

**\$217,718,242 (Approximate)**



**Guaranteed REMIC Pass-Through Certificates  
Fannie Mae Multifamily REMIC Trust 2000-M2**

**Carefully consider the risk factors starting on page S-6 of this prospectus supplement and on page 11 of the Multifamily REMIC Prospectus. Unless you understand and are able to tolerate these risks, you should not invest in the certificates.**

You should read the Multifamily REMIC Prospectus as well as this prospectus supplement.

The certificates, together with interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any agency or instrumentality thereof other than Fannie Mae.

The certificates are exempt from registration under the Securities Act of 1933 and are "exempted securities" under the Securities Exchange Act of 1934.

**The Certificates**

We, the Federal National Mortgage Association ("Fannie Mae"), will issue the classes of certificates listed in the chart on this page.

**Payments to Certificateholders**

We will make monthly payments on the certificates. You, the investor, will receive

- interest accrued on the balance of your certificate (except in the case of the accrual class), and
- principal to the extent available for payment on your class.

We may pay principal at rates that vary from time to time. We may not pay principal to certain classes for long periods of time.

**The Fannie Mae Guaranty**

We will guarantee that required payments of principal and interest on the certificates are distributed to investors on time. **We will not guarantee the payment to certificateholders of any prepayment fees.**

**The Trust and its Assets**

The trust will indirectly own Ginnie Mae certificates.

The mortgage loans underlying the Ginnie Mae certificates are first and second lien, fully amortizing, fixed-rate mortgage loans on multifamily properties and nursing facilities. In addition, the mortgage loans underlying the Ginnie Mae certificates are insured by the Federal Housing Administration.

Class	Original Class Balance (1)	Principal Type	Interest Rate	Interest Type	CUSIP Number	Final Distribution Date
A	\$ 93,001,000	SEQ	6.574%	FIX	31358SYM7	August 2015
B	71,174,000	SEQ	(2)	WAC	31358SYN5	February 2021
C	23,062,690	SEQ	(2)	WAC	31358SYP0	July 2022
Z	30,480,552	SEQ	(2)	WAC/Z	31358SYQ8	June 2040
IO	217,718,242(3)	NTL	(2)	EXE//IO	31358SYR6	June 2040
R	0	NPR	0	NPR	31358SYS4	June 2040
RL	0	NPR	0	NPR	31358SYT2	June 2040

(1) Subject to a permitted variance of plus or minus 5%.

(2) The B, C, Z and IO Classes bear interest at the variable interest rate described in this prospectus supplement. During the initial interest accrual period, the B, C, Z and IO Classes are expected to bear interest at the annual rates of approximately 7.220%, 7.291%, 7.291% and 0.329%, respectively.

(3) Notional balance. This is an interest only class.

The dealer will offer the certificates from time to time in negotiated transactions at varying prices. We expect the settlement date to be October 30, 2000.

**Prudential Securities**

The date of this Prospectus Supplement is September 27, 2000

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## AVAILABLE INFORMATION

You should purchase the certificates only if you have read and understood this prospectus supplement and the following documents (the “Disclosure Documents”):

- our Prospectus for Guaranteed Multifamily REMIC Pass-Through Certificates dated January 1, 1999 (the “Multifamily REMIC Prospectus”); and
- our Information Statement dated March 30, 2000 and its supplements (the “Information Statement”).

You can obtain the Disclosure Documents by writing or calling us at:

Fannie Mae  
3900 Wisconsin Avenue, N.W., Area 2H-3S  
Washington, D.C. 20016  
(telephone 1-800-237-8627 or 202-752-6547).

Most of the Disclosure Documents, together with the class factors, are available on our website located at <http://www.fanniemae.com>.

You can also obtain the Disclosure Documents by writing or calling the dealer at:

Prudential Securities Incorporated  
Prospectus Department  
111 Eighth Avenue, 5th Floor  
New York, New York 10011  
(telephone 212-776-8190).

## REFERENCE SHEET

This reference sheet is not a summary of the transaction and does not contain complete information about the certificates. You should purchase the certificates only after reading this prospectus supplement and each of the additional disclosure documents listed on page S-3.

### Certain Characteristics of the Ginnie Mae Certificates and the Mortgage Loans (as of October 1, 2000)

FHA Insurance Program	Approximate Principal Balance as of Issue Date	Number of Ginnie Mae Pools	Percent of Total Balance	Weighted Average Mortgage Loan Interest Rate	Weighted Average Ginnie Mae Certificate Interest Rate	Ginnie Mae Weighted Average Original Term to Maturity (in months)	Ginnie Mae Weighted Average Remaining Term to Maturity (in months)	Weighted Average Period from Issuance (1) (in months)	Weighted Average Remaining Lockout Period (in months)	Weighted Average Remaining Prepayment Restriction Period (in months)
221(d)4	\$ 66,380,495	10	30.49%	7.098%	6.834%	472	468	4	77	111
223(a)7	15,049,063	3	6.91	7.430	7.180	418	389	30	31	83
223(f)	70,524,691	12	32.39	7.940	7.673	420	409	11	41	61
232	36,354,434	6	16.70	7.432	7.170	462	456	6	39	99
232/223(f)	21,883,416	6	10.05	8.023	7.696	418	411	7	52	112
242	7,526,143	1	3.46	7.670	7.375	291	286	5	91	91
Total/ Weighted Average	<u>\$217,718,242</u>	<u>38</u>	<u>100.00%</u>	7.562%	7.291%	438	429	9	54	90

(1) Based on the issue date of the related Ginnie Mae certificates.

Exhibit A contains additional information about the mortgage loans as of October 1, 2000 (the "Issue Date"), including information about lockout periods and prepayment fees.

### Lockout Periods and Prepayment Fees

Most of the mortgage loans prohibit voluntary prepayments during specified lockout periods. The remaining lockout periods for the mortgage loans range from 0 to 120 months, with a weighted average remaining lockout period of approximately 54 months. In addition, 28 of the mortgage loans provide for the payment of prepayment fees during specified periods after their lockout period end dates. If we receive any prepayment fees, we will allocate them among the classes of certificates as described in this prospectus supplement.

### Class Factors

The class factors are numbers that, when multiplied by the initial principal balance of a certificate, can be used to calculate the current principal balance of that certificate (after taking into account payments in the same month). We publish the class factors on or shortly after the 14th day of each month.

### Settlement Date

We expect to issue the certificates on October 30, 2000.

### Distribution Dates

We will make payments on the classes of certificates on the 17th day of each calendar month, or on the next business day if the 17th day is not a business day.

## Book-Entry and Physical Certificates

We will issue book-entry certificates through DTC, which will electronically track ownership of the certificates and payments on them. We will issue physical certificates in registered, certificated form.

We will issue the classes of certificates in the following forms:

<u>DTC Book-Entry</u>	<u>Physical</u>
All classes other than the R and RL Classes	R and RL Classes

## Interest Rates

During each interest accrual period, the A Class will bear interest at the annual rate specified on the cover of this prospectus supplement.

During the initial interest accrual period, the B, C and Z Classes are expected to bear interest at the approximate annual interest rate of 7.220%, 7.291% and 7.291%, respectively. During subsequent interest accrual periods, the B, C and Z Classes will bear interest at the variable annual interest rates described in this prospectus supplement.

During the initial interest accrual period, the IO Class is expected to bear interest at the approximate annual interest rate of 0.329%. For a description of the calculation of interest on the IO Class subsequent to the initial interest accrual period, see “Description of the Certificates—Distributions of Interest—*Excess Class*” in this prospectus supplement.

## Notional Class

The IO Class will not receive any principal. The notional principal balance of the IO Class will equal the percentage of the outstanding balances specified below immediately before the related distribution date:

<u>Class</u>	
IO .....	100% of the A, B, C and Z Classes

## Distributions of Principal

*Principal Distribution Amount*

*Z Accrual Amount*

To the A, B and C Classes, in that order, to zero, and thereafter to the Z Class.

*Cash Flow Distribution Amount*

To the A, B, C and Z Classes, in that order, to zero.

## Weighted Average Lives (years) \*

<u>Class</u>	<u>CPR Prepayment Assumption**</u>						
	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>25%</u>	<u>50%</u>	<u>75%</u>
A .....	5.8	4.3	3.8	3.5	3.2	2.8	2.6
B .....	15.4	10.7	8.6	7.5	6.2	4.9	4.4
C .....	19.3	14.2	11.6	10.1	8.5	6.4	5.4
Z .....	29.9	24.1	19.2	16.0	12.6	9.8	9.0
IO .....	21.9	14.4	10.8	8.9	7.0	5.4	4.8

\* Determined as specified under “Description of the Certificates—Weighted Average Lives of the Certificates” in this prospectus supplement.

\*\* Table prepared on the basis of the indicated percentages of CPR and 100% PLD.

## ADDITIONAL RISK FACTORS

*Rate of principal payments on the certificates will be affected by the rate of principal payments on the underlying mortgage loans.* The rate that you receive principal payments on the certificates will be sensitive to the rate of principal payments on the mortgage loans underlying the Ginnie Mae certificates, including prepayments.

In the case of the mortgage loans underlying the Ginnie Mae certificates, most of such loans have prepayment lockout periods and some of the loans impose prepayment fees. Subject to the applicable lockout periods and any applicable prepayment fees, such mortgage loans may be prepaid at any time.

It is highly unlikely that the mortgage loans will prepay

- at the prepayment rates we assumed, or
- at a constant prepayment rate until maturity.

*Yields may be lower than expected due to unexpected rate of principal payments.* The actual yield on your certificates probably will be lower than you expect:

- if you bought your certificates at a premium and principal payments are faster than you expected, or
- if you bought your certificates at a discount and principal payments are slower than you expected.

Furthermore, in the case of certificates purchased at a premium, you could lose money on your investment if prepayments occur at a rapid rate.

*Defaults may increase the risk of prepayment.* Lending based on the security of multi-family properties and healthcare-related facilities is generally viewed as exposing the lender to a greater risk of loss than single family lending. Mortgage loan defaults may result in distributions of the full principal balance of the related Ginnie Mae certificate, thereby affecting prepayment rates. We do not possess certain information relevant to determining the likelihood of defaults on the underlying mortgage loans. In particular, we do not have any financial information with respect to

the real properties securing the underlying mortgage loans.

*Prepayment lockouts and penalties may reduce the prepayment rate of the related mortgage loans.* We expect that most of the mortgage loans underlying the Ginnie Mae certificates will prohibit voluntary prepayments during specified lockout periods. We expect these lockout periods to have remaining lockout terms that range from approximately 0 to 120 months, with a weighted average remaining lockout term of approximately 54 months. In addition, 28 of the mortgage loans also impose a prepayment fee for a period extending beyond the lockout period. A prepayment fee would not be imposed, however, if a borrower defaults on its mortgage loan. Mortgage loans having prepayment fees may be less likely to prepay than mortgage loans without such fees.

*Allocation of prepayment fees to certain classes may not offset the adverse effect on yields of the corresponding prepayment.* If any prepayment fees are included in the payments received on the Ginnie Mae certificates with respect to any distribution date, we will include these amounts in the payments to be made on certain classes on that distribution date. We do not, however, guarantee that any prepayment fees will in fact be collected from mortgagors or Ginnie Mae, or paid to holders of the Ginnie Mae certificates or to the related certificateholders. Accordingly, holders of the classes entitled to receive prepayment fees will receive them only to the extent we receive them. Moreover, even if we pay the prepayment fees to the holders of those classes, the additional amount may not offset the reduction in yield caused by the corresponding prepayment.

**You must make your own decisions about the various applicable assumptions, including prepayment assumptions, when deciding whether to purchase the certificates.**

*Delay classes have lower yields and market values.* Since the classes do not receive interest immediately following each interest accrual period, they have lower yields and lower mar-

ket values than they would if there were no such delay.

*Reinvestment of certificate payments may not achieve same yields as certificates.* The rate of principal payments of the certificates is uncertain. You may be unable to reinvest the payments on the certificates at the same yields provided by the certificates.

*Unpredictable timing of last payment affects yields on certificates.* The actual final payment of your class is likely to occur earlier, and could occur much earlier, than the final distribution date listed on the cover page. If you assumed the actual final payment will occur on the final distribution date specified, your yield could be lower than you expect.

*Some investors may be unable to buy certain classes.* Investors whose investment activities are subject to legal investment laws and regulations, or to review by regulatory

authorities, may be unable to buy certain certificates. You should get legal advice to determine whether you may purchase the certificates.

*Uncertain market for the certificates could make them difficult to sell and cause their values to fluctuate.* We cannot be sure that a market for resale of the certificates will develop. Further, if a market develops, it may not continue or be sufficiently liquid to allow you to sell your certificates. Even if you are able to sell your certificates, the sale price may not be comparable to similar investments that have a developed market. Moreover, you may not be able to sell small or large amounts of certificates at prices comparable to those available to other investors. You should purchase certificates only if you understand and can tolerate the risk that the value of your certificates will vary over time and that your certificates may not be easily sold.

## DESCRIPTION OF THE CERTIFICATES

The material under this heading summarizes certain features of the Certificates. You will find additional information about the Certificates in the other sections of this prospectus supplement, as well as in the additional Disclosure Documents and the Trust Agreement. If we use a capitalized term in this prospectus supplement without defining it, you will find the definition of such term in the applicable Disclosure Document or in the Trust Agreement.

### General

*Structure.* We will create the Fannie Mae Multifamily REMIC Trust specified on the cover (the “Trust”) and a separate trust (the “Lower Tier REMIC”) pursuant to a trust agreement dated as of October 1, 2000 (the “Trust Agreement”). We will execute the Trust Agreement in our corporate capacity and as trustee (the “Trustee”). We will issue the Guaranteed REMIC Pass-Through Certificates (the “Certificates”) pursuant to the Trust Agreement. In general, the term “Class” refers to a class of Certificates.

The Trust and the Lower Tier REMIC each will constitute a “real estate mortgage investment conduit” (“REMIC”) under the Internal Revenue Code of 1986, as amended (the “Code”).

- The Certificates (except the R and RL Classes) will be “regular interests” in the Trust.
- The R Class will be the “residual interest” in the Trust.
- The interests in the Lower Tier REMIC other than the RL Class (the “Lower Tier Regular Interests”) will be the “regular interests” in the Lower Tier REMIC.
- The RL Class will be the “residual interest” in the Lower Tier REMIC.

The assets of the Trust will consist of the Lower Tier Regular Interests. The assets of the Lower Tier REMIC will consist of certain “fully modified pass-through” mortgage-backed securities guaranteed as to timely payment of principal and interest by Ginnie Mae (the “Ginnie Mae Certificates”).

Each Ginnie Mae Certificate will represent a beneficial ownership interest in a single mortgage loan (each, a “Mortgage Loan”). See “Description of the Ginnie Mae Certificates and the Mortgage Loans” in this prospectus supplement.

*Fannie Mae Guaranty.* We guarantee that we will distribute to Certificateholders:

- required installments of principal and interest on the Certificates on time, and
- the principal balance of each Class of Certificates no later than its Final Distribution Date, whether or not we have received sufficient payments on the Ginnie Mae Certificates.

Our guarantees are not backed by the full faith and credit of the United States. **We will not guarantee the collection or the payment to the Certificateholders of any prepayment fees.** Accordingly, Certificateholders entitled to receive prepayment fees will receive them only to the extent actually received in respect of the Ginnie Mae Certificates. See “Description of the Certificates—Fannie Mae’s Guaranty” in the Multifamily REMIC Prospectus.

*Characteristics of Certificates.* The Classes (except the R and RL Classes) 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 Trust Company (“DTC”), a New York-chartered limited purpose trust company, or any successor or depository selected or approved by us. We refer to the nominee of DTC as the “Holder” or “Certificateholder” of the Certificates. DTC will maintain the DTC Certificates through its book-entry facilities. A Holder is not necessarily the beneficial owner of a Certificate. Beneficial owners ordinarily will hold Certificates through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. See “Description of the Certificates—Denominations and Form” in the Multifamily REMIC Prospectus.

We will issue the R and RL Certificates in fully registered, certificated form. The “Holder” or “Certificateholder” of the R or RL Certificate is its registered owner. The R or RL Certificate can be transferred at the corporate trust office of the Transfer Agent, or at the office of the Transfer Agent in New York, New York. State Street Bank and Trust Company in Boston, Massachusetts (“State Street”) will be the initial Transfer Agent. We may impose a service charge for any registration of transfer of the R or RL Certificate and may require payment to cover any tax or other governmental charge. See also “—Characteristics of the R and RL Classes” below.

The Holder of the R Class will receive the proceeds of any remaining assets of the Trust, and the Holder of the RL Class will receive the proceeds of any remaining assets of the Lower Tier REMIC, in each case only by presenting and surrendering the related Certificate at the office of the Paying Agent. State Street will be the initial Paying Agent.

*Authorized Denominations.* We will issue the Certificates, other than the R and RL Classes, in minimum denominations of \$1,000 and whole dollar increments. We will issue each of the R and RL Classes as a single Certificate with no principal balance.

*Distribution Date.* We will make monthly payments on the 17th day of each month (or, if the 17th is not a business day, on the first business day after the 17th). We refer to such date as the “Distribution Date.” We will make the first payments to Certificateholders the month after we issue the Certificates.

*Record Date.* On each Distribution Date, we will make each monthly payment on the Certificates to Holders of record on the last day of the preceding month.

*Class Factors.* On or shortly after the fourteenth calendar day of each month, we will publish a factor (carried to eight decimal places) for each Class of Certificates. When the factor is multiplied by the original principal balance (or original notional balance) of a Certificate of that Class, the product will equal the current principal balance (or current notional balance) of that Certificate after taking into account payments on the Distribution Date in the same month (as well as any addition to principal in the case of the Accrual Class).

## Book-Entry Procedures

*General.* The DTC Certificates will be registered at all times in the name of the nominee of DTC. Under its normal procedures, DTC will record the amount of DTC Certificates held by each firm which participates in the book-entry system of DTC (each, a “DTC Participant”), whether held for its own account or on behalf of another person. Initially, State Street Bank and Trust Company (“State Street”) will act as paying agent for the DTC Certificates. State Street will also perform certain administrative functions in connection with the DTC Certificates.

A “beneficial owner” or an “investor” is anyone who acquires a beneficial ownership interest in the DTC Certificates. As an investor, you will not receive a physical certificate. Instead, your interest will be recorded on the records of the brokerage firm, bank, thrift institution or other financial intermediary (a “financial intermediary”) that maintains an account for you. In turn, the record ownership of the financial intermediary that holds your DTC Certificates will be recorded by DTC. If the intermediary is not a DTC Participant, the record ownership of the intermediary will be recorded by a DTC Participant acting on its behalf. Therefore, you must rely on these various arrangements to record your ownership of the DTC Certificates and to relay the payments to your account. You may transfer your beneficial ownership interest in the DTC Certificates only under the procedures of your financial intermediary and of DTC Participants. In general, ownership of DTC Certificates will be subject to the prevailing rules, regulations and procedures governing the DTC and DTC Participants.

*Method of Payment.* State Street will direct payments on the DTC Certificates to DTC in immediately available funds. In turn, DTC will credit the payments to the accounts of the appropriate DTC Participants, in accordance with the DTC’s procedures. These procedures currently provide for payments made in same-day funds to be settled through the New York Clearing House. DTC Participants and financial intermediaries will direct the payments to the investors in DTC Certificates that they represent.

## Distributions of Interest

### *Categories of Classes*

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

<u>Interest Type*</u>	<u>Classes</u>
Fixed Rate	A
Weighted Average Coupon	B, C and Z
Excess	IO
Accrual Class	Z
Interest Only	IO
No Payment Residual	R and RL

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

*General.* We will pay interest on the interest-bearing Certificates at the applicable annual interest rates shown on the cover or described in this prospectus supplement. We calculate interest based on a 360-day year consisting of twelve 30-day months. We pay interest monthly (except in the case of the Accrual Class) on each Distribution Date, beginning in the month after the Settlement Date specified in the Reference Sheet.

Interest to be paid (or added to principal, in the case of the Accrual Class) on each Certificate on a Distribution Date will consist of one month’s interest on the outstanding balance of that Certificate immediately prior to such Distribution Date. For a description of the Accrual Class, see “—Accrual Class” below.

In addition, we will pay any prepayment fees that we have collected and passed through to the Trust during the related Interest Accrual Period as follows:

- 25% of such prepayment fees to the Class currently receiving distributions of principal from the Cash Flow Distribution Amount on such Distribution Date (or, if more than one of the A, B, C and Z Classes are receiving principal distributions from the Cash Flow Distribution Amount on such Distribution Date, we will allocate 25% of such prepayment fees among such Classes, *pro rata*, based on the principal from the Cash Flow Distribution Amount distributable to them), and
- 75% of such prepayment fees to the IO Class.

*Interest Accrual Period.* Interest to be paid (or added to principal, in the case of the Accrual Class) on each Distribution Date will accrue on the interest-bearing Certificates during the one-month period set forth below (the “Interest Accrual Period”).

<u>Classes</u>	<u>Interest Accrual Period</u>
All Classes of interest-bearing Certificates (collectively, the “Delay Classes”)	Calendar month preceding the month in which the Distribution Date occurs

See “Additional Risk Factors” in this prospectus supplement.

*Accrual Class.* The Z Class is an Accrual Class. Interest will accrue on the Accrual Class at the applicable annual rate described below. However, we will not pay any interest on the Accrual Class until the Distribution Date following the Distribution Date on which the principal balance of the C Class is reduced to zero. Interest accrued on the Accrual Class on any Distribution Date will be added as principal to its principal balance or paid, as applicable, on each Distribution Date. We will pay principal on the Accrual Class as described under “—*Distributions of Principal*” below.

*Weighted Average Coupon Classes.* During the initial Interest Accrual Period, the B, C and Z Classes will bear interest at the annual rates specified on the cover of this prospectus supplement. The B Class will bear interest during each subsequent Interest Accrual Period at an annual rate equal to the weighted average of the interest rates of the Ginnie Mae Certificates *minus* 0.071%. The C and Z Classes will bear interest during each subsequent Interest Accrual Period at an annual rate equal to the weighted average of the interest rates of the Ginnie Mae Certificates.

Our determination of the rates of interest for these Classes for each Interest Accrual Period shall (in the absence of manifest error) be final and binding. You may obtain each such rate of interest by telephoning us at 1-800-237-8627 or 202-752-6547.

*Excess Class.* During the initial Interest Accrual Period, the IO Class will bear interest at the annual rate specified on the cover of this prospectus supplement. During each subsequent Interest Accrual Period, the IO Class will bear interest in an amount equal to the *excess* of the amount of interest on the Ginnie Mae Certificates with respect to that period *over* the aggregate amount of interest that accrues on the A, B, C and Z Classes for that period. **However, once the principal balances of the A and B Classes have been reduced to zero, the amount of such excess will be zero on all subsequent Distribution Dates.** Our determination of the rate of interest for the IO Class for each Interest Accrual Period shall (in the absence of manifest error) be final and binding. You may obtain this rate of interest by telephoning us at 1-800-237-8627 or 202-752-6547.

*Notional Class.* The IO Class will not have a principal balance. On each distribution date, the IO Class will be entitled to receive interest calculated as specified under “—*Excess Class*” above. The notional principal balance of the IO Class will be calculated as specified under “Reference Sheet—Notional Class” in this prospectus supplement.

Although the IO Class will not have a principal balance and will not be entitled to any principal payments, we will publish a class factor for that Class. References in this prospectus supplement to the principal balances of the Certificates generally shall also refer to the notional principal balance of the IO Class.

## Distributions of Principal

### *Categories of Classes*

For the purpose of principal payments, the Classes fall into the following categories:

<u>Principal Type*</u>	<u>Classes</u>
Sequential Pay	A, B, C and Z
Accretion Directed	A, B and C
Notional	IO
No Payment Residual	R and RL

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

### *Principal Distribution Amount*

On the Distribution Date in each month, we will pay principal on the Certificates in an aggregate amount equal to the principal that Ginnie Mae reports as receivable on the Ginnie Mae Certificates during the month of that Distribution Date (as described below) and any principal that was received on the Ginnie Mae Certificates during the previous month that we did not pay to Certificateholders in that month (the “Cash Flow Distribution Amount”), plus any interest then accrued and added to the principal balance of the Z Class (the “Z Accrual Amount,” and, together with the Cash Flow Distribution Amount, the “Principal Distribution Amount”).

### *Certain Calculations Relating to the Ginnie Mae Certificates*

We will calculate the amount that Ginnie Mae reports as receivable on the Ginnie Mae Certificates for each Distribution Date based in part on preliminary Ginnie Mae Certificate factors reported on or about the seventh business day of the month of that Distribution Date.

In some months, the principal actually received on the Ginnie Mae Certificates may exceed the amount reported in the Ginnie Mae Certificate factors. If that happens, we may include that excess amount in the principal that we pay on the Certificates on the applicable Distribution Date.

In addition, the factors for some Ginnie Mae Certificates may not be reported in certain months. In that case, we will use assumed amortization schedules to calculate the principal balance to which any such Ginnie Mae Certificate would be reduced. We will create those schedules by using the remaining terms to maturity and interest rates of the applicable Ginnie Mae Certificates, and adjusting the remaining term to maturity to the current month. Our calculations will reflect payment factors previously reported to us and calculated after scheduled amortization (but not prepayments) on the related Mortgage Loans. Our determination of the principal payments will be final.

### *Z Accrual Amount*

On each Distribution Date, we will pay the Z Accrual Amount, sequentially, as principal of the A, B and C Classes, in that order, until their principal balances are reduced to zero, and then to the Z Class.

} Accretion  
Directed  
Classes  
and  
Accrual  
Class

### *Cash Flow Distribution Amount*

On each Distribution Date, we will pay the Cash Flow Distribution Amount as principal of the Certificates, sequentially, to the A, B, C and Z Classes, in that order, until their principal balances are reduced to zero.

} Sequential  
Pay Classes

## Structuring Assumptions

*Pricing Assumptions.* Except where otherwise noted, the information in the tables in this prospectus supplement has been prepared based on the actual characteristics of the Ginnie Mae Certificates (as described in Exhibit A) and the following assumptions (the “Pricing Assumptions”):

- we calculate scheduled interest and principal payments on the Mortgage Loans using the Issue Date Balance, the mortgage interest rate and the remaining term to maturity;
- we pay all payments (including prepayments) on the Mortgage Loans underlying the Ginnie Mae Certificates in the month we receive them;
- the Mortgage Loans underlying the Ginnie Mae Certificates prepay at the percentages of CPR specified in the related tables and 100% PLD (as defined under “— Prepayment Assumptions”), provided that no voluntary prepayments occur through the assumed lockout end dates;
- we make payments on the Certificates on the 17th day of the month, whether or not the 17th day is a business day;
- no prepayment fees are received on the Ginnie Mae Certificates; and
- the settlement date for the sale of the Certificates is October 30, 2000.

*Prepayment Assumptions.* Prepayments of mortgage loans commonly are measured relative to a prepayment standard or model known as the “Constant Prepayment Rate” or “CPR” model. For purposes hereof, the CPR model represents an assumed constant rate of voluntary prepayment each month, expressed as an annual percentage of the then outstanding principal balance of the pool of mortgage loans. In addition, we simulate involuntary prepayments on the Mortgage Loans by using the “Project Loan Default” (“PLD”) model developed by the Dealer. The PLD model represents an assumed rate of involuntary prepayment each month as specified in the table below, in each case expressed as a per annum percentage of the then outstanding principal balance of each of the Mortgage Loans in relation to its age. As used herein, 0% PLD represents 0% of such assumed rate of involuntary prepayments; 50% PLD represents 50% of such assumed rate of involuntary prepayments; 100% PLD represents 100% of such assumed rate of involuntary prepayments; and so forth.

Project Loan Default	
Mortgage Loan Age (in months)	Involuntary Prepayment Default Rate (1)
1-12	1.30%
13-24	2.47
25-36	2.51
37-48	2.20
49-60	2.13
61-72	1.46
73-84	1.26
85-96	0.80
97-108	0.57
109-168	0.50
169-240	0.25
241-maturity	0.00

(1) We assume that involuntary prepayments start immediately.

CPR/PLD does not purport to be either an historical description of the prepayment and default experience of any pool of mortgage loans or a prediction of the anticipated rate of

prepayment and default of any pool of mortgage loans, including the Mortgage Loans underlying the Ginnie Mae Certificates. See “—Yield Table” and “—Decrement Tables” below and “Yield Considerations” and “Maturity and Prepayment Considerations and Risks” in the Multifamily REMIC Prospectus.

We prepared the tables in this prospectus supplement on the basis of the indicated percentages of CPR and 100% PLD. It is highly unlikely that prepayments will occur at any particular level of CPR or PLD, or at any other *constant* rate.

## Yield Table

*General.* The table below illustrates the sensitivity of the pre-tax corporate bond equivalent yield to maturity of the IO Class to various constant percentages of CPR. We calculated the yields set forth in the table by:

- determining the monthly discount rates that, when applied to the assumed streams of cash flows to be paid on the IO Class, would cause the discounted present values of such assumed streams of cash flows to equal the assumed aggregate purchase price of that Class, and
- converting such monthly rates to corporate bond equivalent rates.

These calculations do not take into account variations in the interest rates at which you could reinvest distributions on the Certificates. Accordingly, these calculations do not illustrate the return on any investment in the Certificates when such reinvestment rates are taken into account.

We cannot assure you that:

- the pre-tax yields on the IO Class will correspond to any of the pre-tax yields shown here, or
- the aggregate purchase price of the IO Class will be as assumed.

Moreover, it is unlikely that:

- the Mortgage Loans will prepay at a constant percentage of CPR until maturity or at any other constant rate, or
- all of the Mortgage Loans will prepay at the same rate.

***The IO Class.* The yield to investors in the IO Class will be very sensitive to the rate of principal payments (including prepayments) of the related Mortgage Loans. Subject to certain restrictions, the Mortgage Loans may be prepaid prior to their stated maturities. See “Description of the Ginnie Mae Certificates and the Mortgage Loans—Certain Expected Characteristics of the Mortgage Loans—Mortgage Prepayment Restrictions” in this prospectus supplement.**

**On the basis of the assumptions described below and the assumptions that no prepayments occur before the applicable lockout period end dates and no prepayment fees are received, the yield to maturity on the IO Class would be 0% if prepayments of the related Mortgage Loans were to occur at a constant rate of 6% CPR. If the actual prepayment rate of the related Mortgage Loans were to exceed the level specified with respect to the IO Class for as little as one month while equaling such level for the remaining months, the investors in the IO Class would lose money on their initial investments.**

The information shown in the yield table has been prepared on the basis of the Pricing Assumptions and the assumption that the aggregate purchase price of the IO Class (expressed as a percentage of its original notional principal balance) is as follows:

<u>Class</u>	<u>Price*</u>
IO .....	1.5%

\* The price does not include accrued interest. Accrued interest has been added to the price in calculating the yields shown in the table below.

### Sensitivity of the IO Class to Prepayments

	<u>CPR Prepayment Assumption*</u>					
	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>25%</u>	<u>50%</u>	<u>75%</u>
Pre-Tax Yields to Maturity . . .	1.0%	(4.3%)	(8.3%)	(14.3%)	(23.7%)	(30.0%)

\* See “—Structuring Assumptions—Pricing Assumptions” above.

Since 75% of any prepayment fees that we collect and pass through to the Trust will be paid to the IO Class, its yield will increase accordingly. However, such payment may not be sufficient to offset fully the adverse effects on the anticipated yield of the IO Class due to the corresponding prepayment.

### 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 “Description of the Certificates—Weighted Average Lives and Final Distribution Dates” in the Multifamily REMIC Prospectus.

In general, the weighted average lives of the Certificates will be shortened if the level of prepayments of principal of the Mortgage Loans increases. However, the weighted average lives will depend upon a variety of other factors, including

- the timing of changes in such rate of principal payments, and
- the priority sequence of distributions of principal of the Certificates.

See “—Distributions of Principal” above.

The effect of these factors may differ as to various Classes and the effects on any Class may vary at different times during the life of that Class. Accordingly, we can give no assurance as to the weighted average life of any Class. Further, to the extent the prices of the Certificates represent discounts or premiums to their original principal balances, variability in the weighted average lives of such Classes of Certificates could result in variability in the related yields to maturity. For an example of how the weighted average lives of the Classes 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 of the specified Classes that would be outstanding after the Distribution Date in each of the months shown at the indicated constant percentages of CPR and 100% PLD and the corresponding weighted average lives of such Classes. We prepared the tables on the basis of the Pricing Assumptions. It is unlikely, however, that prepayments of the Mortgage Loans will conform to any *constant* level of CPR or PLD, and we do not represent that the Mortgage Loans will prepay at the CPR/PLD levels described herein or in accordance with any other scenario.

### Percent of Original Principal Balance Outstanding for the A Class

Date	CPR Prepayment Assumption						
	0%	5%	10%	15%	25%	50%	75%
Initial Percent . . . . .	100	100	100	100	100	100	100
October 2001 . . . . .	92	91	91	91	90	88	86
October 2002 . . . . .	82	81	81	80	79	76	75
October 2003 . . . . .	73	71	69	67	64	56	47
October 2004 . . . . .	64	57	51	45	34	9	0
October 2005 . . . . .	55	42	30	18	0	0	0
October 2006 . . . . .	47	27	9	0	0	0	0
October 2007 . . . . .	39	13	0	0	0	0	0
October 2008 . . . . .	32	0	0	0	0	0	0
October 2009 . . . . .	24	0	0	0	0	0	0
October 2010 . . . . .	16	0	0	0	0	0	0
October 2011 . . . . .	7	0	0	0	0	0	0
October 2012 . . . . .	0	0	0	0	0	0	0
October 2013 . . . . .	0	0	0	0	0	0	0
October 2014 . . . . .	0	0	0	0	0	0	0
October 2015 . . . . .	0	0	0	0	0	0	0
October 2016 . . . . .	0	0	0	0	0	0	0
October 2017 . . . . .	0	0	0	0	0	0	0
October 2018 . . . . .	0	0	0	0	0	0	0
October 2019 . . . . .	0	0	0	0	0	0	0
October 2020 . . . . .	0	0	0	0	0	0	0
October 2021 . . . . .	0	0	0	0	0	0	0
October 2022 . . . . .	0	0	0	0	0	0	0
October 2023 . . . . .	0	0	0	0	0	0	0
October 2024 . . . . .	0	0	0	0	0	0	0
October 2025 . . . . .	0	0	0	0	0	0	0
October 2026 . . . . .	0	0	0	0	0	0	0
October 2027 . . . . .	0	0	0	0	0	0	0
October 2028 . . . . .	0	0	0	0	0	0	0
October 2029 . . . . .	0	0	0	0	0	0	0
October 2030 . . . . .	0	0	0	0	0	0	0
October 2031 . . . . .	0	0	0	0	0	0	0
October 2032 . . . . .	0	0	0	0	0	0	0
October 2033 . . . . .	0	0	0	0	0	0	0
October 2034 . . . . .	0	0	0	0	0	0	0
October 2035 . . . . .	0	0	0	0	0	0	0
October 2036 . . . . .	0	0	0	0	0	0	0
October 2037 . . . . .	0	0	0	0	0	0	0
October 2038 . . . . .	0	0	0	0	0	0	0
October 2039 . . . . .	0	0	0	0	0	0	0
October 2040 . . . . .	0	0	0	0	0	0	0
Weighted Average Life (years)** . . . . .	5.8	4.3	3.8	3.5	3.2	2.8	2.6

\*\* Determined as specified under “—Weighted Average Lives of the Certificates” above.

**Percent of Original Principal Balance Outstanding for the B Class**

<u>Date</u>	<u>CPR Prepayment Assumption</u>						
	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>25%</u>	<u>50%</u>	<u>75%</u>
Initial Percent .....	100	100	100	100	100	100	100
October 2001 .....	100	100	100	100	100	100	100
October 2002 .....	100	100	100	100	100	100	100
October 2003 .....	100	100	100	100	100	100	100
October 2004 .....	100	100	100	100	100	100	82
October 2005 .....	100	100	100	100	97	43	4
October 2006 .....	100	100	100	90	54	0	0
October 2007 .....	100	100	87	62	22	0	0
October 2008 .....	100	99	64	36	0	0	0
October 2009 .....	100	81	42	12	0	0	0
October 2010 .....	100	63	19	0	0	0	0
October 2011 .....	100	44	0	0	0	0	0
October 2012 .....	97	25	0	0	0	0	0
October 2013 .....	85	6	0	0	0	0	0
October 2014 .....	71	0	0	0	0	0	0
October 2015 .....	57	0	0	0	0	0	0
October 2016 .....	42	0	0	0	0	0	0
October 2017 .....	26	0	0	0	0	0	0
October 2018 .....	9	0	0	0	0	0	0
October 2019 .....	0	0	0	0	0	0	0
October 2020 .....	0	0	0	0	0	0	0
October 2021 .....	0	0	0	0	0	0	0
October 2022 .....	0	0	0	0	0	0	0
October 2023 .....	0	0	0	0	0	0	0
October 2024 .....	0	0	0	0	0	0	0
October 2025 .....	0	0	0	0	0	0	0
October 2026 .....	0	0	0	0	0	0	0
October 2027 .....	0	0	0	0	0	0	0
October 2028 .....	0	0	0	0	0	0	0
October 2029 .....	0	0	0	0	0	0	0
October 2030 .....	0	0	0	0	0	0	0
October 2031 .....	0	0	0	0	0	0	0
October 2032 .....	0	0	0	0	0	0	0
October 2033 .....	0	0	0	0	0	0	0
October 2034 .....	0	0	0	0	0	0	0
October 2035 .....	0	0	0	0	0	0	0
October 2036 .....	0	0	0	0	0	0	0
October 2037 .....	0	0	0	0	0	0	0
October 2038 .....	0	0	0	0	0	0	0
October 2039 .....	0	0	0	0	0	0	0
October 2040 .....	0	0	0	0	0	0	0
Weighted Average Life (years)** .....	15.4	10.7	8.6	7.5	6.2	4.9	4.4

\*\* Determined as specified under “—Weighted Average Lives of the Certificates” above.

**Percent of Original Principal Balance Outstanding for the C Class**

<u>Date</u>	<u>CPR Prepayment Assumption</u>						
	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>25%</u>	<u>50%</u>	<u>75%</u>
Initial Percent .....	100	100	100	100	100	100	100
October 2001 .....	100	100	100	100	100	100	100
October 2002 .....	100	100	100	100	100	100	100
October 2003 .....	100	100	100	100	100	100	100
October 2004 .....	100	100	100	100	100	100	100
October 2005 .....	100	100	100	100	100	100	100
October 2006 .....	100	100	100	100	100	83	0
October 2007 .....	100	100	100	100	100	1	0
October 2008 .....	100	100	100	100	85	0	0
October 2009 .....	100	100	100	100	10	0	0
October 2010 .....	100	100	100	61	0	0	0
October 2011 .....	100	100	89	0	0	0	0
October 2012 .....	100	100	22	0	0	0	0
October 2013 .....	100	100	0	0	0	0	0
October 2014 .....	100	60	0	0	0	0	0
October 2015 .....	100	2	0	0	0	0	0
October 2016 .....	100	0	0	0	0	0	0
October 2017 .....	100	0	0	0	0	0	0
October 2018 .....	100	0	0	0	0	0	0
October 2019 .....	71	0	0	0	0	0	0
October 2020 .....	10	0	0	0	0	0	0
October 2021 .....	0	0	0	0	0	0	0
October 2022 .....	0	0	0	0	0	0	0
October 2023 .....	0	0	0	0	0	0	0
October 2024 .....	0	0	0	0	0	0	0
October 2025 .....	0	0	0	0	0	0	0
October 2026 .....	0	0	0	0	0	0	0
October 2027 .....	0	0	0	0	0	0	0
October 2028 .....	0	0	0	0	0	0	0
October 2029 .....	0	0	0	0	0	0	0
October 2030 .....	0	0	0	0	0	0	0
October 2031 .....	0	0	0	0	0	0	0
October 2032 .....	0	0	0	0	0	0	0
October 2033 .....	0	0	0	0	0	0	0
October 2034 .....	0	0	0	0	0	0	0
October 2035 .....	0	0	0	0	0	0	0
October 2036 .....	0	0	0	0	0	0	0
October 2037 .....	0	0	0	0	0	0	0
October 2038 .....	0	0	0	0	0	0	0
October 2039 .....	0	0	0	0	0	0	0
October 2040 .....	0	0	0	0	0	0	0
Weighted Average Life (years)** .....	19.3	14.2	11.6	10.1	8.5	6.4	5.4

\*\* Determined as specified under “—Weighted Average Lives of the Certificates” above.

**Percent of Original Principal Balance Outstanding for the Z Class**

<u>Date</u>	<u>CPR Prepayment Assumption</u>						
	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>25%</u>	<u>50%</u>	<u>75%</u>
Initial Percent .....	100	100	100	100	100	100	100
October 2001 .....	108	108	108	108	108	108	108
October 2002 .....	116	116	116	116	116	116	116
October 2003 .....	124	124	124	124	124	124	124
October 2004 .....	134	134	134	134	134	134	133
October 2005 .....	144	144	144	144	144	143	143
October 2006 .....	155	155	155	154	154	154	147
October 2007 .....	166	166	166	166	166	166	126
October 2008 .....	179	179	179	178	178	136	111
October 2009 .....	192	192	192	192	191	106	85
October 2010 .....	207	207	206	206	157	72	49
October 2011 .....	222	222	222	211	116	36	12
October 2012 .....	239	239	238	175	85	17	3
October 2013 .....	257	257	225	146	62	9	1
October 2014 .....	277	276	198	121	46	4	*
October 2015 .....	298	297	174	101	34	2	*
October 2016 .....	320	276	153	84	25	1	*
October 2017 .....	344	255	134	69	18	*	*
October 2018 .....	370	235	117	57	13	*	*
October 2019 .....	398	216	102	47	9	*	*
October 2020 .....	428	198	88	39	7	*	*
October 2021 .....	419	181	77	32	5	*	*
October 2022 .....	402	165	66	26	4	*	0
October 2023 .....	383	150	57	21	3	*	0
October 2024 .....	363	135	48	17	2	*	0
October 2025 .....	344	122	41	14	1	*	0
October 2026 .....	324	109	35	11	1	*	0
October 2027 .....	301	96	29	9	1	*	0
October 2028 .....	278	84	25	7	*	*	0
October 2029 .....	252	73	20	5	*	*	0
October 2030 .....	224	62	16	4	*	*	0
October 2031 .....	195	51	13	3	*	*	0
October 2032 .....	164	41	10	2	*	0	0
October 2033 .....	131	31	7	2	*	0	0
October 2034 .....	100	23	5	1	*	0	0
October 2035 .....	73	16	3	1	*	0	0
October 2036 .....	54	11	2	*	*	0	0
October 2037 .....	36	7	1	*	*	0	0
October 2038 .....	19	4	1	*	*	0	0
October 2039 .....	4	1	*	*	*	0	0
October 2040 .....	0	0	0	0	0	0	0
Weighted Average Life (years)** .....	29.9	24.1	19.2	16.0	12.6	9.8	9.0

\* Indicates an outstanding balance greater than 0% and less than 0.5% of the original principal balance.

\*\* Determined as specified under “—Weighted Average Lives of the Certificates” above.

**Percent of Original Notional Principal Balance Outstanding for the IO Class†**

<u>Date</u>	<u>CPR Prepayment Assumption</u>						
	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>25%</u>	<u>50%</u>	<u>75%</u>
Initial Percent.....	100	100	100	100	100	100	100
October 2001.....	98	97	97	97	97	96	95
October 2002.....	95	94	94	94	93	92	91
October 2003.....	92	91	90	89	88	84	81
October 2004.....	89	86	84	81	77	66	56
October 2005.....	87	81	76	71	62	45	32
October 2006.....	85	76	69	62	50	30	21
October 2007.....	83	72	62	54	41	23	18
October 2008.....	82	68	57	47	34	19	16
October 2009.....	80	64	51	41	28	15	12
October 2010.....	79	60	46	35	22	10	7
October 2011.....	77	56	40	29	16	5	2
October 2012.....	76	52	36	25	12	2	*
October 2013.....	74	48	31	20	9	1	*
October 2014.....	73	45	28	17	6	1	*
October 2015.....	71	42	24	14	5	*	*
October 2016.....	69	39	21	12	3	*	*
October 2017.....	67	36	19	10	3	*	*
October 2018.....	65	33	16	8	2	*	*
October 2019.....	63	30	14	7	1	*	*
October 2020.....	61	28	12	5	1	*	*
October 2021.....	59	25	11	4	1	*	0
October 2022.....	56	23	9	4	1	*	0
October 2023.....	54	21	8	3	*	*	0
October 2024.....	51	19	7	2	*	*	0
October 2025.....	48	17	6	2	*	*	0
October 2026.....	45	15	5	2	*	*	0
October 2027.....	42	13	4	1	*	*	0
October 2028.....	39	12	3	1	*	*	0
October 2029.....	35	10	3	1	*	*	0
October 2030.....	31	9	2	1	*	*	0
October 2031.....	27	7	2	*	*	*	0
October 2032.....	23	6	1	*	*	0	0
October 2033.....	18	4	1	*	*	0	0
October 2034.....	14	3	1	*	*	0	0
October 2035.....	10	2	*	*	*	0	0
October 2036.....	8	2	*	*	*	0	0
October 2037.....	5	1	*	*	*	0	0
October 2038.....	3	1	*	*	*	0	0
October 2039.....	1	*	*	*	*	0	0
October 2040.....	0	0	0	0	0	0	0
Weighted Average Life (years)**.....	21.9	14.4	10.8	8.9	7.0	5.4	4.8

† Once the principal balances of the A and B Classes have been reduced to zero, the IO Class will continue to receive 75% of any prepayment fees on the Mortgage Loans that Fannie Mae has collected and passed through to the Trust but will no longer receive any interest payments on its notional principal balance.

\* Indicates an outstanding balance greater than 0% and less than 0.5% of the original notional principal balance.

\*\* Determined as specified under “—Weighted Average Lives of the Certificates” above.

## **Characteristics of the R and RL Classes**

The R and RL Classes will not have principal balances and will not bear interest. If any assets of the Trust remain after the principal balances of all Classes are reduced to zero, we will pay the Holder of the R Class the proceeds from those assets. If any assets of the Lower Tier REMIC remain after the principal balances of the Lower Tier Regular Interests are reduced to zero, we will pay the proceeds of those assets to the Holder of the RL Class. Fannie Mae does not expect that any material assets will remain in either case.

The R and RL Classes will be subject to certain transfer restrictions. We will not permit transfer of record or beneficial ownership of an R or RL Certificate to a “disqualified organization.” In addition, we will not permit transfer of record or beneficial ownership of an R or RL Certificate to any person that is not a “U.S. Person” without our written consent. 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—Special 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.

Treasury Department regulations (the “Regulations”) provide that 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. Having a significant purpose to impede the assessment or collection of tax means that the transferor of a Residual Certificate knew or should have known that the transferee would be unwilling or unable to pay taxes due on its share of the taxable income of the REMIC trust (that is, the transferor had “improper knowledge”). As discussed under the caption “Special Characteristics of Residual Certificates” in the Multifamily REMIC Prospectus, the Regulations presume that a transferor does not have improper knowledge if two conditions are met. The Treasury Department has proposed an amendment to the Regulations that would add a third condition, effective February 4, 2000. According to the proposed amendment, a transferor of a Residual Certificate would be presumed not to have improper knowledge only if the present value of the anticipated tax liabilities associated with holding the Residual Certificate is less than or equal to the present value of the sum of (i) any consideration given to the transferee to acquire the Residual Certificate, (ii) expected future distributions on the Residual Certificate, and (iii) anticipated tax savings associated with holding the Residual Certificate as the related REMIC trust generates losses. The application of the proposed amendment to an actual transfer is uncertain, and you should consult your own tax advisor regarding its effect on the transfer of a Residual Certificate.

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, we will be obligated to provide to these Holders (i) information necessary to enable them to prepare their federal income tax returns and (ii) any reports regarding the R or RL Class that may be required under the Code.

## **DESCRIPTION OF THE GINNIE MAE CERTIFICATES AND THE MORTGAGE LOANS**

### **General**

The Government National Mortgage Association is a wholly-owned corporate instrumentality of the United States within the Department of Housing and Urban Development (“HUD”).

Section 306(g) of Title III of the National Housing Act of 1934, as amended (the “Housing Act”), authorizes Ginnie Mae to guarantee the timely payment of principal and interest on certificates that are backed by a pool of mortgage loans insured by the Federal Housing Administration (“FHA”) under the Housing Act or Title V of the Housing Act of 1949, or partially guaranteed by the Department of Veterans Affairs under the Servicemen’s Readjustment Act of 1944, as amended, or Chapter 37 of Title 38, United States Code.

Section 306(g) of the Housing Act provides that “the full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection.” To meet these guaranty obligations, Ginnie Mae is authorized, under Section 306(d) of the Housing Act, to borrow from the United States Treasury without limitation.

Each Ginnie Mae Certificate will be a “fully modified pass-through” mortgage-backed security issued and serviced by a mortgage banking company or other financial concern approved by Ginnie Mae as a seller-servicer of FHA-insured loans.

The specific Ginnie Mae Certificates to be included in the assets of the REMIC will be identified prior to the Settlement Date. We expect that approximately 38 Mortgage Loans will underlie the Ginnie Mae Certificates. These Mortgage Loans are expected to have an aggregate balance of approximately \$217,718,242 (subject to a permitted variance of plus or minus 5%) as of the Issue Date, after giving effect to all payments of principal due on or before that date. The Mortgage Loans will be fixed-rate and generally will be level-pay and fully amortizing. Each Mortgage Loan underlying the Ginnie Mae Certificates will be secured by a mortgage, deed of trust or deed to secure debt that creates a first or second lien on the applicable borrower’s estate in a multifamily property consisting of five or more dwelling units or a nursing home or other care facility. In general, the Mortgages Loans do not contain “due-on-sale” clauses restricting sale or other transfer of the related mortgaged property. Any transfer of the mortgaged property is subject to HUD review and approval under the terms of HUD’s Regulatory Agreement with the owner, which is incorporated by reference into the mortgage.

### **FHA Insurance Programs**

FHA multifamily insurance programs generally are designed to assist private and public mortgagors in obtaining insured financing for the construction, purchase or rehabilitation of rental housing pursuant to the Housing Act. Mortgages are provided by FHA-approved institutions, including:

- mortgage bankers,
- commercial banks,
- savings and loan associations,
- trust companies,
- insurance companies,
- pension funds, and
- state and local housing finance agencies.

The Housing Act provides that mortgages for multifamily projects must not exceed certain dollar amounts or loan ratio limitations. However, the FHA may increase the dollar amount limitations by up to 110% in certain high cost areas and by up to 140% on a project-by-project basis. When we refer to estimated values and costs associated with maximum mortgage amounts we mean estimates made by the FHA.

In general, to qualify under the related FHA multifamily insurance programs, particular Housing Act sections provide that mortgage loans must not exceed 90% of the estimated value or replacement cost of the mortgaged property. In some cases, however, the applicable limit may be as low as 70% or as high as 100%. In addition, in some cases, the insurable loan limit is equal to the cost of refinancing or aggregate operating losses. Further, certain sections provide that insurable

loan limits may be based on statutory dollar amounts calculated on a per unit basis (which may vary depending on the number of bedrooms in each unit).

Mortgages insured under the programs described below will have the maturities and amortization features that the FHA approves. In general, the minimum mortgage term will be at least ten years and the maximum mortgage term will not exceed the lesser of (a) 40 years or (b) 75% of the estimated remaining economic life of the improvements on the mortgaged property.

Tenant eligibility for federally-insured projects generally is not restricted by income, except for projects as to which rental subsidies are made available for some or all of the units or to specified tenants.

In the next section, we summarize the federal insurance programs under which we expect the Mortgage Loans are insured.

*Section 221(d)(4) (Low and Moderate Income Multifamily Housing Mortgage Insurance)*

Sections 221(d)(4) provides for federal insurance to assist for-profit owners in the construction or substantial rehabilitation of rental and cooperative housing for low- and moderate-income families, as well as families that have been displaced as a result of urban renewal, governmental actions or disaster.

*Section 223(a)(7) (Refinancing of FHA-Insured Mortgages)*

Section 223(a)(7) permits the FHA to refinance existing mortgage loans under any section or title of the Housing Act. Such refinancing results in prepayment of the existing insured mortgage. The principal amount of the new, refinanced mortgage loan generally is limited to the lesser of the original principal amount of the existing mortgage loan and the unpaid balance of the existing mortgage loan.

*Section 223(f) (Purchase or Refinancing of Existing Projects)*

Section 223(f) provides for federal insurance of mortgage loans originated by FHA-approved lenders in connection with the purchase or refinancing of existing multifamily housing complexes that do not require substantial rehabilitation. The principal objective of the Section 223(f) program is to provide for lower debt service on the related projects in order to preserve an adequate supply of affordable rental housing. Such projects may have been financed originally with conventional or FHA-insured mortgages.

*Section 232 (Mortgage Insurance for Nursing Homes and Other Care Facilities)*

Section 232 provides for federal insurance of private construction mortgage loans to finance new or rehabilitated nursing homes, intermediate care facilities, board and care homes and assisted living for the elderly, including equipment to be used in their operation. Section 232 also provides for supplemental loans to finance the purchase and installation of fire safety equipment in these facilities.

*Section 232/223(f) (Purchase or Refinancing of Federally-Insured Nursing Homes and Other Care Facilities)*

Section 232/223(f) provides for federal insurance of mortgage loans originated by FHA-approved lenders in connection with the purchase or refinancing of project loans that are insured under Section 232.

*Section 242 (Mortgage Insurance for Hospitals)*

Section 242 provides for federal insurance of mortgage loans to finance the construction or rehabilitation of both non-profit and profit-motivated hospitals (including the financing of equipment necessary for hospital operation).

## **Certain Expected Characteristics of the Mortgage Loans**

*Mortgage Prepayment Restrictions.* Except as described below, we expect most of the Mortgage Loans underlying the Ginnie Mae Certificates to have provisions that prohibit voluntary prepayment for a number of years following origination (“lockout provisions”). We expect such lockout periods to have remaining lockout terms that range from approximately 0 to 120 months and with a weighted average remaining lockout term of approximately 54 months. For any mortgage loans insured under Section 232, nonprofit mortgagors cannot make full or partial prepayments without prior written consent from the FHA. It is unclear whether these lockout provisions are enforceable under certain state laws.

We expect certain of the Mortgage Loans underlying the Ginnie Mae Certificates to have a period (a “prepayment fee period”) during which voluntary prepayments (except for prepayments resulting from condemnation or casualty losses) must be accompanied by a mortgage prepayment fee equal to a specified percentage of the principal amount of the Mortgage Loan. The prepayment fee period may extend beyond the termination of the lockout provision. Exhibit A to this prospectus supplement sets forth, for each Mortgage Loan, a description of the related mortgage prepayment fee and the period during which the mortgage prepayment fee applies as well as the last month of any applicable lockout provision.

Despite the foregoing, the Mortgage Loans underlying the Ginnie Mae Certificates must include a provision allowing the FHA to override any lockout and/or prepayment fee provisions when the Mortgage Loan is in default, if the FHA determines that it is in the best interest of the federal government to allow the mortgagor to refinance or partially prepay the Mortgage Loan without restrictions or penalties and thereby avoid or mitigate an FHA insurance claim.

In addition, certain of the Mortgage Loans may be prepaid in an amount up to approximately 15% of the principal balance thereof in each year without the payment of any prepayment fee thereon.

*Coinsurance.* We expect that certain of the Mortgage Loans underlying the Ginnie Mae Certificates may be federally insured under FHA coinsurance programs. Under these programs, the mortgage lender retains a portion of the mortgage insurance risk that otherwise would be assumed by FHA. As part of these programs, FHA delegates to FHA-approved mortgage lenders certain underwriting functions generally performed by FHA. Accordingly, we cannot assure you that such Mortgage Loans were underwritten in conformity with FHA underwriting guidelines applicable to mortgage loans that were solely federally insured, or that the default risk with respect to coinsured Mortgage Loans is comparable to that of FHA-insured mortgage loans. As a result, we cannot predict the likelihood of future default or the prepayment rate on the coinsured Mortgage Loans underlying the Ginnie Mae Certificates.

## **CERTAIN ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES**

The Certificates and payments on the Certificates are not generally exempt from taxation. Therefore, you should consider the tax consequences of holding a Certificate before you acquire one. The following tax discussion supplements the discussion under the caption “Certain Federal Income Tax Consequences” in the Multifamily REMIC Prospectus. When read together, the two discussions describe the current federal income tax treatment of beneficial owners of Certificates. These two tax discussions do not purport to deal with all federal tax consequences applicable to all categories of beneficial owners, some of which may be subject to special rules. In addition, these discussions may not apply to your particular circumstances for one of the reasons explained in the Multifamily REMIC Prospectus. You should consult your own tax advisors regarding the federal income tax consequences of holding and disposing of Certificates as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

## **REMIC Elections and Special Tax Attributes**

We will elect 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 “regular interests,” and the RL Class will be designated as the “residual interest,” in the Lower Tier REMIC.

Because the Lower Tier REMIC and the Trust will qualify as REMICs, the Certificates generally will be treated as “regular or residual interests in a REMIC” for domestic building and loan associations, as “real estate assets” for real estate investment trusts, and, except for the R and RL Classes, as “qualified mortgages” for other REMICs. See “Certain Federal Income Tax Consequences—*REMIC Election and Special Tax Attributes*” in the Multifamily REMIC Prospectus.

## **Taxation of Beneficial Owners of Regular Certificates**

The Accrual Class and the Notional Class will be issued with original issue discount (“OID”), and certain other Classes of Certificates may be issued with OID. If a Class is issued with OID, a beneficial owner of a Certificate of that Class generally must recognize some taxable income in advance of the receipt of the cash attributable to that income. See “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Regular Certificates*—Treatment of Original Issue Discount” in the Multifamily REMIC Prospectus. In addition, certain Classes of Certificates may be treated as having been issued at a premium. See “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Regular Certificates*—Regular Certificates Purchased at a Premium” in the Multifamily REMIC Prospectus.

The Prepayment Assumption that we will use in determining the rate of accrual of OID for the Certificates will be applied on a loan-by-loan basis. See “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Regular Certificates*—Treatment of Original Issue Discount—*Daily Portions of Original Issue Discount*” in the Multifamily REMIC Prospectus. The Prepayment Assumption that will be used for the related Mortgage Loans will be 0% CPR and 100% PLD until the prepayment lockout end date for each such Mortgage Loan and 15% CPR and 100% PLD thereafter. The prepayment lockout end dates for the Mortgage Loans are provided on Exhibit A. Because the prepayment lockout end date for each such Mortgage Loan is not the same, during the period beginning on the earliest prepayment lockout end date of the Mortgage Loans and ending on the last prepayment lockout end date of the Mortgage Loans, the effective Prepayment Assumption will increase as each related Mortgage Loan reaches its prepayment lockout end date. No representation is made as to whether the Mortgage Loans underlying the Ginnie Mae Certificates will prepay at the rate reflected in the Prepayment Assumption or any other rate. See “Description of the Certificates—Weighted Average Lives of the Certificates” in this prospectus supplement and “Description of the Certificates—Weighted Average Lives and Final Distribution Dates” in the Multifamily REMIC Prospectus.

## **Taxation of Beneficial Owners of Residual Certificates**

For purposes of determining the portion of the taxable income of the Trust (or the Lower Tier REMIC) that generally will not be treated as excess inclusions, the rate to be used is 6.98% (which is 120% of the “federal long-term rate”). See “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Residual Certificates*—Treatment of Excess Inclusions” and “—*Foreign Investors*—Residual Certificates” in the Multifamily REMIC Prospectus.

## **PLAN OF DISTRIBUTION**

We are obligated to deliver the Certificates to Prudential Securities Incorporated (the “Dealer”) in exchange for the Ginnie Mae Certificates. 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 these transactions to or through other dealers.

## **LEGAL MATTERS**

Brown & Wood LLP will provide legal representation for Fannie Mae. Cleary, Gottlieb, Steen & Hamilton will provide legal representation for the Dealer.

Ginnie Mae Certificates

Ginnie Pool Number	FHA Program†	City	State	Approximate Principal Balance as of Issue Date	Mortgage Interest Rate	Pass-Through Interest Rate	Maturity Date	Ginnie Mae Original Term to Maturity (mos.)	Ginnie Mae Remaining Term to Maturity (mos.)	Age (mos.)	Ginnie Mae Issue Date (1)	Lockout End Date (2)	Prepayment Restriction End Date (2)	Remaining Lockout Term (mos.)	Remaining Restriction Term (mos.)	Lockout/Prepayment Restriction Code (3)
406123	223 (a)7	Milwaukee	WI	\$ 3,584,768	8.000%	7.750%	September-2023	336	275	61	September-1995	October-2000	October-2005	0	60	1
410751	223 (f)	Henrico Co	VA	992,167	8.000	7.750	October-2030	421	360	61	September-1995	September-2000	September-2005	0	59	1
438358	221 (d)4	Fayetteville	NC	10,804,729	7.050	6.750	April-2040	477	474	3	July-2000	May-2005	May-2010	55	115	1
452879	223 (f)	Greenville	SC	3,261,633	6.875	6.625	March-2034	421	401	20	February-1989	April-2004	April-2009	42	102	1
452902	232	Greenville	MS	2,684,549	7.250	6.900	November-2039	477	469	8	February-2000	December-2004	December-2009	50	110	1
452904	221 (d)4	Fairlawn	OH	8,445,633	8.000	7.750	December-2037	452	446	6	April-2000	April-2009	April-2009	102	102	2
452927	242	DeFuniak Springs	FL	7,526,143	7.670	7.375	August-2024	291	286	5	May-2000	May-2008	May-2008	91	91	2
453051	223 (f)	Greencastle	IN	851,325	7.000	6.500	November-2028	360	337	23	November-1998	November-2003	November-2008	37	97	1
460119	232	Amherst	NY	8,616,453	7.125	6.875	June-2039	471	464	7	March-2000	January-2004	January-2009	39	99	1
461883	223 (f)	Waukegan	IL	5,413,278	6.750	6.500	September-2033	421	395	26	August-1998	October-2003	October-2008	36	96	1
472879	223 (f)	Caledonia	WI	7,075,358	6.700	6.450	November-2033	421	397	24	October-1998	November-2003	November-2008	37	97	1
473245	223 (f)	Portage	IN	2,774,302	6.750	6.500	December-2033	421	398	23	November-1998	December-2003	December-2008	38	98	1
473355	221 (d)4	Herdon	VA	14,343,516	7.000	6.750	June-2040	479	476	3	July-2000	July-2010	July-2010	117	117	2
473891	221 (d)4	Converse	TX	4,647,789	6.950	6.700	November-2039	472	469	3	July-2000	September-2004	September-2009	47	107	1
473903	232	Forest Park	GA	3,243,285	6.950	6.650	December-2039	473	470	3	July-2000	August-2004	August-2009	46	106	1
475318	232/223 (f)	San Diego	CA	2,838,312	6.950	6.700	April-2034	420	402	18	April-1999	April-2004	April-2009	42	102	1
476824	223 (f)	Virginia Beach	VA	2,275,642	6.470	6.090	November-2033	420	397	23	November-1998	December-2008	December-2008	98	98	2
477236	221 (d)4	Waxahachie	TX	5,006,876	7.000	6.750	February-2040	475	472	3	July-2000	March-2005	March-2010	53	113	1
477294	221 (d)4	Blacksburg	VA	6,157,203	6.675	6.360	December-2039	477	470	7	March-2000	November-2004	November-2009	49	109	1
477236	221 (d)4	Franklin	VA	3,089,894	6.875	6.625	December-2039	478	470	8	February-2000	December-2009	December-2009	110	110	2
488196	221 (d)4	London	OH	2,821,973	6.800	6.550	November-2039	479	469	10	December-1989	December-2009	December-2009	110	110	2
489542	232	Pueblo	CO	6,476,368	7.000	6.750	October-2036	437	432	5	May-2000	October-2004	October-2009	48	108	1
501896	223 (a)7	Chicago	IL	6,406,089	7.550	7.300	August-2039	480	466	14	August-1999	September-2004	September-2009	47	107	1
511046	232	Baltimore	MD	8,214,063	8.500	8.250	March-2038	460	449	11	November-1999	November-2002	November-2007	25	85	1
511939	223 (f)	Taos	NM	5,055,295	8.000	7.750	September-2035	421	419	2	August-2000	October-2010	October-2010	120	120	2
514574	223 (f)	Carmichael	CA	3,023,377	8.500	8.150	July-2035	420	417	3	July-2000	July-2000	July-2003	0	33	3
517185	221 (d)4	Avon	NY	724,754	8.000	7.750	May-2039	470	463	7	March-2000	June-2009	June-2009	104	104	2
524220	232	Casa Grande	AZ	7,119,716	7.250	7.000	June-2039	466	464	2	August-2000	December-2003	December-2008	38	98	1
525394	232/223 (f)	Salt Lake City	UT	2,820,681	8.650	8.150	April-2035	420	414	6	April-2000	April-2005	April-2010	54	114	1
525923	232/223 (f)	Tyler	TX	3,690,049	8.375	8.125	May-2035	421	415	6	March-2000	June-2005	June-2010	56	116	1
529698	232/223 (f)	Bloomington	IL	3,931,397	7.450	6.950	April-2034	409	402	7	March-2000	April-2004	April-2009	42	102	1
529703	232/223 (f)	Woodstock	IL	4,510,041	8.200	7.950	August-2035	420	418	2	August-2000	October-2005	October-2010	60	120	1
531942	232/223 (f)	Mt Pleasant	TX	4,092,936	8.375	8.125	May-2035	421	415	6	April-2000	June-2005	June-2010	56	116	1
532598	223 (f)	Jackson	MS	1,503,790	8.400	7.900	September-2033	396	395	1	September-2000	September-2005	September-2010	59	119	1
532839	221 (d)4	San Antonio	TX	10,338,127	7.000	6.750	July-2039	467	465	2	August-2000	September-2004	September-2009	47	107	1
534120	223 (f)	Chicago	IL	28,769,287	8.550	8.300	July-2035	421	417	4	June-2000	July-2003	July-2003	33	33	2

Ginnie Mae Pool Number	FHA Program <sup>†</sup>	City	State	Approximate Principal Balance as of Issue Date	Mortgage Interest Rate	Pass-Through Interest Rate	Maturity Date	Ginnie Mae Original Term to Maturity (mos.)	Ginnie Mae Remaining Term to Maturity (mos.)	Age (mos.)	Ginnie Mae Issue Date (1)	Lockout End Date (2)	Prepayment Restriction End Date (2)	Remaining Lockout Term (mos.)	Remaining Restriction Term (mos.)	Lockout/Prepayment Restriction Code (3)
468796	223(a)7	Akron	OH	\$ 5,056,207	6.875%	6.625%	September-2031	398	371	27	July-1998	August-2003	August-2006	34	70	1
534121	223(f)	Chicago	IL	9,526,235	8.550	8.300	July-2035	421	417	4	June-2000	July-2003	July-2003	33	33	2
Total <sup>‡</sup> /Weighted Average																
\$217,718,242      7.562%      7.291%      438      429      9      54      90																

<sup>†</sup> Certain of the units included in the underlying real properties may receive project-based Section 8 subsidies from HUD.

\* The sum in any column may not equal the total indicated due to rounding.

(1) Based on the issue date of the related Ginnie Mae Certificate.

(2) Calculated based mostly on publicly available information. Lockout End Dates and Prepayment Restriction End Dates may be earlier in certain cases. As described herein, the FHA may override any lockout and/or prepayment restriction provision when the related Mortgage Loan is in Default if the FHA determines that it is in the best interest of the federal government to permit a refinancing or partial prepayment without restrictions or fees.

(3) *Prepayment/Lockout Codes:*

(1) Lockout through the lockout end date; thereafter prepayment fee of 5% of the prepaid amount until the twelfth mortgage loan payment date beyond the lockout end date specified above, declining thereafter by 1% annually.

(2) Lockout through the lockout end date; thereafter no prepayment fee is imposed.

(3) Lockout through the lockout end date; thereafter prepayment fee of 3% of the prepaid amount until the twelfth mortgage loan payment date beyond the lockout end date specified above, declining thereafter by 1% annually.

NOTE: The information with respect to the Mortgage Loans set forth on this Exhibit A has been collected and summarized by Prudential Securities Corporation and provided to Fannie Mae. Fannie Mae has made no independent verification of such information and, therefore, does not warrant its truth or accuracy and shall not be responsible therefor.

No one is authorized to give information or to make representations in connection with the Certificates other than the information and representations contained in this Prospectus Supplement and the additional Disclosure Documents. You must not rely on any unauthorized information or representation. This Prospectus Supplement and the additional Disclosure Documents do not constitute an offer or solicitation with regard to the Certificates if it is illegal to make such an offer or solicitation to you under state law. By delivering this Prospectus Supplement and the additional Disclosure Documents at any time, no one implies that the information contained herein or therein is correct after the date hereof or thereof.

The Securities and Exchange Commission has not approved or disapproved the Certificates or determined if this Prospectus Supplement is truthful and complete. Any representation to the contrary is a criminal offense.

**\$217,718,242  
(Approximate)**



**Guaranteed REMIC  
Pass-Through Certificates  
Fannie Mae Multifamily  
REMIC Trust 2000-M2**

**PROSPECTUS SUPPLEMENT**

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**Prudential Securities**

**September 27, 2000**