan at December 31, 1995 and 1994, and the changes in its assets available for benefits for the years then ended, in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedules of assets held for investment purposes and reportable transactions as of and for the year ended December 31, 1995, are presented for purposes of complying with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are not a required part of the financial statements. The supplemental schedules have been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

May 31, 1996

Source One Mortgage Services Corporation
Employee Stock Ownership Plan
Statements of Assets Available for Benefits

	DECEMBER 31	
	1995	1994
ASSETS		
Investments, at fair value (Note 4):		
Fund American Enterprises Holdings, Inc. common stock	\$5,022,492	\$4,530,075
Collective funds	26,023	41,781
Total investments	5,048,515	4,571,856
Company contribution receivable (Note 3)	998,175	1,084,110
Accrued income	131	211
Total assets	6,046,821	5,656,177
LIABILITIES		
Due to bank	2,762	-
Net assets available for benefits	\$6,044,059	\$5,656,177

See accompanying notes.

Source One Mortgage Services Corporation
Employee Stock Ownership Plan

Statements of Changes in Assets Available for Benefits

	YEAR ENDED DECEMBER 31	
	1995	1994
Additions to assets attributed to:		
Investment income:		
Net realized and unrealized appreciation (depreciation) in fair value of stock	\$ 105,549	\$ (343,619)
Interest income	2,506	5,147
Stock dividend income--Fund American Enterprises Holdings, Inc.	13,969	
	122,024	(338,472)
Stock contributions from Source One Mortgage Services Corporation (Note 3)	998,175	1,084,110
Total additions	1,120,199	745,638
Deductions from net assets attributed to:		
Benefits paid to participants	732,317	270,929
Net increase	387,882	474,709
Assets available for benefits at beginning of year	5,656,177	5,181,468
Assets available for benefits at end of year	\$6,044,056	\$5,656,177

See accompanying notes.

Source One Mortgage Services Corporation
Employee Stock Ownership Plan

Notes to Financial Statements

December 31, 1995

1. SIGNIFICANT ACCOUNTING POLICIES

The Source One Mortgage Services Corporation Employee Stock Ownership Plan ("Plan") was established as a profit-sharing plan designed to invest primarily in the stock of Fund American Enterprises Holdings, Inc. ("FAEH"). FAEH is a publicly held company. Source One Mortgage Services Corporation (the "Company" or "SOMSC") is an indirect wholly-owned subsidiary of FAEH.

Subsequent to December 31, 1995, SOMSC announced that effective October 1, 1996, the Plan will be merged into a newly formed 401(k) Savings Plan.

The fair values of the participation units owned by the Plan in the collective funds were based on quoted market values on the last business day of the plan year. The fair value of the investment in FAEH stock is based on the last sales price on the last business day of the plan year. Realized gains and losses are computed based upon a weighted average cost basis.

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. DESCRIPTION OF THE PLAN

The Plan is a noncontributory defined contribution plan sponsored by the Company. All administrative expenses associated with the Plan are paid by the Company. Employees are eligible to participate in the Plan after completing one year of service. A year of service for purposes of determining whether an individual is eligible to participate in the Plan means the 12 consecutive month period following the date the individual starts work upon completion of 1,000 hours of service. There are two entrance dates for the Plan each year, January 1st and July 1st.

Each eligible participant has a FAEH stock account and a cash account. This account is adjusted each year for (1) an allocation of the FAEH's common stock contributed to the Plan, if any, and (2) any forfeitures of FAEH stock resulting from the termination of employment of other participants in the Plan before their accounts are fully vested and (3) interest and dividends. These allocations are based on a percentage of participant compensation, as defined.

Participants are eligible for 100% of their account balance upon retirement after attaining age 65, becoming disabled, or to the employee's beneficiary in the case of death. Reduced percentages of their account balance are payable to the participants at termination, in accordance with the following vesting table:

Source One Mortgage Services Corporation
Employee Stock Ownership Plan

Notes to Financial Statements (continued)

YEARS OF SERVICE	PERCENTAGE VESTING
Less than 3	0%
3 but less than 4	30
4 but less than 5	40
5 but less than 6	60
6 but less than 7	80
7 years or more	100

Upon termination for any reason, participants can elect to receive either the cash proceeds from the sale of their stock by the trustee or the FAEH stock. Payments and distributions are made in accordance with Plan provisions.

The Company reserves the right at any time to amend or terminate the Plan. Upon termination of the Plan, participant accounts, after the payment of any Plan termination expenses, would be valued as of the date of such termination and would be 100% vested.

Additional information about the Plan agreement and benefit provisions is contained in the pamphlet entitled "Employee Stock Ownership Plan - Summary Plan Description".

3. CONTRIBUTIONS

The Company normally contributes to the Plan each calendar year an amount determined at the discretion of the Company's Board of Directors, not exceeding certain limits imposed by the Internal Revenue Code (IRC). For the Plan years December 31, 1995 and 1994, the Board voted to contribute FAEH stock having a value equal to \$998,175 and \$1,084,110, respectively (approximately 3% of the sum of the individual participant's creditable compensation).

4. INVESTMENTS

The Plan's investments are held by a bank-administered trust fund. During 1995 and 1994, the Plan's investments (including investments bought, sold, as well as held during the year) appreciated and depreciated, respectively, in fair value, as determined by quoted market price, as follows:

Source One Mortgage Services Corporation
Employee Stock Ownership Plan

Notes to Financial Statements (continued)

	NET UNREALIZED APPRECIATION (DEPRECIATION) IN FAIR VALUE DURING YEAR	FAIR VALUE AT END OF YEAR

Year ended December 31, 1995:		
Collective funds	\$ -	\$ 26,023
Common Stock	228,576	5,022,492
	-----	-----
	\$ 228,576	\$5,048,515
	=====	
Year ended December 31, 1994:		
Collective funds	\$ -	\$ 41,781
Common stock	(343,619)	4,530,075
	-----	-----
	\$(343,619)	\$4,571,856
	=====	

The fair value of individual investments that represent 5% or more of the Plan's net assets at either year-end are as follows:

	1995	1994

Common Stock:		
Fund American Enterprises Holdings, Inc.	\$5,022,492	\$4,530,075

5. INCOME TAX STATUS

The Internal Revenue Service ruled on July 29, 1992 that the Plan qualifies under section 401 (a) of the Internal Revenue Code of 1986 (the "Code"), and therefore, the related trust is not subject to tax under present income tax law. Once qualified, the Plan is required to operate in conformity with the Code and ERISA to maintain its qualification. The administrator is not aware of any course of action or series of events that have occurred that might adversely affect the Plan's qualified status.

Source One Mortgage Services Corporation
Employee Stock Ownership Plan

Schedule of Assets Held for Investment Purposes

December 31, 1995 and for the year then ended

Identity of Issue, Borrower, Lessor or Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Date	Cost	Current Value
Fund American Enterprises Holdings, Inc.	67,416 shares of common stock	\$5,580,181	\$5,022,492
Comerica	26,023 units of Short-Term Investment Fund	26,023	26,023
		----- \$5,606,204	----- \$5,048,515 =====

There were no investment assets reportable as both acquired and disposed of during the year.

Source One Mortgage Services Corporation
Employee Stock Ownership Plan

Schedule of Reportable Transactions

Year ended December 31, 1995

IDENTITY OF PARTY INVOLVED	DESCRIPTION OF ASSET (INCLUDING INTEREST RATE AND MATURITY IN CASE OF A LOAN)	PURCHASE PRICE	SELLING PRICE	LEASE RENTAL

Category i) A transaction with respect to any plan asset involving an amount in excess of 5% of the current value of the Plan assets:				
Comerica Bank	1,084,538 units of Short-Term Investment Fund	\$1.00		
	1,089,476 units of Short-Term Investment Fund		\$1.00	
Fund American Enterprises Holdings, Inc.	13,500 shares of common stock	74.48		
Category iii) A series of transactions involving securities of the same issue which, when aggregated, involve an amount in excess of 5% of the current value of plan assets:				
Comerica Bank	Short-Term Investment Fund: 21 purchases 12 sales			
Fund American Enterprises Holdings, Inc.	Common stock: 2 purchases 12 sales			

	EXPENSE INCURRED TRANSACTION	COST OF ASSET	CURRENT VALUE OF ASSET OF TRANSACTION DATE	NET GAIN (LOSS)

Category i) A transaction with respect to any plan asset involving an amount in excess of 5% of the current value of the Plan assets:				
Comerica Bank		\$1,084,538	\$1,084,538	
		1,089,476	1,089,476	\$
Fund American Enterprises Holdings, Inc.		1,006,830	1,006,830	
Category iii) A series of transactions involving securities of the same issue which, when aggregated, involve an amount in excess of 5% of the current value of plan assets:				
Comerica Bank		1,807,885	1,807,885	
		1,823,643	1,823,643	-

Fund American
Enterprises Holdings,
Inc.

1,089,476
825,635

1,089,476
702,608

(123,027)

There were no transactions reportable under categories ii) or
iv).

EXHIBIT INDEX

Exhibit Number	Description
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(A)	Financial statements for the Plan consisting of: <ol style="list-style-type: none">1. Report of Independent Auditors2. Statement of Assets Available For Benefits as of December 31, 1995 and 19943. Statement of Changes in Assets Available for Benefits for the years ended December 31, 1995 and 19944. Notes to Financial Statements5. Schedule of Assets Held for Investment Purposes6. Schedule of Reportable Transactions
23	Consent of Ernst & Young LLP

Consent of Independent Auditors

We consent to the use of our report dated May 31, 1996, with respect to the financial statements and schedules of the Source One Mortgage Services Corporation Employee Stock Ownership Plan included in this Annual Report (Form 11-K) for the year ended December 31, 1995.

/s/ Ernst & Young LLP

Detroit, Michigan
September 26, 1996