

Supplement  
(To Prospectus dated June 22, 2001)

**\$486,038,368**



**Guaranteed REMIC Pass-Through Certificates  
Fannie Mae REMIC Trust 2001-37**

This is a supplement to the prospectus supplement dated June 22, 2001 (the "Prospectus Supplement"). If we use a capitalized term in this supplement without defining it, you will find the definition of that term in the Prospectus Supplement.

Notwithstanding anything set forth in the Prospectus Supplement:

- The actual original class balances of the Classes listed below are set forth opposite their respective class designations:

<u>Class</u>	<u>Original Class Balance</u>
GA .....	\$92,791,882
GB .....	43,246,486

**Consider carefully the risk factors starting on page S-8 of the Prospectus Supplement and on page 10 of the REMIC Prospectus. Unless you understand and are able to tolerate these risks, you should not invest in the certificates.**

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 date of this Supplement is July 27, 2001

**\$486,221,779 (Approximate)**



**Guaranteed REMIC Pass-Through Certificates  
Fannie Mae REMIC Trust 2001-37**

**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 classes), 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.

**The Trust and its Assets**

The trust will own

- Fannie Mae MBS
- a pool of second lien, single-family, fixed-rate, fully amortizing mortgage loans, and
- a pool of second lien, single-family, fixed-rate, balloon payment mortgage loans.

The mortgage loans underlying the Fannie Mae MBS are first lien, single-family, fixed-rate loans.

Class	Group	Original Class Balance	Principal Type	Interest Rate	Interest Type	CUSIP Number	Final Distribution Date
FK(1) ..	1	\$32,913,986	SEQ	(2)	FLT	313920JU5	March 2027
SK(1) ..	1	32,913,986(3)	NTL	(2)	INV/IO	313920JV3	March 2027
AM(1) ..	1	42,852,768	SEQ	6.5%	FIX	313920JW1	July 2016
AN(1) ..	1	88,803,176	SEQ	6.5	FIX	313920JX9	March 2027
AB .....	1	50,000,000	SEQ	7.0	FIX	313920JY7	March 2027
PE .....	1	32,865,605	PAC	6.0	FIX	313920JZ4	February 2023
PI .....	1	4,695,086(3)	NTL	7.0	FIX/IO	313920KA7	February 2023
PB .....	1	5,372,080	PAC	7.0	FIX	313920KB5	August 2024
CA .....	1	17,000,000	SEG(TAC)/TAC	7.0	FIX	313920KC3	May 2026
CZ .....	1	4,279,684	SEG(TAC)/SUP	7.0	FIX/Z	313920KD1	September 2026
CJ .....	1	7,412,701	SUP	7.0	FIX	313920KE9	March 2027
Z .....	1	18,500,000	SEQ	7.0	FIX/Z	313920KF6	August 2031
F .....	2	38,235,294	PT	(2)	FLT	313920KG4	August 2031
S(1) .....	2	38,235,294(3)	NTL	(2)	INV/IO	313920KH2	August 2031
PO(1) ..	2	11,764,706	PT	(4)	PO	313920KJ8	August 2031
GA .....	3	92,868,590(5)	PT	8.0	FIX	313920KK5	July 2016
GB .....	4	43,353,189(5)	PT	8.0	FIX	313920KL3	June 2016
R .....		0	NPR	0	NPR	313920KM1	August 2031
RL .....		0	NPR	0	NPR	313920KN9	August 2031

- (1) Exchangeable classes.
- (2) Based on LIBOR.
- (3) Notional balances. These classes are interest only classes.
- (4) Principal only class.
- (5) Subject to a permitted variance of plus or minus 5%.

If you own certificates of certain classes, you can exchange them for the corresponding RCR certificates to be issued at the time of the exchange. The AE, AD, AT and SJ Classes are the RCR classes, as further described in this prospectus supplement.

The dealer will offer the certificates from time to time in negotiated transactions at varying prices. We expect the settlement date to be July 30, 2001.

**Carefully consider the risk factors starting on page S-8 of this prospectus supplement and on page 10 of the REMIC prospectus. Unless you understand and are able to tolerate these risks, you should not invest in the certificates.**

You should read the 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.

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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 Fannie Mae Guaranteed REMIC Pass-Through Certificates dated September 18, 1998 (the “REMIC Prospectus”);
- if you are purchasing Group 1 or Group 2 Classes or the R or RL Class, the Prospectus for Fannie Mae Guaranteed Mortgage Pass-Through Certificates dated October 1, 1999 (the “MBS Prospectus”); and
- our Information Statement dated March 30, 2001 and its supplements (the “Information Statement”).

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

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

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

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

Credit Suisse First Boston Corporation  
Prospectus Department  
11 Madison Avenue  
New York, New York 10010  
(telephone 212-325-2580).

## 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.

### Assets Underlying Each Group of Classes

<u>Group</u>	<u>Assets</u>
1	Group 1 MBS
2	Group 2 MBS
3	Group 3 Mortgage Loans
4	Group 4 Mortgage Loans

### Assumed Characteristics of the Mortgage Loans Underlying the Group 1 and Group 2 MBS (as of July 1, 2001)

	<u>Approximate Principal Balance</u>	<u>Original Term to Maturity (in months)</u>	<u>Approximate Weighted Average Remaining Term to Maturity (in months)</u>	<u>Approximate Weighted Average Loan Age (in months)</u>	<u>Approximate Weighted Average Coupon</u>
Group 1 MBS	\$300,000,000	360	350	10	7.600%
Group 2 MBS	\$ 50,000,000	360	322	30	7.073%

The actual remaining terms to maturity, weighted average loan ages and interest rates of most of the mortgage loans will differ from the weighted averages shown above, perhaps significantly.

### Assumed Characteristics of the Group 3 Mortgage Loans (as of July 1, 2001)

<u>Principal Balance</u>	<u>Weighted Average Net Mortgage Rate (1)</u>	<u>Weighted Average Mortgage Rate</u>	<u>Weighted Average Remaining Term to Maturity (in months)</u>	<u>Weighted Average Loan Age (in months)</u>
\$ 7,586,655	8.0%	11.0294%	102	8
\$36,173,424	8.0%	11.4747%	174	6
\$49,108,511	8.0%	11.6252%	170	10

(1) The "Net Mortgage Rate" for any Group 3 Mortgage Loan is the mortgage interest rate for that loan less the applicable servicing and guaranty fees.

The actual characteristics of most of the Group 3 Mortgage Loans will differ from the weighted averages shown above, perhaps significantly.

### Assumed Characteristics of the Group 4 Mortgage Loans (as of July 1, 2001)

<u>Principal Balance</u>	<u>Weighted Average Net Mortgage Rate (1)</u>	<u>Weighted Average Mortgage Rate</u>	<u>Weighted Average Remaining Amortization Term (in months)</u>	<u>Weighted Average Loan Age (in months)</u>	<u>Weighted Average Months to Balloon Payment</u>
\$19,364,606	8.0%	11.1183%	236	4	176
\$12,185,354	8.0%	11.2876%	200	5	103
\$11,803,229	8.0%	11.1562%	225	8	117

(1) The "Net Mortgage Rate" for any Group 4 Mortgage Loan is the mortgage interest rate for that loan less the applicable servicing and guaranty fees.

The actual characteristics of most of the Group 4 Mortgage Loans will differ from the weighted averages shown above, perhaps significantly.

## 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 principal payments in the same month). We publish the class factors on or shortly after the 11th day of each month.

## Settlement Date

We expect to issue the certificates on July 30, 2001.

## Distribution Dates

We will make payments on the Group 1, Group 2, Group 3 and Group 4 Classes on the 25th day of each calendar month, or on the next business day if the 25th day is not a business day.

## Book-Entry and Physical Certificates

We will issue the book-entry certificates through the U.S. Federal Reserve Banks, 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:

### Fed Book-Entry

All classes other than the R and RL Classes

### Physical

R and RL Classes

## Exchanging Certificates Through Combination and Recombination

If you own certain certificates, you will be able to exchange them for a proportionate interest in the related RCR certificates as shown on Schedule 1. We will issue the RCR certificates upon such exchange. You can exchange your certificates by notifying us and paying an exchange fee. We use the principal and interest of the certificates exchanged to pay principal and interest on the related RCR certificates. Schedule 1 lists all of the available combinations of the certificates eligible for exchange and the related RCR certificates.

## Interest Rates

During each interest accrual period, the fixed rate classes will bear interest at the applicable annual interest rates listed on the cover of this prospectus supplement or on Schedule 1.

During the initial interest accrual period, the floating rate and inverse floating rate classes will bear interest at the initial interest rates listed below. During subsequent interest accrual periods, the floating rate and inverse floating rate classes will bear interest based on the formulas indicated below, but always subject to the specified maximum and minimum interest rates:

<u>Class</u>	<u>Initial Interest Rate</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate (1)</u>
FK .....	4.33%	9.0%	0.5%	LIBOR + 50 basis points
SK .....	4.67%	8.5%	0.0%	8.5% - LIBOR
F .....	4.38%	8.5%	0.5%	LIBOR + 50 basis points
S .....	4.12%	8.0%	0.0%	8.0% - LIBOR
SJ .....	13.39%	26.0%	0.0%	26% - (3.25 × LIBOR)

(1) We will establish LIBOR on the basis of the "BBA Method."

We will apply interest payments from exchanged REMIC certificates to the corresponding RCR certificates, on a pro rata basis, following any exchange.

**Notional Classes**

A notional class will not receive any principal. Its notional principal balance is the balance used to calculate accrued interest. The notional principal balances will equal the percentages of the outstanding balances specified below immediately before the related distribution date:

<u>Class</u>	
PI .....	14.2857142857% of the PE Class
SK .....	100% of the FK Class
S .....	100% of the F Class

**Distributions of Principal**

*Group 1 Principal Distribution Amount*

*CZ Accrual Amount*

To the CA Class to its Targeted Balance, and thereafter to the CZ Class.

*Group 1 Cash Flow Distribution Amount and Z Accrual Amount*

1. (a) 76.2237761989% of such amount as follows:
  - (x) 38.6419411145% to the FK and AB Classes, pro rata, to zero, and
  - (y) 61.3580588855% to the AM and AN Classes, in that order, to zero, and
- (b) 23.7762238011% of such amount as follows:
  - first*, to the PE and PB Classes, in that order, to their Planned Balances;
  - second*, to the Aggregate Group to its Targeted Balance;
  - third*, to the CJ Class to zero;
  - fourth*, to the Aggregate Group to zero; and
  - fifth*, to the PE and PB Classes, in that order, to zero; and
2. To the Z Class to zero.

For a description of the Aggregate Group, see “Description of the Certificates—Distributions of Principal” in this prospectus supplement.

*Group 2 Principal Distribution Amount*

To the F and PO Classes, pro rata, to zero.

*Group 3 Principal Distribution Amount*

To the GA Class to zero.

*Group 4 Principal Distribution Amount*

To the GB Class to zero.

We will apply principal payments from exchanged REMIC certificates to the corresponding RCR certificates, on a pro rata basis, following any exchange.

**Weighted Average Lives (years) \***

<u>Group 1 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>115%</u>	<u>305%</u>	<u>350%</u>	<u>600%</u>
FK, SK, AB, AE, AD and AT.....	17.1	7.7	3.9	3.5	2.2
AM.....	9.0	2.4	1.2	1.1	0.8
AN.....	21.1	10.3	5.2	4.7	2.9
PE and PI.....	11.9	3.9	3.9	3.9	2.7
PB.....	19.4	8.3	8.3	8.3	5.2
CJ.....	25.0	15.9	3.7	1.4	0.5
Z.....	28.0	22.4	14.2	12.9	8.0

	<u>PSA Prepayment Assumption</u>						
	<u>0%</u>	<u>115%</u>	<u>125%</u>	<u>245%</u>	<u>305%</u>	<u>350%</u>	<u>600%</u>
CA.....	13.7	7.9	7.0	3.4	3.5	2.9	1.4
CZ.....	22.7	13.1	12.6	0.9	0.9	0.9	0.8

<u>Group 2 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>188%</u>	<u>300%</u>	<u>500%</u>
F, S, PO and SJ.....	21.1	10.1	6.8	4.6	2.7

<u>Group 3 Class</u>	<u>CPR Prepayment Assumption</u>				
	<u>0%</u>	<u>10%</u>	<u>20%</u>	<u>30%</u>	<u>50%</u>
GA.....	8.7	5.4	3.5	2.5	1.4

<u>Group 4 Class</u>	<u>CPR Prepayment Assumption</u>				
	<u>0%</u>	<u>10%</u>	<u>20%</u>	<u>30%</u>	<u>50%</u>
GB.....	9.8	5.8	3.8	2.6	1.4

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

## ADDITIONAL RISK FACTORS

*The rate of principal payments on the certificates will be affected by the rate of principal payments on the related underlying mortgage loans.* The rate at which you receive principal payments on the certificates will be sensitive to the rate of principal payments on the related underlying mortgage loans, including scheduled amortization payments, balloon payments or prepayments. In the case of all of the mortgage loans underlying the Group 1 and Group 2 Classes and certain of the mortgage loans underlying the Group 3 and Group 4 Classes, borrowers generally may prepay their mortgage loans at any time without penalty. As a result, the rate of principal payments on the underlying mortgage loans is likely to vary over time. It is highly unlikely that the mortgage loans will prepay

- at any of the prepayment rates we assumed in this prospectus supplement, or
- at any constant prepayment rate until maturity.

*The rate of prepayment of second lien mortgage loans may be higher than that of first lien mortgage loans.* All of the Group 3 and Group 4 Mortgage Loans are second lien mortgage loans. Second lien loans are generally not viewed by borrowers as permanent financing because in most instances their terms are shorter and interest rates higher than on first lien loans originated under similar circumstances. As a result, the Group 3 and Group 4 Mortgage Loans may prepay at higher rates than would first lien loans with similar coupons.

*The rate of prepayment of mortgage loans with prepayment premiums may be lower than that of mortgage loans without prepayment premiums.* Approximately 41.5% of the Group 3 Mortgage Loans and 75.7% of the Group 4 Mortgage Loans provide for the payment of prepayment premiums by the borrowers in the event of full prepayments or certain partial prepayments of principal during specified periods. The prepayment premiums may reduce the likelihood or the amount of prepayments of the mortgage loans during these periods. However, we cannot estimate the prepayment experience of the Group 3 or Group 4 Mortgage Loans or how that experience might compare to that of mortgage loans without prepayment premiums.

In addition, we do not attempt to determine whether the imposition of prepayment premiums are enforceable or collectible under the laws of any state or territory. Further, we are unaware of any conclusive data on the prepayment rate of mortgage loans with prepayment premiums. Any prepayment premiums that we receive will be retained as additional servicing compensation and will not be paid to certificateholders.

*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 buy your certificates at a premium and principal payments are faster than you expect, or
- if you buy your certificates at a discount and principal payments are slower than you expect.

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

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

*Weighted average lives and yields on the certificates are affected by actual characteristics of the underlying mortgage loans.* We have assumed that the mortgage loans underlying the Group 1 and Group 2 MBS and the Group 3 and Group 4 Mortgage Loans have certain characteristics. However, the actual mortgage loans probably will have different characteristics from those we assumed. As a result, your yields could be lower than you expect, even if the mortgage loans prepay at the indicated constant prepayment rates. In addition, slight differences between the assumed mortgage loan characteristics and the actual mortgage loans could affect the weighted average lives of the classes of certificates.

*Exercise of the optional clean-up calls on the Group 3 and/or Group 4 Mortgage Loans will result in the prepayment in full of the Group 3 and/or Group 4 Classes.* Once the

aggregate principal balance of the Group 3 Mortgage Loans or the Group 4 Mortgage Loans is reduced to 5% or less of their respective aggregate balances as of the Issue Date, the servicer may purchase all the remaining Group 3 Mortgage Loans or Group 4 Mortgage Loans, as applicable. If the servicer does not purchase the Group 3 or Group 4 Mortgage Loans, Fannie Mae may do so. If the Group 3 Mortgage Loans or Group 4 Mortgage Loans are purchased in this way, it would have the same effect as a prepayment in full of all the Group 3 Mortgage Loans or Group 4 Mortgage Loans, as applicable.

*Level of floating rate index affects yields on certain certificates.* The yield on any floating rate or inverse floating rate certificate will be affected by the level of its interest rate index. If the level of the index differs from the level you expect, then your actual yield may be lower than you expect.

*Delay classes have lower yields and market values.* Since certain classes do not receive interest immediately following each interest accrual period, these classes have lower yields and lower market 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 of this prospectus supplement. If you assume that 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 obtain 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 that term in the applicable Disclosure Document or in the Trust Agreement. In addition, except as otherwise provided in this prospectus supplement, references in the REMIC Prospectus to underlying securities generally should be understood to include the Group 3 and Group 4 Mortgage Loans. References in the REMIC Prospectus to mortgage loans that back underlying securities generally should be understood to apply also to the Group 3 and Group 4 Mortgage Loans.

### General

*Structure.* We will create the Fannie Mae REMIC Trust specified on the cover (the “Trust”) and a separate trust (the “Lower Tier REMIC”) pursuant to a trust agreement dated as of July 1, 2001 (the “Issue Date”). We will issue the Guaranteed REMIC Pass-Through Certificates (the “REMIC Certificates”), pursuant to that trust agreement. We will issue the Combinable and

Recombinable REMIC Certificates (the “RCR Certificates” and, together with the REMIC Certificates, the “Certificates”) pursuant to a separate trust agreement dated as of the Issue Date (together with the trust agreement relating to the REMIC Certificates, the “Trust Agreement”). We will execute the Trust Agreement in our corporate capacity and as trustee (the “Trustee”). In general, the term “Classes” includes the Classes of REMIC Certificates and RCR 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 REMIC 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

- two groups of Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the “Group 1 MBS” and “Group 2 MBS” and, together, the “MBS”),
- a pool of second lien, single-family, fixed-rate, fully amortizing mortgage loans (the “Group 3 Mortgage Loans”), and
- a pool of second lien, single-family, fixed-rate, balloon payment mortgage loans (the “Group 4 Mortgage Loans”).

Each MBS represents a beneficial ownership interest in a pool of first lien, single-family, fixed-rate residential mortgage loans having the characteristics described 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 MBS or the Group 3 or Group 4 Mortgage Loans.

In addition, we guarantee that we will distribute to each holder of an MBS:

- scheduled installments of principal and interest on the underlying mortgage loans on time, whether or not the related borrowers pay us, and
- the full principal balance of any foreclosed mortgage loan, whether or not we recover it.

**Our guarantees are not backed by the full faith and credit of the United States.** See “Description of Certificates—The Fannie Mae Guaranty” in the REMIC Prospectus and “Description of Certificates—The Fannie Mae Guaranty” in the MBS Prospectus.

*Characteristics of Certificates.* We will issue the Certificates (except the R and RL Classes) in book-entry form on the book-entry system of the U.S. Federal Reserve Banks. Entities whose names appear on the book-entry records of a Federal Reserve Bank as having had Certificates deposited in their accounts are “Holders” or “Certificateholders.” 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 Certificates—Denominations and Form” in the 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 the R and RL Classes as single Certificates with no principal balances.

*Distribution Dates.* We will make monthly payments on the Group 1, Group 2, Group 3 and Group 4 Classes on the 25th day of each month (or, if the 25th day is not a business day, on the first business day after the 25th). We refer to each such date as a “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 eleventh 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 notional principal balance) of a Certificate of any Class, the product will equal the current principal balance (or notional principal 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 Classes).

*Optional Repurchases of the Group 3 Mortgage Loans and Group 4 Mortgage Loans.* Either the servicer or we may purchase the Group 3 Mortgage Loans and Group 4 Mortgage Loans from the Trust under the circumstances described in this prospectus supplement under “Additional Trust Agreement Provisions Relating to the Group 3 and Group 4 Classes — Termination.”

*Optional Termination.* We will not terminate the Lower Tier REMIC or the Trust by exercising our right to repurchase the mortgage loans underlying any MBS unless

- only one mortgage loan remains in the related pool, or
- the principal balance of the pool is less than one percent of its original level.

See “Description of Certificates—Termination” in the MBS Prospectus.

## **Combination and Recombination**

*General.* You are permitted to exchange all or a portion of the FK, SK, AM, AN, PO and S Classes of REMIC Certificates for a proportionate interest in the related Combinable and Recombinable REMIC Certificates (“RCR Certificates”) in the combinations shown on Schedule 1. You also may exchange all or a portion of the RCR Certificates for the related REMIC Certificates in the same manner. This process may occur repeatedly.

Holders of RCR Certificates will be the beneficial owners of a proportionate interest in the related REMIC Certificates and will receive a proportionate share of the distributions on the related REMIC Certificates.

The Classes of REMIC Certificates and RCR Certificates that are outstanding at any given time, and the outstanding principal balances (or notional principal balances) of these Classes, will depend upon any related distributions of principal, as well as any exchanges that occur. REMIC Certificates and RCR Certificates in any combination may be exchanged only in the proportions shown on Schedule 1.

*Procedures.* If a Certificateholder wishes to exchange Certificates, the Certificateholder must notify our Structured Transactions Department through one of our “REMIC Dealer Group” dealers in writing or by telefax no later than two business days before the proposed exchange date. The exchange date can be any business day other than the first or last business day of the month subject to our approval. The notice must include the outstanding principal balance of both the Certificates to be exchanged and the Certificates to be received, and the proposed exchange date. After receiving the Holder’s notice, we will telephone the dealer with delivery and wire payment instructions. Notice becomes irrevocable on the second business day before the proposed exchange date.

In connection with each exchange, the Holder must pay us a fee equal to 1/32 of 1% of the outstanding principal balance (exclusive of any notional principal balance) of the Certificates to be exchanged. In no event, however, will our fee be less than \$2,000.

We will make the first distribution on a REMIC Certificate or an RCR Certificate received in an exchange transaction on the Distribution Date in the following month. We will make that distribution to the Holder of record as of the close of business on the last day of the month of the exchange.

*Additional Considerations.* The characteristics of RCR Certificates will reflect the characteristics of the REMIC Certificates used to form those RCR Certificates. You should also consider a number of factors that will limit a Certificateholder’s ability to exchange REMIC Certificates for RCR Certificates or vice versa:

- At the time of the proposed exchange, a Certificateholder must own Certificates of the related Class or Classes in the proportions necessary to make the desired exchange.
- A Certificateholder that does not own the Certificates may be unable to obtain the necessary REMIC Certificates or RCR Certificates.
- The Certificateholder of needed Certificates may refuse to sell them at a reasonable price (or any price) or may be unable to sell them.
- Certain Certificates may have been purchased and placed into other financial structures and thus be unavailable.
- Principal distributions will decrease the amounts available for exchange over time.
- Only the combinations listed on Schedule 1 are permitted.

### **The Group 1 and Group 2 MBS**

The following table contains certain information about the Group 1 and Group 2 MBS. The Group 1 and Group 2 MBS will have the aggregate unpaid principal balance and Pass-Through Rate shown below and the general characteristics described in the MBS Prospectus. The Group 1 and Group 2 MBS provide that principal and interest on the related mortgage loans are passed through monthly. The mortgage loans underlying the Group 1 and Group 2 MBS are conventional Level Payment mortgage loans secured by first mortgages or deeds of trust on one- to four-family (“single-family”) residential properties. These mortgage loans have original maturities of up to 30 years. See “The Mortgage Pools” and “Yield Considerations” in the MBS Prospectus. We expect the character-

istics of the Group 1 and Group 2 MBS and the related mortgage loans as of the Issue Date to be as follows:

**Group 1 MBS**

Aggregate Unpaid Principal Balance .....	\$300,000,000
MBS Pass-Through Rate .....	7.00%
Range of WACs (annual percentages) .....	7.25% to 9.50%
Range of WAMs .....	241 months to 360 months
Approximate Weighted Average WAM .....	350 months
Approximate Weighted Average WALA (Weighted Average Loan Age) .....	10 months

**Group 2 MBS**

Aggregate Unpaid Principal Balance .....	\$50,000,000
MBS Pass-Through Rate .....	6.50%
Range of WACs (annual percentages) .....	6.75% to 9.00%
Range of WAMs .....	241 months to 360 months
Approximate Weighted Average WAM .....	322 months
Approximate Weighted Average WALA .....	30 months

**The Group 3 and Group 4 Mortgage Loans**

Unless otherwise specified, all percentages appearing in this section are calculated based on the aggregate Stated Principal Balance of the related Mortgage Loans as of the Issue Date.

*The Group 3 Mortgage Loans*

We expect that the Group 3 Mortgage Loans will consist of approximately 2,993 mortgage loans having an aggregate principal balance of approximately \$92,868,590 as of the Issue Date. This aggregate amount may vary by plus or minus 5%.

The Group 3 Mortgage Loans consist of second lien, single-family, fixed-rate, fully amortizing mortgage loans. Each Group 3 Mortgage Loan is evidenced by a promissory note or similar evidence of indebtedness (a “Mortgage Note”) that is secured by a second mortgage or deed of trust on a single-family residential property. Each Mortgage Note requires the borrower to make monthly payments of principal and interest.

In addition, approximately 41.5% of the Group 3 Mortgage Loans provide for the payment of prepayment premiums upon prepayments in full and certain partial prepayments of principal during certain periods (generally three years) following the origination of those loans. The amount of the prepayment premium for any Group 3 Mortgage Loan generally equals ninety days’ interest on the amount prepaid. The prepayment premiums are not enforceable upon the sale of the property securing a Group 3 Mortgage Loan. In addition, certain states limit the amounts that a lender may collect from a borrower as an additional charge if a mortgage loan is prepaid. Further, the enforceability of prepayment premiums generally upon an involuntary prepayment is unclear under the laws of many states. We do not attempt to determine whether the imposition of any prepayment premiums are enforceable or collectible under the laws of any state or territory. Any prepayment premiums that we receive will be retained as additional servicing compensation and will not be paid to the related Certificateholders.

The properties securing the Group 3 Mortgage Loans are located in various states. In particular, approximately 17%, 15%, 12%, 10% and 8% of the properties are located in the states of Washington, Georgia, Illinois, Nevada and Florida, respectively. All other states have less than 7% each of the properties securing the Group 3 Mortgage Loans.

Each Group 3 Mortgage Loan provides that the obligor on the related Mortgage Note (the “borrower”) must make payments by a scheduled day of each month. This day is fixed at the time of origination. Each Group 3 Mortgage Loan provides that each borrower must pay interest on its outstanding principal balance at the rate specified or described in the related Mortgage Note. The borrower’s payment is credited on the date it is actually received, and the principal balance of the loan is reduced on that date. Interest is calculated on a “simple interest” basis, which means that it is calculated daily based on a year consisting of 365 days (or 366 days, as applicable) for the period beginning on the date of the borrower’s last payment and ending on the date of receipt of the borrower’s most recent payment. As a result, if a borrower makes a payment earlier or later than the scheduled due date in any month, the amortization schedule will change, as will the relative application of such payment to principal and interest.

#### *The Group 4 Mortgage Loans*

We expect that the Group 4 Mortgage Loans will consist of approximately 1,230 mortgage loans having an aggregate principal balance of approximately \$43,353,189 as of the Issue Date. This aggregate amount may vary by plus or minus 5%.

The Group 4 Mortgage Loans consist of second lien, single-family, fixed-rate, balloon payment mortgage loans. Each Group 4 Mortgage Loan is evidenced by a Mortgage Note that is secured by a second mortgage or deed of trust on a single-family residential property. Each Mortgage Note requires the borrower to make monthly payments of principal and interest.

A “balloon payment mortgage loan” is a mortgage loan with regular scheduled monthly payments calculated at origination to only partially amortize its principal balance by its stated maturity date, or a mortgage loan calculated at origination to fully amortize its principal balance on its stated maturity date but which will have a total remaining balance due at its stated maturity date equal to more than 60 of its regular monthly payments. As a result, a significant lump sum payment equal to the remaining principal balance will be due on the stated maturity date for each Group 4 Mortgage Loan.

In addition, approximately 75.7% of the Group 4 Mortgage Loans provide for the payment of prepayment premiums upon prepayments in full and certain partial prepayments of principal during certain periods (generally three years) following the origination of those loans. The amount of the prepayment premium for any Group 4 Mortgage Loan generally equals ninety days’ interest on the amount prepaid. The prepayment premiums are not enforceable upon the sale of the property securing a Group 4 Mortgage Loan. In addition, certain states limit the amounts that a lender may collect from a borrower as an additional charge if a mortgage loan is prepaid. Further, the enforceability of prepayment premiums generally upon an involuntary prepayment is unclear under the laws of many states. We do not attempt to determine whether the imposition of any prepayment premiums are enforceable or collectible under the laws of any state or territory. Any prepayment premiums that we receive will be retained as additional servicing compensation and will not be paid to the related Certificateholders.

The properties securing the Group 4 Mortgage Loans are located in various states. In particular, approximately 34%, 16%, 11%, 7% and 6% of the properties are located in the states of Washington, Illinois, Ohio, Utah and Colorado, respectively. All other states have less than 5% each of the properties securing the Group 4 Mortgage Loans.

Each Group 4 Mortgage Loan provides that the borrower must make payments by a scheduled day of each month. This day is fixed at the time of origination. Each Group 4 Mortgage Loan provides that each borrower must pay interest on its outstanding principal balance at the rate specified or described in the related Mortgage Note. The borrower’s payment is credited on the date it is actually received, and the principal balance of the loan is reduced on that date. Interest is calculated on a “simple interest” basis, which means that it is calculated daily based on a year consisting of 365 days (or 366 days, as applicable) for the period beginning on the date of the borrower’s last payment and

ending on the date of receipt of the borrower's most recent payment. As a result, if a borrower makes a payment earlier or later than the scheduled due date in any month, the amortization schedule will change, as will the relative application of such payment to principal and interest.

### *Fannie Mae Mortgage Purchase Program*

#### *General*

We summarize below certain aspects of our program for purchasing residential mortgage loans for inclusion in a given pool. We may grant exceptions to the requirements of the program for a particular transaction. In several instances, the characteristics of the Group 3 and Group 4 Mortgage Loans do not match the criteria described below.

#### *Eligible Lenders*

We purchase mortgage loans from the following types of eligible institutions:

- federally and state-chartered savings and loan associations, mutual savings banks, commercial banks and similar financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration;
- state-insured financial institutions; and
- financial institutions, principally mortgage bankers, and finance companies that are Fannie Mae-approved mortgage sellers.

We determine whether to approve a particular financial institution as a lender under our purchase program by applying certain criteria which generally include depth of mortgage origination experience, servicing experience and financial capacity.

We will enter into a Fannie Mae Mortgage Selling and Servicing Contract with each approved lender.

#### *Eligible Mortgage Loans*

We may include both residential property loans and cooperative share loans in a given pool. Unless we make an exception, each mortgage loan that we include in a pool will comply with the terms of our current Selling Guide and, if underwritten through Desktop Underwriter\*, our Guide to Underwriting with Desktop Underwriter (or any of our multifamily guides in the case of a mortgage loan secured by a multifamily property). Generally, we do not include construction loans or land development loans in our pools.

A "residential property loan" is a mortgage loan that is secured by a mortgage or similar instrument on (1) a single-family residence (including a unit in a condominium project or planned unit development) or a manufactured home or (2) a multifamily project with five or more apartments. A "cooperative share loan" is a mortgage loan secured by the stock, shares, membership agreement or other contractual agreements that evidence the borrower's ownership in the cooperative as well as the assignment of the occupancy rights to the borrower's dwelling unit in the cooperative. Each mortgage loan will be documented by either the appropriate Fannie Mae/Freddie Mac Uniform Instrument in effect at the time the loan is originated or by an FHA or VA mortgage or other instrument that we accept. Each mortgage loan also will comply with all applicable federal and local laws, including laws covering usury, equal credit opportunity and disclosure.

We do not require that payments on every mortgage loan that we can include in a pool be due on the first day of the month.

In general, no mortgage loan can have a maturity date later than 30 years after origination.

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\* Desktop Underwriter® is our automated underwriting software application.

### *Conventional Mortgage Loans—Single-Family*

- As required by our Selling Guide, a conventional mortgage loan that is a residential mortgage loan must be in an original amount that did not exceed certain maximum amount limitations for first lien loans established by federal law for us (for computing this original amount, the original balance of any subordinate lien mortgage loan in which we have an interest must be added).
- A conventional mortgage loan that is a cooperative share loan must be in an original amount that did not exceed our maximum amount limitations for first liens on one-family residences established by federal law. (If we also own an interest in the project mortgage for that cooperative, the usual maximum for a cooperative share loan must be reduced by the portion of the project mortgage that is attributable to the cooperative share loan.)
- The maximum dollar amounts for both the residential property loans and the cooperative share loans that we can purchase is subject to adjustment each year. Any adjustment is effective as of January 1st and is set forth in our Selling Guide or in a Selling Guide announcement. (You may obtain our current maximum dollar purchase limitations by calling us at 1-800-237-8627.)
- The maximum amounts for loans secured by single-family properties in Alaska, Hawaii and the Virgin Islands are 50% higher than the limits for the rest of the country that appear in our Selling Guide or Selling Guide announcement.
- The original principal balance of a mortgage loan that is in subordinate lien position must not exceed 50% of our first lien limit for a single-family property. In addition, if we have dealt with the first lien loan on a single-family property, we will buy a subordinate lien on that property only if the combined original balances of the first lien and the subordinate lien do not exceed our maximum dollar purchase amounts for single-family loans.

If a first lien conventional mortgage loan on a single-family property has a loan-to-value ratio greater than 80%, that loan usually must be insured or guaranteed by a qualified insurer at the coverage percentage specified in our Selling Guide. If a subordinate lien conventional mortgage loan on a single-family property, together with the related first lien, has a loan-to-value ratio greater than 70%, that subordinate loan generally must be insured or guaranteed by a qualified insurer at the coverage percentage our Selling Guide requires. Any mortgage insurer must be acceptable to us. As an alternative to mortgage insurance, lenders may contract with us either to repurchase conventional mortgage loans that go in default under certain circumstances or to retain a minimum 10% participation interest in the conventional mortgage loans.

The following table lists the maximum loan-to-value ratios (or combined loan-to-value ratios) we generally allow for various types of “purchase money” conventional mortgage loans.

<u>Category</u>	<u>LTV*</u>	<u>CLTV**</u>
A. One-family property		
• Owner-occupied principal residence without subordinate financing		
- Fully amortizing fixed-rate first mortgage	97%	
- Balloon fixed-rate first mortgage	90%	
- ARM first mortgage	90%	
- Cooperative share loan	90%	
• Owner-occupied principal residence with subordinate financing		90%
• Owner-occupied second home without subordinate financing	80%	
• Owner-occupied second home with subordinate financing		90%
• Investment property without subordinate financing	70%	
• Investment property with subordinate financing		70%
• Second mortgage		80%
B. Two-family property		
• Owner-occupied without subordinate financing	90%	
• Owner-occupied with subordinate financing		90%
C. Three-to-four-family property		
• Owner-occupied without subordinate financing	80%	
• Owner-occupied with subordinate financing		80%

\* Loan-to-value ratio at time of purchase.

\*\* Combined loan to-value ratio at time of purchase including the balance of the first lien conventional mortgage loan together with the subordinate financing or the balance of the second lien conventional mortgage loan together with the senior financing.

#### *Additional Considerations*

Our Selling Guide requires that each lender that sells us conventional mortgage loans under our purchase program assume responsibility for underwriting these loans using the same underwriting criteria that we apply to our portfolio purchases. (We can, however, grant exceptions to these criteria.) Using a random selection process, we review the quality of the credit and property underwriting applied to these loans.

#### **Final Data Statement**

After issuing the Certificates, we will prepare a Final Data Statement containing certain information, including the pool number, the current WAC (or original WAC, if the current WAC is not available) and the current WAM (or Adjusted WAM, if the current WAM is not available) of the mortgage loans underlying the Group 1 and Group 2 MBS as of the Issue Date. The Final Data Statement will also include the weighted averages of all the current or original WACs and the weighted averages of all the current or Adjusted WAMs, based on the current unpaid principal balances of the mortgage loans underlying each of the Group 1 and Group 2 MBS as of the Issue Date. You may obtain the Final Data Statement by telephoning us at 1-800-237-8627 or 202-752-6547. The contents of the Final Data Statement and other data specific to the Certificates are available in electronic form by calling us at 1-800-752-6440 or 202-752-6000.

## 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>
<b>Group 1 Classes</b>	
Fixed Rate	AM, AN, AB, PE, PI, PB, CA, CZ, CJ and Z
Floating Rate	FK
Inverse Floating Rate	SK
Interest Only	SK and PI
Accrual	CZ and Z
RCR**	AE, AD and AT
<b>Group 2 Classes</b>	
Floating Rate	F
Inverse Floating Rate	S
Interest Only	S
Principal Only	PO
RCR**	SJ
<b>Group 3 Class</b>	
Fixed Rate	GA
<b>Group 4 Class</b>	
Fixed Rate	GB
<b>No Payment Residual</b>	R and RL

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

\*\* See “—Combination and Recombination” above and Schedule 1 for a further description of the RCR Classes.

*General.* We will pay interest on the Certificates at the applicable annual interest rates specified or described on the cover or otherwise 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 Classes) on each Distribution Date, beginning in the month after the Settlement Date specified in the Reference Sheet.

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

Interest payments on exchangeable REMIC Certificates will be applied to the corresponding RCR Certificates, on a pro rata basis, following any exchange.

*Interest Accrual Periods.* Interest to be paid on each Distribution Date will accrue on the Certificates during the applicable one-month periods set forth below (each, an “Interest Accrual Period”).

<u>Classes</u>	<u>Interest Accrual Periods</u>
All Fixed Rate Classes (collectively, the “Delay Classes”)	Calendar month preceding the month in which the Distribution Date occurs
All Floating Rate and Inverse Floating Rate Classes	One-month period beginning on the 25th day of the month preceding the month in which the Distribution Date occurs

See “Additional Risk Factors—*Delay classes have lower yields and market values*” in this prospectus supplement.

*Accrual Classes.* The CZ and Z Classes are Accrual Classes. Interest will accrue on the Accrual Classes at the applicable annual rate specified on the cover of this prospectus supplement. However, we will not pay any interest on the Accrual Classes. Instead, interest accrued on the Accrual Classes will be added as principal to their principal balances on each Distribution Date. We will pay principal on the Accrual Classes as described under “—Distributions of Principal” below.

*Notional Classes.* The Notional Classes will not have principal balances. During each Interest Accrual Period, the Notional Classes will bear interest on their notional principal balances at their applicable interest rates. The notional principal balances of the Notional Classes will be calculated as specified under “Reference Sheet—Notional Classes” above.

We use the notional principal balance of a Notional Class to determine interest payments on that Class. Although a Notional 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 refer also to the notional principal balances of the Notional Classes.

*Floating Rate and Inverse Floating Rate Classes.* During each Interest Accrual Period, the Floating Rate and Inverse Floating Rate Classes will bear interest at rates determined as described under “Reference Sheet—Interest Rates” above.

Changes in the specified interest rate index (the “Index”) will affect the yields with respect to the related Classes. These changes may not correspond to changes in mortgage interest rates. Lower mortgage interest rates could occur while an increase in the level of the Index occurs. Similarly, higher mortgage interest rates could occur while a decrease in the level of such Index occurs.

Our establishment of each Index value and our determination of the interest rate for each applicable Class for the related Interest Accrual Period will be final and binding in the absence of manifest error. You may obtain each such interest rate by telephoning us at 1-800-237-8627 or 202-752-6547.

### **Calculation of LIBOR**

On each Index Determination Date, we will calculate LIBOR for the related Interest Accrual Period. We will calculate LIBOR on the basis of the “BBA Method,” as described in the REMIC Prospectus under “Description of Certificates—Indexes for Floating Rate Classes and Inverse Floating Rate Classes—*LIBOR*.”

If we are unable to calculate LIBOR on the initial Index Determination Date, LIBOR for the following Interest Accrual Period will be equal to 3.83% in the case of the FK and SK Classes, and 3.88% in the case of the F, S and SJ Classes.

## 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>
<b>Group 1 Classes</b>	
Sequential Pay	FK, AM, AN, AB and Z
PAC	PE and PB
Segment (TAC)/TAC	CA
Segment (TAC)/Support	CZ
Support	CJ
Notional	SK and PI
Accretion Directed	CA
RCR**	AE, AD and AT
<b>Group 2 Classes</b>	
Pass-Through	F and PO
Notional	S
RCR**	SJ
<b>Group 3 Class</b>	
Pass-Through	GA
<b>Group 4 Class</b>	
Pass-Through	GB
<b>No Payment Residual</b>	R and RL

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

\*\* See “—Combination and Recombination” above and Schedule 1 for a further description of the RCR Classes.

### *Principal Distribution Amount*

On the Distribution Date in each month, we will pay principal on the Certificates in an aggregate amount (the “Principal Distribution Amount”) equal to the sum of

- the principal then paid on the Group 1 MBS (the “Group 1 Cash Flow Distribution Amount”) plus any interest then accrued and added to the principal balances of the CZ and Z Classes (the “CZ Accrual Amount” and “Z Accrual Amount,” respectively, and, together with the Group 1 Cash Flow Distribution Amount, the “Group 1 Principal Distribution Amount”),
- the principal then paid on the Group 2 MBS (the “Group 2 Principal Distribution Amount”),
- the Group 3 Principal Distribution Amount, calculated as specified below; and
- the Group 4 Principal Distribution Amount, calculated as specified below.

### *Certain Calculations Relating to the Group 3 and Group 4 Mortgage Loans*

The “Group 3 Principal Distribution Amount” for any Distribution Date includes the *sum* of:

- the “scheduled” principal portion of any monthly payment due during the related Due Period on any Group 3 Mortgage Loan, determined as described below,
- the principal balance of any Group 3 Mortgage Loan that was liquidated or prepaid in full during the calendar month preceding the month of such Distribution Date,
- the principal balance of any delinquent Group 3 Mortgage Loan that we have elected to repurchase during the calendar month preceding the month of such Distribution Date as

described below under “Additional Trust Agreement Provisions Relating to the Group 3 and Group 4 Classes—Collection and Other Servicing Procedures,” and

- the amount of any partial prepayment of any Group 3 Mortgage Loan received during the calendar month preceding the month of such Distribution Date.

The “Group 4 Principal Distribution Amount” for any Distribution Date includes the *sum* of:

- the “scheduled” principal portion of any monthly payment (including a balloon payment) due during the related Due Period on any Group 4 Mortgage Loan, determined as described below,
- the principal balance of any Group 4 Mortgage Loan that was liquidated or prepaid in full during the calendar month preceding the month of such Distribution Date,
- the principal balance of any delinquent Group 4 Mortgage Loan that we have elected to repurchase during the calendar month preceding the month of such Distribution Date as described below under “Additional Trust Agreement Provisions Relating to the Group 3 and Group 4 Classes—Collection and Other Servicing Procedures,” and
- the amount of any partial prepayment of any Group 4 Mortgage Loan received during the calendar month preceding the month of such Distribution Date.

The “scheduled” principal portion of any monthly payment due during a particular Due Period for any Group 3 or Group 4 Mortgage Loan will be the amount of principal that would have been due (regardless of when made) on such mortgage loan under an amortization schedule that assumes interest accrues monthly on the basis of a 360-day year consisting of twelve 30-day months, rather than on the daily or “simple interest” basis as described above.

The “Due Period” for any Group 3 or Group 4 Mortgage Loan and any Distribution Date is the period beginning on and including the second day of the calendar month preceding the month of such Distribution Date, and ending on and including the first day of the month of such Distribution Date.

We will pay principal payments (including prepayments and liquidation proceeds) as long as the servicer gives us information about them in time for the published Class Factors to reflect these payments. See “Reference Sheet—Class Factors.” If we do not receive the information on time, we will pay those principal payments on the next Distribution Date. For purposes of payments, we consider a Group 3 Mortgage Loan or Group 4 Mortgage Loan to be prepaid in full if, in our judgment, the full amount finally recoverable on that loan has been received, even if that amount is not equal to the principal balance of that loan.

#### *Group 1 Principal Distribution Amount*

##### *CZ Accrual Amount*

On each Distribution Date, we will pay the CZ Accrual Amount as principal of the CA Class, until its principal balance is reduced to its Targeted Balance for such Distribution Date. Thereafter, we will pay the CZ Accrual Amount as principal of the CZ Class. } Accretion Directed Class and Accrual Class

##### *Group 1 Cash Flow Distribution Amount and Z Accrual Amount*

On each Distribution Date, we will pay the sum of the Group 1 Cash Flow Distribution Amount and Z Accrual Amount as principal of the Group 1 Classes in the following priority:

- (i) (a) 76.2237761989% of such amount as follows:

- (x) 38.6419411145%, concurrently, to the FK and AB Classes, pro rata (or 39.6965428728% and 60.3034571272%, respectively), until their principal balances are reduced to zero, and
- (y) 61.3580588855%, sequentially, to the AM and AN Classes, in that order, until their principal balances are reduced to zero, and
- (b) 23.7762238011% of such amount as follows:
  - first*, sequentially, to the PE and PB Classes, in that order, until their principal balances are reduced to their Planned Balances for such Distribution Date;
  - second*, to the Aggregate Group (described below), until the Aggregate Balance (described below) is reduced to its Targeted Balance for such Distribution Date;
  - third*, to the CJ Class, until its principal balance is reduced to zero;
  - fourth*, to the Aggregate Group, without regard to its Targeted Balance and until the Aggregate Balance is reduced to zero; and
  - fifth*, sequentially, to the PE and PB Classes, in that order, without regard to their Planned Balances and until their principal balances are reduced to zero; and
- (ii) to the Z Class, until its principal balance is reduced to zero.

The “Aggregate Group” consists of the CA and CZ Classes. We will apply payments of principal of the Aggregate Group as follows:

- first*, to the CA Class, until its principal balance is reduced to its Targeted Balance for such Distribution Date;
- second*, to the CZ Class, until its principal balance is reduced to zero; and
- third*, to the CA Class, without regard to its Targeted Balance and until its principal balance is reduced to zero.

The “Aggregate Balance” for any Distribution Date is equal to \$21,279,684 *minus* the sum of all amounts previously applied to it as specified above.

*Group 2 Principal Distribution Amount*

On each Distribution Date, we will pay the Group 2 Principal Distribution Amount, concurrently, as principal of the F and PO Classes, pro rata (or 76.4705880000% and 23.5294120000%, respectively), until their principal balances are reduced to zero.

*Group 3 Principal Distribution Amount*

On each Distribution Date, we will pay the Group 3 Principal Distribution Amount as principal of the GA Class, until its principal balance is reduced to zero.

*Group 4 Principal Distribution Amount*

On each Distribution Date, we will pay the Group 4 Principal Distribution Amount as principal of the GB Class, until its principal balance is reduced to zero.

Principal payments on exchangeable REMIC Certificates will be applied to the corresponding RCR Certificates, on a pro rata basis, following any exchange.

### Structuring Assumptions

*Pricing Assumptions.* Except where otherwise noted, the information in the tables in this prospectus supplement has been prepared based on the following assumptions (collectively, the “Pricing Assumptions”):

- the mortgage loans underlying the Group 1 and Group 2 MBS have the original terms to maturity, remaining terms to maturity, WALAs and interest rates specified under “Reference Sheet—Assumed Characteristics of the Mortgage Loans Underlying the Group 1 and Group 2 MBS”;
- the Group 3 Mortgage Loans have the assumed characteristics specified under “Reference Sheet—Assumed Characteristics of the Group 3 Mortgage Loans” and payments on all Group 3 Mortgage Loans are due and received on the first day of each month;
- the Group 4 Mortgage Loans have the assumed characteristics specified under “Reference Sheet—Assumed Characteristics of the Group 4 Mortgage Loans” and payments on all Group 4 Mortgage Loans are due and received on the first day of each month;
- no prepayment premiums are received on the Group 4 Mortgage Loans;
- the mortgage loans prepay at the constant percentages of PSA or CPR specified in the related table;
- the settlement date for the sale of the Certificates is July 30, 2001;
- each Distribution Date occurs on the 25th day of a month; and
- the Fannie Mae repurchase option is not exercised.

*Prepayment Assumptions.* Prepayments of mortgage loans commonly are measured relative to a prepayment standard or model. The model used here with respect to the Group 1 and Group 2 Classes is The Bond Market Association’s standard prepayment model (“PSA”). To assume a specified rate of PSA is to assume a specified rate of prepayment each month of the then-outstanding principal balance of a pool of new mortgage loans computed as described under “Description of Certificates—Prepayment Models” in the REMIC Prospectus.

The model used here with respect to the Group 3 and Group 4 Classes is the “Constant Prepayment Rate” or “CPR” model. The CPR model represents an assumed constant rate of prepayment each month, expressed as an annual percentage of the then outstanding principal balance of the pool of mortgage loans.

*Structuring Range and Rates.* The Principal Balance Schedules are found beginning on page B-1 of this prospectus supplement. The Principal Balance Schedules have been prepared on the basis of the Pricing Assumptions and the assumption that the related mortgage loans will prepay at a constant PSA rate within the applicable Structuring Range or at the applicable rates set forth below.

<u>Principal Balance Schedule References</u>	<u>Related Classes and Group (1)</u>	<u>Structuring Range and Rates</u>
Planned Balances	PE and PB	Between 115% and 350%
Targeted Balances	Aggregate Group	245%
Targeted Balances	CA	125%

(1) The Structuring Rate for the Aggregate Group is associated with the Aggregate Balance but not with the individual balances of the related Classes.

**We cannot assure you that the balance of any Class or Group listed above will conform on any Distribution Date to the specified balance in the Principal Balance Schedules. As a result, we cannot assure you that payments of principal of any Class or Group listed above will begin or end on the Distribution Dates specified in the Principal Balance Schedules.** We will distribute any excess of principal payments over the amount needed to reduce a Class or Group to its scheduled balance on a Distribution Date. Accordingly, the ability to reduce a Class or Group to its scheduled balance will not be improved by the averaging of high and low principal payments from month to month. In addition, even if the related mortgage loans prepay at rates falling within the applicable Structuring Range, principal distributions may be insufficient to reduce the applicable Classes to their scheduled balances if the prepayments do not occur at a constant PSA rate. Moreover, because of the diverse remaining terms to maturity of the related mortgage loans, which may include recently originated mortgage loans, the Classes and Group specified above may not be reduced to their scheduled balances, even if prepayments occur at a constant rate within the applicable Structuring Range or at the applicable rates specified above.

*Initial Effective Ranges.* The Effective Range for a Class is the range of prepayment rates (measured by constant PSA rates) which would reduce that Class to its scheduled balance on each Distribution Date. The Initial Effective Ranges shown in the table below are based upon the assumed characteristics of the related mortgage loans specified in the Pricing Assumptions.

<u>Classes</u>	<u>Initial Effective Ranges</u>
PE	Between 115% and 350%
PB	Between 115% and 350%

The actual Effective Ranges at any time will be based upon the actual characteristics of the related mortgage loans at that time, which are likely to vary (and may vary considerably) from the Pricing Assumptions. The actual Effective Ranges calculated on the basis of the actual characteristics are likely to differ from the Initial Effective Ranges. As a result, the applicable Classes might not be reduced to their scheduled balances even if prepayments were to occur at a constant PSA rate within the Initial Effective Ranges. This is so particularly if the rate were at the lower or higher end of those ranges. In addition, even if prepayments occur at rates falling within the actual Effective Ranges, principal distributions may be insufficient to reduce the applicable Classes to their scheduled balances if such prepayments do not occur at a constant PSA rate. It is highly unlikely that the related mortgage loans will prepay at any constant PSA rate. In general, the actual Effective Ranges may narrow, widen or shift upward or downward to reflect actual prepayment experience over time. The stability in principal payment of the PAC Classes will be supported in part by the related TAC Group and Class and Support Classes. When the related TAC Group and Class and Support Classes are retired, the PAC Classes, if still outstanding, may no longer have Effective Ranges and will be more sensitive to prepayments.

## **Yield Tables**

*General.* The tables below illustrate the sensitivity of the pre-tax corporate bond equivalent yields to maturity of the applicable Classes to various constant percentages of PSA and, where specified, to changes in the Index. We calculated the yields set forth in the tables by

- determining the monthly discount rates that, when applied to the assumed streams of cash flows to be paid on the applicable Classes, would cause the discounted present values of the assumed streams of cash flows to equal the assumed aggregate purchase prices of those Classes, and
- converting the 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 reinvestment rates are taken into account.

We cannot assure you that

- the pre-tax yields on the applicable Certificates will correspond to any of the pre-tax yields shown here or
- the aggregate purchase prices of the applicable Certificates will be as assumed.

In addition, it is unlikely that the Index will correspond to the levels shown here. Furthermore, because some of the mortgage loans are likely to have remaining terms to maturity shorter or longer than those assumed and interest rates higher or lower than those assumed, the principal payments on the Certificates are likely to differ from those assumed. This would be the case even if all mortgage loans prepay at the indicated constant percentages of PSA. Moreover, it is unlikely that

- the mortgage loans will prepay at a constant PSA rate until maturity,
- all of such mortgage loans will prepay at the same rate or
- the level of the Index will remain constant.

***The Inverse Floating Rate Classes.* The yields on the Inverse Floating Rate Classes will be sensitive in varying degrees to the rate of principal payments, including prepayments, of the related mortgage loans and to the level of the Index. The mortgage loans generally can be prepaid at any time without penalty. In addition, the rate of principal payments (including prepayments) of the mortgage loans is likely to vary, and may vary considerably, from pool to pool. As illustrated in the applicable tables below, it is possible that investors in the Inverse Floating Rate Classes would lose money on their initial investments under certain Index and prepayment scenarios.**

Changes in the Index may not correspond to changes in prevailing mortgage interest rates. It is possible that lower prevailing mortgage interest rates, which might be expected to result in faster prepayments, could occur while the level of the Index increased.

The information shown in the yield tables has been prepared on the basis of the Pricing Assumptions and the assumptions that

- the interest rates for the Inverse Floating Rate Classes for the initial Interest Accrual Period are the rates listed in the table under “Reference Sheet—Interest Rates” above and for each following Interest Accrual Period will be based on the specified level of the Index, and
- the aggregate purchase prices of those Classes (expressed in each case as a percentage of original principal balance) are as follows:

<u>Class</u>	<u>Price*</u>
SK.....	7.0000%
S .....	8.2500%
SJ .....	101.1875%

\* The prices do not include accrued interest. Accrued interest has been added to the prices in calculating the yields set forth in the tables below.

**Sensitivity of the SK Class to Prepayments and LIBOR  
(Pre-Tax Yields to Maturity)**

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>115%</u>	<u>305%</u>	<u>350%</u>	<u>600%</u>
1.83% .....	108.1%	103.7%	90.3%	87.0%	67.5%
3.83% .....	71.2%	66.9%	53.5%	50.1%	29.9%
5.83% .....	36.6%	32.1%	17.6%	13.9%	(8.3)%
7.83% .....	1.4%	(4.5)%	(24.4)%	(29.4)%	(57.5)%
8.50% .....	*	*	*	*	*

\* The pre-tax yield to maturity would be less than (99.9)%.

**Sensitivity of the S Class to Prepayments and LIBOR  
(Pre-Tax Yields to Maturity)**

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>188%</u>	<u>300%</u>	<u>500%</u>
1.88% .....	79.1%	74.9%	67.4%	57.6%	38.9%
3.88% .....	49.9%	46.1%	39.3%	30.4%	13.4%
5.88% .....	22.1%	18.7%	12.6%	4.6%	(10.7)%
7.88% .....	(13.2)%	(16.0)%	(21.3)%	(28.1)%	(41.1)%
8.00% .....	*	*	*	*	*

\* The pre-tax yield to maturity would be less than (99.9)%.

**Sensitivity of the SJ Class to Prepayments and LIBOR  
(Pre-Tax Yields to Maturity)**

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>188%</u>	<u>300%</u>	<u>500%</u>
1.88% .....	20.3%	20.2%	20.1%	20.0%	19.7%
3.88% .....	13.5%	13.5%	13.4%	13.3%	13.1%
5.88% .....	6.9%	6.9%	6.8%	6.8%	6.7%
7.88% .....	0.4%	0.4%	0.3%	0.3%	0.3%
8.00% .....	(0.0)%	(0.0)%	(0.0)%	(0.1)%	(0.1)%

*The PI Class.* The yield to investors in the PI Class will be very sensitive to the rate of principal payments (including prepayments) of the related mortgage loans. The mortgage loans generally can be prepaid at any time without penalty. On the basis of the assumptions described below, the yield to maturity on the PI Class would be 0% if prepayments of the related mortgage loans were to occur at a constant rate of 630% PSA. If the actual prepayment rate of the related mortgage loans were to exceed the level specified for as little as one month while equaling such level for the remaining months, the investors in the PI 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 PI Class (expressed as a percentage of the original principal balance) is as follows:

<u>Class</u>	<u>Price*</u>
PI .....	18.0%

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

### Sensitivity of the PI Class to Prepayments

	PSA Prepayment Assumption				
	<u>50%</u>	<u>115%</u>	<u>305%</u>	<u>350%</u>	<u>600%</u>
Pre-Tax Yields to Maturity . . . . .	29.6%	18.4%	18.4%	18.4%	2.6%

*The Principal Only Class.* **The PO Class will not bear interest. As indicated in the table below, a low rate of principal payments (including prepayments) on the related Mortgage Loans will have a negative effect on the yield to investors in the PO Class.**

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

<u>Class</u>	<u>Price</u>
PO . . . . .	74.0%

### Sensitivity of the PO Class to Prepayments (Pre-Tax Yields to Maturity)

<u>Class</u>	PSA Prepayment Assumption				
	<u>50%</u>	<u>100%</u>	<u>188%</u>	<u>300%</u>	<u>500%</u>
PO . . . . .	2.5%	3.3%	5.0%	7.7%	13.3%

### 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 the 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 the 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 Certificates—Weighted Average Life and Final Distribution Date” in the REMIC Prospectus.

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

- the timing of changes in the rate of principal payments,
- the priority sequence of payments of principal of the Group 1 Classes, and
- in the case of the Group 1 Classes, the payment of principal of certain Classes in accordance with the Principal Balance Schedules.

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

those 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 original principal balances of the specified Classes that would be outstanding after each date shown at various constant PSA or CPR rates, as applicable, and the corresponding weighted average lives of such Classes. The tables have been prepared on the basis of the Pricing Assumptions. However, in the case of the information set forth for each Group 1 or Group 2 Class under 0% PSA, we assumed that the underlying mortgage loans have the original and remaining terms to maturity and bear interest at the annual rates specified in the table below.

<u>Mortgage Loans Relating to Trust Assets Specified Below</u>	<u>Original Terms to Maturity</u>	<u>Remaining Terms to Maturity</u>	<u>Interest Rates</u>
Group 1 MBS	360 months	360 months	9.50%
Group 2 MBS	360 months	360 months	9.00%

It is unlikely

- that all of the underlying mortgage loans will have the interest rates, WALAs or remaining terms to maturity assumed or
- that the underlying mortgage loans will prepay at any constant PSA or CPR level.

In addition, the diverse remaining terms to maturity of the mortgage loans could produce slower or faster principal distributions than indicated in the tables at the specified constant PSA or CPR rates. This is the case even if the dispersion of weighted average remaining terms to maturity and the weighted average WALAs of the mortgage loans are identical to the dispersion specified in the Pricing Assumptions.

## Percent of Original Principal Balances Outstanding

Date	FK, SK†, AB, AE, AD and AT Classes					AM Class					AN Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	115%	305%	350%	600%	0%	115%	305%	350%	600%	0%	115%	305%	350%	600%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
July 2002	99	94	88	86	77	97	83	63	58	31	100	100	100	100	100
July 2003	98	87	70	67	48	93	59	9	0	0	100	100	100	99	72
July 2004	96	78	55	50	27	89	34	0	0	0	100	100	81	74	40
July 2005	95	71	42	37	14	84	11	0	0	0	100	100	62	54	20
July 2006	93	64	32	26	5	79	0	0	0	0	100	95	47	39	7
July 2007	92	57	23	17	0	74	0	0	0	0	100	85	34	26	0
July 2008	90	51	16	11	0	68	0	0	0	0	100	75	23	16	0
July 2009	88	45	10	5	0	62	0	0	0	0	100	66	14	8	0
July 2010	85	39	5	1	0	55	0	0	0	0	100	58	7	1	0
July 2011	83	33	*	0	0	48	0	0	0	0	100	50	1	0	0
July 2012	80	28	0	0	0	39	0	0	0	0	100	42	0	0	0
July 2013	77	23	0	0	0	31	0	0	0	0	100	34	0	0	0
July 2014	74	18	0	0	0	21	0	0	0	0	100	27	0	0	0
July 2015	71	14	0	0	0	10	0	0	0	0	100	20	0	0	0
July 2016	67	9	0	0	0	0	0	0	0	0	99	14	0	0	0
July 2017	63	5	0	0	0	0	0	0	0	0	93	7	0	0	0
July 2018	59	1	0	0	0	0	0	0	0	0	87	1	0	0	0
July 2019	54	0	0	0	0	0	0	0	0	0	80	0	0	0	0
July 2020	48	0	0	0	0	0	0	0	0	0	72	0	0	0	0
July 2021	43	0	0	0	0	0	0	0	0	0	63	0	0	0	0
July 2022	36	0	0	0	0	0	0	0	0	0	54	0	0	0	0
July 2023	30	0	0	0	0	0	0	0	0	0	44	0	0	0	0
July 2024	22	0	0	0	0	0	0	0	0	0	33	0	0	0	0
July 2025	14	0	0	0	0	0	0	0	0	0	21	0	0	0	0
July 2026	5	0	0	0	0	0	0	0	0	0	7	0	0	0	0
July 2027	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2028	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2029	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2030	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2031	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	17.1	7.7	3.9	3.5	2.2	9.0	2.4	1.2	1.1	0.8	21.1	10.3	5.2	4.7	2.9

Date	PE and PI† Classes					PB Class					CA Class						
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption						
	0%	115%	305%	350%	600%	0%	115%	305%	350%	600%	0%	115%	125%	245%	305%	350%	600%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
July 2002	99	95	95	95	95	100	100	100	100	100	96	87	86	86	86	86	86
July 2003	97	78	78	78	78	100	100	100	100	100	94	85	81	70	70	70	7
July 2004	94	62	62	62	39	100	100	100	100	100	92	83	77	48	48	45	0
July 2005	91	47	47	47	11	100	100	100	100	100	89	81	74	32	32	23	0
July 2006	88	32	32	32	0	100	100	100	100	59	87	78	70	21	21	9	0
July 2007	84	18	18	18	0	100	100	100	100	0	84	76	66	14	14	2	0
July 2008	80	5	5	5	0	100	100	100	100	0	82	73	63	10	11	*	0
July 2009	76	0	0	0	0	100	63	63	63	0	79	68	58	6	9	*	0
July 2010	72	0	0	0	0	100	6	6	6	0	75	60	50	2	7	*	0
July 2011	67	0	0	0	0	100	0	0	0	0	72	37	26	0	0	0	0
July 2012	61	0	0	0	0	100	0	0	0	0	68	13	2	0	0	0	0
July 2013	55	0	0	0	0	100	0	0	0	0	64	0	0	0	0	0	0
July 2014	49	0	0	0	0	100	0	0	0	0	60	0	0	0	0	0	0
July 2015	42	0	0	0	0	100	0	0	0	0	56	0	0	0	0	0	0
July 2016	34	0	0	0	0	100	0	0	0	0	51	0	0	0	0	0	0
July 2017	26	0	0	0	0	100	0	0	0	0	46	0	0	0	0	0	0
July 2018	17	0	0	0	0	100	0	0	0	0	40	0	0	0	0	0	0
July 2019	7	0	0	0	0	100	0	0	0	0	34	0	0	0	0	0	0
July 2020	0	0	0	0	0	78	0	0	0	0	28	0	0	0	0	0	0
July 2021	0	0	0	0	0	6	0	0	0	0	21	0	0	0	0	0	0
July 2022	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2023	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2024	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2027	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2028	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2029	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2030	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2031	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	11.9	3.9	3.9	3.9	2.7	19.4	8.3	8.3	8.3	5.2	13.7	7.9	7.0	3.4	3.5	2.9	1.4

\* 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.

† In the case of a Notional Class, the Decrement Table indicates the percentage of the original notional principal balance outstanding.

Date	CZ Class							CJ Class					Z Class					
	PSA Prepayment Assumption							PSA Prepayment Assumption					PSA Prepayment Assumption					
	0%	115%	125%	245%	305%	350%	600%	0%	115%	305%	350%	600%	0%	115%	305%	350%	600%	
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	
July 2002	107	107	107	42	42	42	20	100	100	81	67	0	107	107	107	107	107	
July 2003	115	115	115	0	0	0	0	100	100	56	23	0	115	115	115	115	115	
July 2004	123	123	123	0	0	0	0	100	100	37	0	0	123	123	123	123	123	
July 2005	132	132	132	0	0	0	0	100	100	27	0	0	132	132	132	132	132	
July 2006	142	142	142	0	0	0	0	100	100	22	0	0	142	142	142	142	142	
July 2007	152	152	152	0	0	0	0	100	100	22	0	0	152	152	152	152	135	
July 2008	163	163	163	0	0	0	0	100	100	22	0	0	163	163	163	163	85	
July 2009	175	175	175	0	0	0	0	100	100	22	0	0	175	175	175	175	53	
July 2010	187	187	187	0	0	0	0	100	100	22	0	0	187	187	187	187	34	
July 2011	201	201	201	0	0	0	0	100	100	4	0	0	201	201	201	151	21	
July 2012	215	215	215	0	0	0	0	100	100	0	0	0	215	215	165	116	13	
July 2013	231	190	147	0	0	0	0	100	100	0	0	0	231	231	131	89	8	
July 2014	248	115	73	0	0	0	0	100	100	0	0	0	248	248	104	69	5	
July 2015	266	42	1	0	0	0	0	100	100	0	0	0	266	266	82	52	3	
July 2016	285	0	0	0	0	0	0	100	84	0	0	0	285	285	65	40	2	
July 2017	305	0	0	0	0	0	0	100	45	0	0	0	305	305	51	30	1	
July 2018	328	0	0	0	0	0	0	100	6	0	0	0	328	328	40	23	1	
July 2019	351	0	0	0	0	0	0	100	0	0	0	0	351	298	31	17	*	
July 2020	377	0	0	0	0	0	0	100	0	0	0	0	377	261	24	13	*	
July 2021	404	0	0	0	0	0	0	100	0	0	0	0	404	227	18	9	*	
July 2022	397	0	0	0	0	0	0	100	0	0	0	0	433	195	13	7	*	
July 2023	289	0	0	0	0	0	0	100	0	0	0	0	464	165	10	5	*	
July 2024	172	0	0	0	0	0	0	100	0	0	0	0	498	136	7	3	*	
July 2025	45	0	0	0	0	0	0	100	0	0	0	0	534	110	5	2	*	
July 2026	0	0	0	0	0	0	0	46	0	0	0	0	573	86	4	2	*	
July 2027	0	0	0	0	0	0	0	0	0	0	0	0	543	63	2	1	*	
July 2028	0	0	0	0	0	0	0	0	0	0	0	0	426	42	1	1	*	
July 2029	0	0	0	0	0	0	0	0	0	0	0	0	297	22	1	*	*	
July 2030	0	0	0	0	0	0	0	0	0	0	0	0	156	3	*	*	*	
July 2031	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	*
Weighted Average Life (years)**	22.7	13.1	12.6	0.9	0.9	0.9	0.8	25.0	15.9	3.7	1.4	0.5	28.0	22.4	14.2	12.9	8.0	

Date	F, S†, PO and SJ Classes					GA Class					GB Class				
	PSA Prepayment Assumption					CPR Prepayment Assumption					CPR Prepayment Assumption				
	0%	100%	188%	300%	500%	0%	10%	20%	30%	50%	0%	10%	20%	30%	50%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
July 2002	99	93	88	81	69	97	87	77	68	48	98	88	79	69	49
July 2003	99	86	77	65	48	93	75	60	46	23	96	78	62	47	24
July 2004	98	80	67	53	33	89	65	46	30	11	94	69	48	32	12
July 2005	97	74	58	43	23	84	55	35	20	5	92	60	38	22	6
July 2006	96	68	51	34	16	79	47	26	13	2	89	53	29	15	3
July 2007	95	63	44	28	11	73	39	19	9	1	86	46	23	10	1
July 2008	94	58	38	22	7	67	32	14	5	1	83	40	17	7	1
July 2009	92	53	33	18	5	59	26	10	3	*	79	34	13	5	*
July 2010	91	48	29	14	3	52	20	7	2	*	55	21	7	2	*
July 2011	89	44	25	11	2	44	15	5	1	*	33	12	4	1	*
July 2012	88	40	21	9	2	36	11	3	1	*	31	10	3	1	*
July 2013	86	36	18	7	1	27	7	2	*	*	29	8	2	*	*
July 2014	84	33	15	6	1	16	4	1	*	*	26	7	1	*	*
July 2015	82	29	13	4	*	4	1	*	*	*	23	5	1	*	*
July 2016	79	26	11	3	*	0	0	0	0	0	0	0	0	0	0
July 2017	77	23	9	3	*	0	0	0	0	0	0	0	0	0	0
July 2018	74	21	8	2	*	0	0	0	0	0	0	0	0	0	0
July 2019	71	18	6	2	*	0	0	0	0	0	0	0	0	0	0
July 2020	67	15	5	1	*	0	0	0	0	0	0	0	0	0	0
July 2021	64	13	4	1	*	0	0	0	0	0	0	0	0	0	0
July 2022	59	11	3	1	*	0	0	0	0	0	0	0	0	0	0
July 2023	55	9	2	*	*	0	0	0	0	0	0	0	0	0	0
July 2024	50	7	2	*	*	0	0	0	0	0	0	0	0	0	0
July 2025	45	5	1	*	*	0	0	0	0	0	0	0	0	0	0
July 2026	39	3	1	*	*	0	0	0	0	0	0	0	0	0	0
July 2027	32	1	*	*	*	0	0	0	0	0	0	0	0	0	0
July 2028	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2029	18	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2030	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2031	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	21.1	10.1	6.8	4.6	2.7	8.7	5.4	3.5	2.5	1.4	9.8	5.8	3.8	2.6	1.4

\* 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.  
† In the case of a Notional Class, the Decrement Table indicates the percentage of the original notional principal balance outstanding.

## 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” or a foreign person subject to United States income taxation on a net basis on income derived from that Certificate. Any transferee of an R or RL Certificate must execute and deliver an affidavit and an Internal Revenue Service Form W-9 (or, if applicable, a Form W-8ECI) on which the transferee provides its taxpayer identification number. See “Description of Certificates—Special Characteristics of Residual Certificates” and “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Residual Certificates*” in the REMIC Prospectus. The affidavit must also state that the transferee is a “U.S. Person” or a foreign person subject to United States income taxation on a net basis on income derived from that Certificate and that, if the transferee is a partnership for U.S. federal income tax purposes, each person or entity that holds an interest (directly, or indirectly through a pass-through entity) in the partnership is a “U.S. Person” or a foreign person subject to United States income taxation on a net basis on income derived from that Certificate. In addition, the transferee must receive an affidavit containing these same representations from any new transferee. 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” 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 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 IRS has since issued a Revenue Procedure creating a safe harbor that may be used for transfers of noneconomic residual interests pending the finalization of the proposed amendment. Under this safe harbor, a transferor of a noneconomic residual interest will be presumed not to have improper knowledge if, in addition to meeting the two conditions contained in the Regulations, either (i) the terms of the proposed amendment are complied with or (ii) the transferee’s gross assets exceed \$100 million and its net assets exceed \$10 million (in each case, at the time of the transfer and at the close of each of the transferee’s two fiscal years preceding the year of transfer), the transferee is

an “eligible corporation” as defined in section 860L(a)(2) of the Code, the transferee agrees in writing that any subsequent transfer of the residual interest will be to an eligible corporation and will comply with the safe harbor, and the facts and circumstances known to the transferor do not reasonably indicate that the taxes associated with the residual interest will not be paid. The Revenue Procedure contains additional details regarding its application and you should consult your own tax advisor regarding the application of the Revenue Procedure to an actual 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 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.

### **ADDITIONAL TRUST AGREEMENT PROVISIONS RELATING TO THE GROUP 3 AND GROUP 4 CLASSES**

Certain provisions of the Trust Agreement are summarized under the heading “The Trust Agreement” in the REMIC Prospectus. We summarize below certain additional provisions of the Trust Agreement applicable to the Group 3 and Group 4 Mortgage Loans and to Holders of the Group 3 and Group 4 Classes (as well as to Holders of the R and RL Classes).

#### **Transfer of Mortgage Loans to the Trust**

The Trust Agreement will contain a mortgage loan schedule that will identify the Group 3 and Group 4 Mortgage Loans that are being transferred to the Trust. As Trustee, we will hold on behalf of the Certificateholders the original Mortgage Notes, endorsed in blank, and assignments of the mortgage instruments to us in recordable form. Usually assignments are in a form suitable for recording but they are not recorded. However, a blanket assignment may be used for the transfer of a large number of mortgage loans, even if the properties are not located in the same recording jurisdiction, depending on the Lender’s servicing experience and its financial condition. We may change these document custody requirements at any time, as long as we determine that any such change will not have a materially adverse effect on the interests of Certificateholders.

At our option, we may choose to maintain the documents described above with one or more custodial institutions supervised and regulated by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Office of Thrift Supervision, the FDIC or the NCUA. We will review the mortgage loan schedule before we issue the Certificates and will conduct random spot checks after issuing the Certificates to confirm that we have all the documents we need.

If a liquidation, reorganization, or similar proceeding involving our assets or the assets of a Lender were to occur, it is not clear what law would be applicable. As a result, we cannot render a legal opinion about the Certificateholders’ rights to the Group 3 or Group 4 Mortgage Loans in the event of a proceeding of this type.

#### **Servicing Through Lenders**

Under the Trust Agreement, we are responsible for servicing and administering the Group 3 and Group 4 Mortgage Loans. We are permitted, in our discretion, to contract with the originator of each Group 3 and Group 4 Mortgage Loan, or another eligible servicing institution, to perform those functions under our supervision as more fully described below (each, a “Lender”). Any servicing contract or arrangement by us with a Lender for the direct servicing of Group 3 and Group 4 Mortgage Loans is a contract solely between us and that Lender. Therefore, Certificateholders will not be

deemed to be parties to such contract and will have no claims, rights, obligations, duties, or liabilities with respect to such Lender.

Unless we agree otherwise, Lenders will be obligated to perform diligently all services and duties customary to the servicing of mortgages in accordance with the applicable guide. We will monitor the Lender's performance and we have the right to remove any Lender for cause at any time we consider such removal to be in the best interest of Certificateholders. The duties performed by Lenders include general loan servicing responsibilities, collection and remittance of principal and interest payments, administration of mortgage escrow accounts, collection of insurance claims, and, if necessary, foreclosure.

### **Servicing Compensation and Payment of Certain Expenses by Fannie Mae**

We will be entitled to retain an amount based on the principal balance of each Group 3 and Group 4 Mortgage Loan for Trust expenses and as compensation for our activities and obligations under the Trust Agreement. In addition, we may retain a portion of the proceeds from the liquidation of a Group 3 or Group 4 Mortgage Loan that exceeds (i) the principal balance of that mortgage loan and (ii) interest owed through the end of the month of such liquidation at the mortgage interest rate. We will pay all expenses incurred in connection with our servicing activities, including the fees to Lenders and any payments to cover mortgage insurance premiums, and we are not entitled to be reimbursed for those expenses out of the Trust assets.

We will retain as additional servicing compensation any prepayment premiums, assumption fees, late payment charges and similar charges to the extent they are collected from borrowers.

### **Collection and Other Servicing Procedures**

We are responsible for servicing the Group 3 and Group 4 Mortgage Loans and may, as set forth above, conduct such servicing through Lenders or through other Fannie Mae approved mortgage servicers. In connection with our servicing activities, we have full power to do anything we deem necessary or appropriate, including the foreclosure or comparable conversion of a defaulted Group 3 or Group 4 Mortgage Loan. We may in our discretion repurchase from the Trust any Group 3 or Group 4 Mortgage Loan that is delinquent, in whole or in part, as to four consecutive installments of principal and interest. We currently intend to exercise this option when available but we cannot assure you that this policy will not change. The purchase price will be equal to the principal balance of the delinquent Group 3 or Group 4 Mortgage Loan together with accrued interest at the Net Mortgage Rate. We will pay the purchase price to Certificateholders in the same manner as full prepayments of Group 3 and Group 4 Mortgage Loans. See "Description of the Certificates—Distributions of Principal" in this prospectus supplement.

With respect to each Group 3 and Group 4 Mortgage Loan, the Lender makes certain warranties to Fannie Mae concerning the following matters:

- the recordation of the original mortgage,
- the validity of the Group 3 or Group 4 Mortgage Loan as a second lien on the mortgaged property, and
- compliance by such Group 3 or Group 4 Mortgage Loan with applicable state and federal laws.

In the event of a material breach of any warranty or a material defect in the mortgage loan documentation, we may withdraw the Group 3 or Group 4 Mortgage Loan from the Trust at a price equal to its principal balance together with interest thereon at the Net Mortgage Rate. Alternatively, we may at our option substitute a new Group 3 or Group 4 Mortgage Loan for a defective Group 3 or Group 4 Mortgage Loan. Any substitute Group 3 or Group 4 Mortgage Loan must meet certain criteria to ensure that the substitute Group 3 or Group 4 Mortgage Loan will not alter the general characteristics of the Group 3 Mortgage Loans or Group 4 Mortgage Loans, as applicable. No such

substitution may take place more than two years after we issue the Certificates. Any amount by which the principal balance of the defective Group 3 or Group 4 Mortgage Loan exceeds the principal balance of the substitute Group 3 or Group 4 Mortgage Loan will be passed through to Certificateholders as principal.

Subject to the limitations discussed below, we may:

- enforce or waive enforcement of any term of any Group 3 or Group 4 Mortgage Loan,
- enter into an agreement to modify any term of any Group 3 or Group 4 Mortgage Loan, or
- take any action or refrain from taking any action in servicing any Group 3 or Group 4 Mortgage Loan.

The Trust Agreement prohibits certain other modifications, such as reducing the mortgage interest rate or principal amount or extending the term of a Group 3 or Group 4 Mortgage Loan. We may waive any prepayment premium, assumption fee or late payment charge, or may exercise or refrain from exercising any “call option rider.” If we decide to take or refrain from taking any of the actions discussed above, our decision must be consistent with the then-current policies or practices that we follow for comparable mortgage loans held in our own portfolio. In making our decisions, we may not take into account the ownership status of the related Group 3 or Group 4 Mortgage Loan.

In connection with the transfer or prospective transfer of title to a mortgaged property securing any Group 3 or Group 4 Mortgage Loan, we must accelerate the maturity of the related Group 3 or Group 4 Mortgage Loan if it contains a “due-on-sale” clause that permits acceleration under those conditions (unless applicable law prohibits enforcing the “due-on-sale” clause).

If for any reason we do not have to accelerate the maturity of a Group 3 or Group 4 Mortgage Loan upon the transfer, or prospective transfer, of title to the related mortgaged property, we may release the borrower from liability on the related Group 3 or Group 4 Mortgage Loan and imposes that liability on the transferee, provided that no such transaction will provide for reduction of the mortgage interest rate.

## **Termination**

The servicer has the right to purchase all of the Group 3 Mortgage Loans or all of the Group 4 Mortgage Loans remaining in the Trust if the aggregate principal balance of the remaining Group 3 Mortgage Loans or Group 4 Mortgage Loans is less than 5% of the aggregate principal balance of the Group 3 Mortgage Loans or Group 4 Mortgage Loans, as applicable, as of the Issue Date. The purchase price for any such optional purchase will be equal to the aggregate outstanding Stated Principal Balance of the Group 3 Mortgage Loans or Group 4 Mortgage Loans, as applicable (including, in each case, one month’s interest at the applicable Net Mortgage Rates).

If the servicer chooses not to exercise its option to purchase the Group 3 or Group 4 Mortgage Loans, we may do so. However, we do not intend to exercise this option if (i) we have knowledge that any related Certificate has been pledged to secure an issue of cash flow obligations or is included in assets underlying an issue of cash flow obligations and (ii) the exercise of this option would take place prior to the earliest date upon which the issuer of such cash flow obligations can exercise an option to redeem the obligations or purchase the Certificates without a premium.

If an option to repurchase the Group 3 Mortgage Loans is exercised, the GA Class will be paid in full, and the Trust Agreement will terminate with respect to that Class. If an option to repurchase the Group 4 Mortgage Loans is exercised, the GB Class will be paid in full, and the Trust Agreement will terminate with respect to that Class.

## **Additional Fannie Mae Matters**

In the event that we are unable to fulfill our continuing guaranty obligations, the Trust Agreement may be modified to provide for monthly distributions to be made from then-available Group 3 and Group 4 Mortgage Loan payments and other recoveries in a manner similar to practices and procedures followed in the servicing of comparable whole loans for institutional investors. See “The Trust Agreement—Rights upon Event of Default” in the REMIC Prospectus.

## **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 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 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.

The discussion under the caption “Certain Federal Income Tax Consequences” in the REMIC Prospectus assumes that mortgage loans held by a REMIC will be held through an underlying security. With respect to the Group 3 and Group 4 Mortgage Loans, references in that discussion to an underlying security or to the mortgage loans backing an underlying security should be read as references to the Group 3 and Group 4 Mortgage Loans themselves.

## **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 REMIC 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 the “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 REMIC Certificates and any related RCR 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 REMIC Prospectus.

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

The Notional Classes, the Accrual Classes and the Principal Only Class will be issued with original issue discount (“OID”), and certain other Classes of REMIC 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 REMIC Prospectus. In addition, certain Classes of REMIC 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 REMIC Prospectus.

The Prepayment Assumptions that will be used in determining the rate of accrual of OID will be as follows:

<u>Certificate Group</u>	<u>Prepayment Assumption</u>
1	305% PSA
2	188% PSA
3	20% CPR
4	20% CPR

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 REMIC Prospectus. No representation is made as to whether the Group 3 and Group 4 Mortgage Loans or the mortgage loans underlying the MBS will prepay at any of those rates or any other rate. See “Description of the Certificates—Weighted Average Lives of the Certificates” in this prospectus supplement and “Description of Certificates—Weighted Average Life and Final Distribution Date” in the 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 6.83% (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 REMIC Prospectus.

### **Taxation of Beneficial Owners of RCR Certificates**

*General.* The RCR Classes will be created, sold and administered pursuant to an arrangement that will be classified as a grantor trust under subpart E, part I of subchapter J of the Code. The REMIC Certificates that are exchanged for RCR Certificates (including any exchanges effective on the Settlement Date) will be the assets of the trust, and the RCR Certificates will represent an ownership interest in those REMIC Certificates. For a general discussion of the federal income tax treatment of beneficial owners of REMIC Certificates, see “Certain Federal Income Tax Consequences” in the REMIC Prospectus.

The RCR Classes (each, a “Combination RCR Class”) will represent the beneficial ownership of the underlying REMIC Certificates set forth in Schedule 1. Each Certificate of a Combination RCR Class (a “Combination RCR Certificate”) will represent beneficial ownership of undivided interests in two or more underlying REMIC Certificates.

*Combination RCR Classes.* A beneficial owner of a Combination RCR Certificate will be treated as the beneficial owner of a proportionate interest in the REMIC Certificates underlying that Combination RCR Certificate. A beneficial owner of a Combination RCR Certificate must allocate its cost to acquire that Certificate among the underlying REMIC Certificates in proportion to their relative fair market values at the time of acquisition. Such owner should account for its ownership interest in each underlying REMIC Certificate as described under “—*Taxation of Beneficial Owners of Regular Certificates*” in this prospectus supplement and “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Regular Certificates*” in the REMIC Prospectus. When a beneficial owner sells a Combination RCR Certificate, the owner must allocate the sale proceeds among the underlying REMIC Certificates in proportion to their relative fair market values at the time of sale.

*Exchanges.* If a beneficial owner exchanges one or more REMIC Certificates for the related RCR Certificate or Certificates in the manner described under “Description of the Certificates—*Combination and Recombination*” in this prospectus supplement, the exchange will not be taxable. Likewise, if a beneficial owner exchanges one or more RCR Certificates for the related

REMIC Certificate or Certificates in the manner described in that discussion, the exchange will not be a taxable exchange. In each of these cases, the beneficial owner will be treated as continuing to own after the exchange the same combination of interests in the related REMIC Certificates (or the same interest in the related REMIC Certificate) that it owned immediately prior to the exchange.

## **PLAN OF DISTRIBUTION**

*General.* We are obligated to deliver the Certificates to Credit Suisse First Boston Corporation (the “Dealer”) in exchange for the Group 1 and Group 2 MBS and the Group 3 and Group 4 Mortgage Loans. 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.

*Increase in Certificates.* Before the Settlement Date, we and the Dealer may agree to offer Group 1 or Group 2 Classes in addition to those contemplated as of the date of this prospectus supplement. In this event, we will increase the related MBS in principal balance, but we expect that all these additional MBS will have the same characteristics as described under “Description of the Certificates—The Group 1 and Group 2 MBS.” The proportion that the original principal balance of each Group 1 or Group 2 Class bears to the aggregate original principal balance of all Group 1 or Group 2 Classes, respectively, will remain the same. In addition, the dollar amounts shown in the Principal Balance Schedules will be increased to correspond to the increase of the principal balances of the applicable Classes.

## **LEGAL MATTERS**

Sidley Austin Brown & Wood LLP will provide legal representation for Fannie Mae. Sidley Austin Brown & Wood LLP will also provide legal representation for the Dealer.

Schedule 1

Available Recombinations (1)

REMIC Certificates		RCR Certificates						
Classes	Original or Notional Principal Balances	RCR Class	Original Principal Balance	Interest Rate	Interest Type (2)	Principal Type (2)	CUSIP Number	Final Distribution Date
<b>Recombination 1</b>								
AM	\$42,852,768	AE	\$131,655,944	6.5%	FIX	SEQ	313920KP4	March 2027
AN	88,803,176							
<b>Recombination 2</b>								
AM	42,852,768	AD	164,569,930	7.0	FIX	SEQ	313920KQ2	March 2027
AN	88,803,176							
FK	32,913,986							
SK	32,913,986 (3)							
<b>Recombination 3</b>								
FK	32,913,986	AT	32,913,986	9.0	FIX	SEQ	313920KR0	March 2027
SK	32,913,986 (3)							
<b>Recombination 4</b>								
PO	11,764,706	SJ	11,764,706	(4)	INV	PT	313920KS8	August 2031
S	38,235,294 (3)							

(1) REMIC Certificates and RCR Certificates in any Recombination may be exchanged only in the proportions shown above.  
(2) See "Description of Certificates—Class Definitions and Abbreviations" in the REMIC Prospectus and "Description of the Certificates—Distributions of Interest" and "—Distributions of Principal" in this prospectus supplement.  
(3) Notional principal balance.  
(4) For a description of this interest rate, see "Description of the Certificates—Distributions of Interest" in this prospectus supplement.

## Principal Balance Schedules

### *PE Class Planned Balances*

<u>Distribution Date</u>	<u>Planned Balance</u>	<u>Distribution Date</u>	<u>Planned Balance</u>	<u>Distribution Date</u>	<u>Planned Balance</u>
Initial Balance through February 2002 .....	\$32,865,605.00	June 2004 .....	\$20,807,370.75	November 2006 .....	\$ 8,995,261.28
March 2002 .....	32,537,218.69	July 2004 .....	20,371,107.73	December 2006 .....	8,616,898.72
April 2002 .....	32,195,769.77	August 2004 .....	19,937,045.23	January 2007 .....	8,240,324.50
May 2002 .....	31,841,408.94	September 2004 .....	19,505,168.03	February 2007 .....	7,865,525.42
June 2002 .....	31,474,294.39	October 2004 .....	19,075,460.95	March 2007 .....	7,492,488.35
July 2002 .....	31,094,591.71	November 2004 .....	18,647,908.91	April 2007 .....	7,121,200.25
August 2002 .....	30,702,473.69	December 2004 .....	18,222,496.91	May 2007 .....	6,751,648.10
September 2002 .....	30,298,120.24	January 2005 .....	17,799,210.01	June 2007 .....	6,383,818.97
October 2002 .....	29,881,718.24	February 2005 .....	17,378,033.36	July 2007 .....	6,017,699.99
November 2002 .....	29,453,461.33	March 2005 .....	16,958,952.18	August 2007 .....	5,653,278.34
December 2002 .....	29,013,549.81	April 2005 .....	16,541,951.77	September 2007 .....	5,290,541.27
January 2003 .....	28,562,190.47	May 2005 .....	16,127,017.49	October 2007 .....	4,929,476.09
February 2003 .....	28,099,596.36	June 2005 .....	15,714,134.79	November 2007 .....	4,570,070.16
March 2003 .....	27,625,986.68	July 2005 .....	15,303,289.18	December 2007 .....	4,212,310.90
April 2003 .....	27,154,832.40	August 2005 .....	14,894,466.26	January 2008 .....	3,856,185.81
May 2003 .....	26,686,116.95	September 2005 .....	14,487,651.67	February 2008 .....	3,501,682.43
June 2003 .....	26,219,823.87	October 2005 .....	14,082,831.17	March 2008 .....	3,148,788.36
July 2003 .....	25,755,936.77	November 2005 .....	13,679,990.54	April 2008 .....	2,797,491.25
August 2003 .....	25,294,439.34	December 2005 .....	13,279,115.67	May 2008 .....	2,447,778.83
September 2003 .....	24,835,315.36	January 2006 .....	12,880,192.50	June 2008 .....	2,099,638.86
October 2003 .....	24,378,548.71	February 2006 .....	12,483,207.05	July 2008 .....	1,753,439.80
November 2003 .....	23,924,123.34	March 2006 .....	12,088,145.39	August 2008 .....	1,413,196.68
December 2003 .....	23,472,023.27	April 2006 .....	11,694,993.68	September 2008 .....	1,078,783.90
January 2004 .....	23,022,232.64	May 2006 .....	11,303,738.14	October 2008 .....	750,078.31
February 2004 .....	22,574,735.63	June 2006 .....	10,914,365.05	November 2008 .....	426,959.18
March 2004 .....	22,129,516.54	July 2006 .....	10,526,860.78	December 2008 .....	109,308.11
April 2004 .....	21,686,559.71	August 2006 .....	10,141,211.75	January 2009 and thereafter .....	0.00
May 2004 .....	21,245,849.61	September 2006 .....	9,757,404.44		
		October 2006 .....	9,375,425.41		

### *PB Class Planned Balances*

<u>Distribution Date</u>	<u>Planned Balance</u>	<u>Distribution Date</u>	<u>Planned Balance</u>	<u>Distribution Date</u>	<u>Planned Balance</u>
Initial Balance through December 2008 .....	\$5,372,080.00	July 2009 .....	\$3,401,466.64	March 2010 .....	\$1,298,989.69
January 2009 .....	5,169,089.04	August 2009 .....	3,123,566.43	April 2010 .....	1,054,481.81
February 2009 .....	4,862,028.16	September 2009 .....	2,850,167.60	May 2010 .....	813,748.52
March 2009 .....	4,560,093.89	October 2009 .....	2,581,172.91	June 2010 .....	576,706.73
April 2009 .....	4,263,176.84	November 2009 .....	2,316,487.07	July 2010 .....	343,274.96
May 2009 .....	3,971,169.72	December 2009 .....	2,056,016.58	August 2010 .....	113,373.33
June 2009 .....	3,683,967.36	January 2010 .....	1,799,669.81	September 2010 and thereafter .....	0.00
		February 2010 .....	1,547,356.89		

### *Aggregate Group Targeted Balances*

<u>Distribution Date</u>	<u>Targeted Balance</u>	<u>Distribution Date</u>	<u>Targeted Balance</u>	<u>Distribution Date</u>	<u>Targeted Balance</u>
Initial Balance .....	\$21,279,684.00	November 2001 .....	\$19,468,500.47	March 2002 .....	\$17,541,716.84
August 2001 .....	20,870,015.21	December 2001 .....	18,945,168.78	April 2002 .....	17,253,748.24
September 2001 .....	20,431,344.66	January 2002 .....	18,394,518.12	May 2002 .....	16,953,609.64
October 2001 .....	19,964,038.76	February 2002 .....	17,817,057.66	June 2002 .....	16,641,782.58

**Aggregate Group (Continued)**

<u>Distribution Date</u>	<u>Targeted Balance</u>	<u>Distribution Date</u>	<u>Targeted Balance</u>	<u>Distribution Date</u>	<u>Targeted Balance</u>
July 2002 .....	\$16,318,771.39	May 2005 .....	\$ 5,914,200.94	March 2008 .....	\$ 1,855,524.20
August 2002 .....	15,985,102.23	June 2005 .....	5,715,907.63	April 2008 .....	1,805,174.47
September 2002 .....	15,641,322.02	July 2005 .....	5,523,286.16	May 2008 .....	1,757,988.51
October 2002 .....	15,287,997.34	August 2005 .....	5,336,243.67	June 2008 .....	1,713,909.89
November 2002 .....	14,925,713.28	September 2005 .....	5,154,688.63	July 2008 .....	1,672,502.37
December 2002 .....	14,555,072.22	October 2005 .....	4,978,530.85	August 2008 .....	1,629,683.99
January 2003 .....	14,176,692.57	November 2005 .....	4,807,681.41	September 2008 .....	1,585,514.33
February 2003 .....	13,791,207.51	December 2005 .....	4,642,052.67	October 2008 .....	1,540,051.35
March 2003 .....	13,399,263.58	January 2006 .....	4,481,558.26	November 2008 .....	1,493,351.43
April 2003 .....	13,016,076.01	February 2006 .....	4,326,113.07	December 2008 .....	1,445,469.44
May 2003 .....	12,641,508.09	March 2006 .....	4,175,633.17	January 2009 .....	1,396,458.75
June 2003 .....	12,275,425.05	April 2006 .....	4,030,035.89	February 2009 .....	1,346,371.29
July 2003 .....	11,917,694.03	May 2006 .....	3,889,239.73	March 2009 .....	1,295,257.53
August 2003 .....	11,568,184.04	June 2006 .....	3,753,164.36	April 2009 .....	1,243,166.59
September 2003 .....	11,226,765.93	July 2006 .....	3,621,730.62	May 2009 .....	1,190,146.20
October 2003 .....	10,893,312.41	August 2006 .....	3,494,860.51	June 2009 .....	1,136,242.78
November 2003 .....	10,567,697.96	September 2006 .....	3,372,477.12	July 2009 .....	1,081,501.45
December 2003 .....	10,249,798.85	October 2006 .....	3,254,504.70	August 2009 .....	1,025,966.07
January 2004 .....	9,939,493.10	November 2006 .....	3,140,868.57	September 2009 .....	969,679.26
February 2004 .....	9,636,660.45	December 2006 .....	3,031,495.13	October 2009 .....	912,682.43
March 2004 .....	9,341,182.38	January 2007 .....	2,926,311.87	November 2009 .....	855,015.83
April 2004 .....	9,052,942.01	February 2007 .....	2,825,247.32	December 2009 .....	796,718.54
May 2004 .....	8,771,824.14	March 2007 .....	2,728,231.06	January 2010 .....	737,828.53
June 2004 .....	8,497,715.22	April 2007 .....	2,635,193.67	February 2010 .....	678,382.67
July 2004 .....	8,230,503.28	May 2007 .....	2,546,066.77	March 2010 .....	618,416.77
August 2004 .....	7,970,077.98	June 2007 .....	2,460,782.97	April 2010 .....	557,965.59
September 2004 .....	7,716,330.53	July 2007 .....	2,379,275.85	May 2010 .....	497,062.87
October 2004 .....	7,469,153.69	August 2007 .....	2,301,479.97	June 2010 .....	435,741.36
November 2004 .....	7,228,441.75	September 2007 .....	2,227,330.85	July 2010 .....	374,032.83
December 2004 .....	6,994,090.52	October 2007 .....	2,156,764.95	August 2010 .....	311,968.12
January 2005 .....	6,765,997.28	November 2007 .....	2,089,719.66	September 2010 .....	136,500.62
February 2005 .....	6,544,060.79	December 2007 .....	2,026,133.28	October 2010 .....	137,296.87
March 2005 .....	6,328,181.25	January 2008 .....	1,965,945.02	November 2010 and thereafter .....	0.00
April 2005 .....	6,118,260.29	February 2008 .....	1,909,095.00		

**CA Class Targeted Balances**

<u>Distribution Date</u>	<u>Targeted Balance</u>	<u>Distribution Date</u>	<u>Targeted Balance</u>	<u>Distribution Date</u>	<u>Targeted Balance</u>
Initial Balance .....	\$17,000,000.00	September 2002 .....	\$14,428,443.22	November 2003 .....	\$13,619,159.60
August 2001 .....	16,728,263.54	October 2002 .....	14,373,529.41	December 2003 .....	13,562,229.22
September 2001 .....	16,441,319.31	November 2002 .....	14,317,624.06	January 2004 .....	13,505,562.95
October 2001 .....	16,139,276.59	December 2002 .....	14,260,758.96	February 2004 .....	13,449,155.64
November 2001 .....	15,822,254.24	January 2003 .....	14,202,966.90	March 2004 .....	13,393,002.18
December 2001 .....	15,490,380.64	February 2003 .....	14,144,281.61	April 2004 .....	13,337,097.48
January 2002 .....	15,143,793.57	March 2003 .....	14,084,737.78	May 2004 .....	13,281,436.48
February 2002 .....	14,782,640.12	April 2003 .....	14,025,505.73	June 2004 .....	13,226,014.15
March 2002 .....	14,735,462.89	May 2003 .....	13,966,580.02	July 2004 .....	13,170,825.48
April 2002 .....	14,687,103.51	June 2003 .....	13,907,955.28	August 2004 .....	13,115,865.49
May 2002 .....	14,637,585.55	July 2003 .....	13,849,626.14	September 2004 .....	13,061,129.25
June 2002 .....	14,586,933.85	August 2003 .....	13,791,587.28	October 2004 .....	13,006,611.82
July 2002 .....	14,535,174.49	September 2003 .....	13,733,833.41	November 2004 .....	12,952,308.32
August 2002 .....	14,482,334.79	October 2003 .....	13,676,359.26	December 2004 .....	12,898,213.86

**CA Class (Continued)**

<u>Distribution Date</u>	<u>Targeted Balance</u>	<u>Distribution Date</u>	<u>Targeted Balance</u>	<u>Distribution Date</u>	<u>Targeted Balance</u>
January 2005 .....	\$12,844,323.61	September 2007 .....	\$11,199,924.97	April 2010 .....	\$ 8,797,346.36
February 2005 .....	12,790,632.75	October 2007 .....	11,150,209.65	May 2010 .....	8,672,940.70
March 2005 .....	12,737,136.48	November 2007 .....	11,100,547.33	June 2010 .....	8,546,070.82
April 2005 .....	12,683,830.05	December 2007 .....	11,050,933.90	July 2010 .....	8,416,803.54
May 2005 .....	12,630,708.69	January 2008 .....	11,001,365.27	August 2010 .....	8,285,204.17
June 2005 .....	12,577,767.71	February 2008 .....	10,951,837.36	September 2010 .....	8,038,260.02
July 2005 .....	12,525,002.40	March 2008 .....	10,902,346.12	October 2010 .....	7,679,111.57
August 2005 .....	12,472,408.09	April 2008 .....	10,852,887.50	November 2010 .....	7,321,117.73
September 2005 .....	12,419,980.14	May 2008 .....	10,803,457.48	December 2010 .....	6,964,264.13
October 2005 .....	12,367,713.92	June 2008 .....	10,754,052.06	January 2011 .....	6,608,536.45
November 2005 .....	12,315,604.84	July 2008 .....	10,704,286.61	February 2011 .....	6,253,920.42
December 2005 .....	12,263,648.32	August 2008 .....	10,650,129.99	March 2011 .....	5,900,401.83
January 2006 .....	12,211,839.79	September 2008 .....	10,591,691.80	April 2011 .....	5,547,966.52
February 2006 .....	12,160,174.74	October 2008 .....	10,529,079.22	May 2011 .....	5,196,600.37
March 2006 .....	12,108,648.65	November 2008 .....	10,462,397.10	June 2011 .....	4,846,289.33
April 2006 .....	12,057,257.03	December 2008 .....	10,391,748.01	July 2011 .....	4,497,019.37
May 2006 .....	12,005,995.41	January 2009 .....	10,317,232.26	August 2011 .....	4,148,776.54
June 2006 .....	11,954,859.36	February 2009 .....	10,238,947.98	September 2011 .....	3,801,546.92
July 2006 .....	11,903,844.44	March 2009 .....	10,156,991.13	October 2011 .....	3,455,316.64
August 2006 .....	11,852,946.26	April 2009 .....	10,071,455.55	November 2011 .....	3,110,071.88
September 2006 .....	11,802,160.42	May 2009 .....	9,982,433.04	December 2011 .....	2,765,798.86
October 2006 .....	11,751,482.57	June 2009 .....	9,890,013.33	January 2012 .....	2,422,483.86
November 2006 .....	11,700,908.36	July 2009 .....	9,794,284.21	February 2012 .....	2,080,113.20
December 2006 .....	11,650,433.47	August 2009 .....	9,695,331.49	March 2012 .....	1,738,673.23
January 2007 .....	11,600,053.60	September 2009 .....	9,593,239.08	April 2012 .....	1,398,150.37
February 2007 .....	11,549,764.46	October 2009 .....	9,488,089.03	May 2012 .....	1,058,531.06
March 2007 .....	11,499,561.79	November 2009 .....	9,379,961.54	June 2012 .....	719,801.80
April 2007 .....	11,449,441.33	December 2009 .....	9,268,935.03	July 2012 .....	381,949.13
May 2007 .....	11,399,398.86	January 2010 .....	9,155,086.16	August 2012 .....	44,959.62
June 2007 .....	11,349,430.18	February 2010 .....	9,038,489.87	September 2012 and thereafter .....	0.00
July 2007 .....	11,299,531.08	March 2010 .....	8,919,219.41		
August 2007 .....	11,249,697.39				

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.

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**\$486,221,779**  
**(Approximate)**



**Guaranteed  
REMIC Pass-Through  
Certificates**

**Fannie Mae REMIC Trust 2001-37**

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***PROSPECTUS SUPPLEMENT***



**June 22, 2001**