

**\$200,000,000**



**FannieMae®**

**Guaranteed REMIC Pass-Through Certificates  
Fannie Mae REMIC Trust 2001-39**

**The Certificates**

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

**Payments to Certificateholders**

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

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

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

**The Fannie Mae Guaranty**

We will guarantee that required payments of principal and interest on the certificates are distributed to investors on time.

**The Trust and its Assets**

The trust will own Fannie Mae MBS.

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

| <i>Class</i> | <i>Original<br/>Class Balance</i> | <i>Principal<br/>Type</i> | <i>Interest<br/>Rate</i> | <i>Interest<br/>Type</i> | <i>CUSIP<br/>Number</i> | <i>Final<br/>Distribution<br/>Date</i> |
|--------------|-----------------------------------|---------------------------|--------------------------|--------------------------|-------------------------|--|
| A(1) .....   | \$138,560,000                     | SEQ                       | 6.0%                     | FIX                      | 313920HR4               | September 2027                         |
| B(1) .....   | 23,478,000                        | SEQ                       | 6.0                      | FIX                      | 313920HS2               | May 2029                               |
| C(1) .....   | 15,114,000                        | SEQ/AD                    | 6.0                      | FIX                      | 313920HT0               | May 2012                               |
| D(1) .....   | 6,011,000                         | SEQ/AD                    | 6.0                      | FIX                      | 313920HU7               | April 2015                             |
| Z(1) .....   | 16,837,000                        | SEQ                       | 6.0                      | FIX/Z                    | 313920HV5               | August 2031                            |
| R .....      | 0                                 | NPR                       | 0                        | NPR                      | 313920HW3               | August 2031                            |

(1) Exchangeable classes.

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 E, H and J 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 20, 2001.

**Carefully consider the risk factors starting on page S-6 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.

**GREENWICH CAPITAL**

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## AVAILABLE INFORMATION

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

- our Prospectus for Guaranteed REMIC Pass-Through Certificates dated September 18, 1998 (the “REMIC Prospectus”);
- our Prospectus for 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 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).

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

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

Greenwich Capital Markets, Inc.  
Prospectus Department  
600 Steamboat Road  
Greenwich, Connecticut 06830  
(telephone 203-622-2318).

## 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.

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

| <u>Approximate<br/>Principal<br/>Balance</u> | <u>Original<br/>Term to<br/>Maturity<br/>(in months)</u> | <u>Approximate<br/>Weighted Average<br/>Remaining Term<br/>to Maturity<br/>(in months)</u> | <u>Approximate<br/>Weighted Average<br/>Loan Age<br/>(in months)</u> | <u>Approximate<br/>Weighted<br/>Average Coupon</u> |
|--|--|--|--|--|
| \$200,000,000                                | 360  | 330  | 26   | 6.75%  |

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.

### 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 distributions 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 20, 2001.

### Distribution Dates

We will make payments on the certificates 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 issue 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:

| <u>Fed Book-Entry</u>              | <u>Physical</u> |
|------------------------------------|-----------------|
| All classes other than the R Class | R Class         |

### 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 certificates will bear interest at the applicable annual interest rate listed on the cover or on Schedule 1.

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

## Distributions of Principal

### *Z Accrual Amount*

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

### *Cash Flow Distribution Amount*

To the A, B, C, D and Z Classes, in that order, 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) \*

| Class   | PSA Prepayment Assumption |      |      |      |      |
|---------|---------------------------|------|------|------|------|
|         | 0%                        | 100% | 155% | 300% | 500% |
| A ..... | 17.5                      | 6.0  | 4.2  | 2.3  | 1.4  |
| B ..... | 27.0                      | 15.7 | 11.8 | 6.6  | 3.8  |
| C ..... | 6.0                       | 6.0  | 6.0  | 5.5  | 4.0  |
| D ..... | 12.2                      | 12.2 | 12.2 | 8.7  | 5.5  |
| Z ..... | 29.0                      | 22.2 | 18.9 | 13.1 | 8.4  |
| E ..... | 29.0                      | 22.2 | 18.9 | 11.9 | 7.2  |
| H ..... | 18.3                      | 6.8  | 4.8  | 2.7  | 1.6  |
| J ..... | 18.0                      | 6.4  | 4.6  | 2.5  | 1.5  |

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

## ADDITIONAL RISK FACTORS

*The rate of principal payments on the certificates will be affected by the rate of principal payments on the 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 mortgage loans underlying the MBS, including prepayments. Because borrowers generally may prepay their mortgage loans at any time without penalty, the rate of principal payments on the 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.

*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 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 MBS 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.

*Delay classes have lower yields and market values.* Since the classes do not receive interest immediately following each interest accrual period, they have lower yields and lower 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. If you assumed the actual final payment will occur on the final distribution date specified, your yield could be lower than you expect.

*Some investors may be unable to buy certain classes.* Investors whose investment activities are subject to legal investment laws and regulations, or to review by regulatory authorities, may be unable to buy certain certificates. You should get legal advice to determine whether you may purchase the certificates.

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

## DESCRIPTION OF THE CERTIFICATES

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

### General

*Structure.* We will create the Fannie Mae REMIC Trust specified on the cover (the “Trust”) pursuant to a trust agreement dated as of July 1, 2001 (the “Issue Date”). We will issue the Guaranteed REMIC Pass-Through Certificates (“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 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 Class) will be “regular interests” in the Trust.
- The R Class will be the “residual interest” in the Trust.

The assets of the Trust will consist of certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the “MBS”).

Each MBS represents a beneficial ownership interest in a pool of first lien, one- to four-family (“single-family”), fixed-rate residential mortgage loans (the “Mortgage Loans”) having the characteristics described herein.

*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.

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 Class) 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 Certificate in fully registered, certificated form. The “Holder” or “Certificateholder” of the R Certificate is its registered owner. The R 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 Certificate and may require payment to cover any tax or other governmental charge. See also “Characteristics of the R Class.”

The Holder of the R Class will receive the proceeds of any remaining assets of the Trust 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 Certificate, in minimum denominations of \$1,000 and whole dollar increments. We will issue the R Class as a single Certificate with no principal balance.

*Distribution Dates.* We will make monthly payments on the Certificates on the 25th day of each month (or, if the 25th is not a business day, on the first business day after the 25th). We refer to each of these dates as a “Distribution Date.” We will make the first payments to Certificateholders in 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 of a Certificate of that Class, the product will equal the current 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 Class).

*Optional Termination.* We will not terminate 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 A, B, C, D and Z 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 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 in 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 such 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 such 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 MBS**

The following table contains certain information about the MBS. The MBS will have the aggregate unpaid principal balance and Pass-Through Rate shown below and the general characteristics described in the MBS Prospectus. The MBS will provide that principal and interest on the related Mortgage Loans will be passed through monthly, beginning in the month after we issue the MBS. The Mortgage Loans underlying the MBS will be conventional Level Payment Mortgage Loans secured by first mortgages or deeds of trust on single-family residential properties. These Mortgage Loans will have original maturities of up to 30 years. See "The Mortgage Pools" and "Yield Considerations" in the MBS Prospectus. We expect the characteristics of the MBS and the related Mortgage Loans as of the Issue Date to be as follows:

|   |                          |
|---|--------------------------|
| Aggregate Unpaid Principal Balance .....                            | \$200,000,000            |
| MBS Pass-Through Rate .....   | 6.00%                    |
| Range of WACs (per annum percentages) .....                         | 6.25% to 8.50%           |
| Range of WAMs .....   | 241 months to 360 months |
| Approximate Weighted Average WAM .....                              | 330 months               |
| Approximate Weighted Average WALA (Weighted Average Loan Age) ..... | 26 months                |

## **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 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 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>   |
|-----------------------|------------------|
| Fixed Rate            | A, B, C, D and Z |
| Accrual               | Z                |
| RCR**                 | E, H and J       |
| No Payment Residual   | R                |

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

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

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

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

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

*Interest Accrual Period.* Interest to be paid on each Distribution Date will accrue on the interest-bearing Certificates during the calendar month preceding the month in which the Distribution Date occurs (each, an “Interest Accrual Period”). See “Additional Risk Factors” in this Prospectus Supplement.

*Accrual Class.* The Z Class is an Accrual Class. Interest will accrue on the Accrual Class at the applicable annual rate listed on the cover. However, we will not pay any interest on the Accrual Class. Instead, interest accrued on the Accrual Class will be added as principal to its principal balance on each Distribution Date. We will pay principal on the Accrual Class as described under “Distributions of Principal” below.

## Distributions of Principal

### *Categories of Classes*

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

| <u>Principal Type*</u> | <u>Classes</u>   |
|------------------------|------------------|
| Sequential Pay         | A, B, C, D and Z |
| Accretion Directed     | C and D          |
| RCR**                  | E, H and J       |
| No Payment Residual    | R                |

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

\*\* See “Description of the Certificates—Combination and Recombination” herein 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 principal then paid on the MBS (the “Cash Flow Distribution Amount”) plus any interest then accrued and added to the principal balance of the Z Class (the “Z Accrual Amount”).

### *Z Accrual Amount*

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

} Accretion  
Directed  
Classes  
and  
Accrual  
Class

### *Cash Flow Distribution Amount*

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

} Sequential  
Pay  
Classes

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 MBS have the original term to maturity, remaining term to maturity, weighted average loan age and interest rate specified under “Reference Sheet—Assumed Characteristics of the Mortgage Loans Underlying the MBS”;
- the Mortgage Loans prepay at the constant percentages of PSA specified in the related table;
- the settlement date for the sale of the Certificates is July 20, 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 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. It is highly unlikely that prepayments will occur at any *constant* PSA rate or at any other constant rate.

### **Weighted Average Lives of the Certificates**

The weighted average life of a Certificate is determined by

- (a) multiplying the amount of the reduction, if any, of the principal balance of such Certificate from one Distribution Date to the next Distribution Date by the number of years from the Settlement Date to the second such Distribution Date,
- (b) summing the results, and
- (c) dividing the sum by the aggregate amount of the reductions in principal balance of such Certificate referred to in clause (a).

For a description of the factors which may influence the weighted average life of a Certificate, see “Description of 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 and
- the priority sequence of payments of principal of the Classes.

See “Distributions of Principal” in this Prospectus Supplement.

The effect of these factors may differ as to various Classes and the effects on any Class may vary at different times during the life of that Class. Accordingly, we can give no assurance as to the weighted average life of any Class. Further, to the extent the prices of the Certificates represent discounts or premiums to their original principal balances, variability in the weighted average lives of such Classes of Certificates could result in variability in the related yields to maturity. For an example of how the weighted average lives of the Classes may be affected at various constant prepayment rates, see the Decrement Tables below.

### **Decrement Tables**

The following tables indicate the percentages of original principal balances of the specified Classes that would be outstanding after each date shown at various constant PSA rates 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 Class under 0% PSA, we assumed that the underlying Mortgage Loans have the original and remaining terms to maturity of 360 months and bear interest at the annual rate of 8.5%.

It is unlikely

- that all of the underlying Mortgage Loans will have the interest rate, WALA or remaining term to maturity assumed or
- that the underlying Mortgage Loans will prepay at any *constant* PSA 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 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                                  | A Class                   |      |      |      |      | B Class                   |      |      |      |      | C Class                   |      |      |      |      | D Class                   |      |      |      |      |
|---------------------------------------|---------------------------|------|------|------|------|---------------------------|------|------|------|------|---------------------------|------|------|------|------|---------------------------|------|------|------|------|
|                                       | PSA Prepayment Assumption |      |      |      |      | PSA Prepayment Assumption |      |      |      |      | PSA Prepayment Assumption |      |      |      |      | PSA Prepayment Assumption |      |      |      |      |
|                                       | 0%                        | 100% | 155% | 300% | 500% | 0%                        | 100% | 155% | 300% | 500% | 0%                        | 100% | 155% | 300% | 500% | 0%                        | 100% | 155% | 300% | 500% |
| Initial Percent .....                 | 100                       | 100  | 100  | 100  | 100  | 100                       | 100  | 100  | 100  | 100  | 100                       | 100  | 100  | 100  | 100  | 100                       | 100  | 100  | 100  | 100  |
| July 2002 .....                       | 99                        | 90   | 85   | 73   | 56   | 100                       | 100  | 100  | 100  | 100  | 93                        | 93   | 93   | 93   | 93   | 100                       | 100  | 100  | 100  | 100  |
| July 2003 .....                       | 98                        | 80   | 71   | 50   | 25   | 100                       | 100  | 100  | 100  | 100  | 86                        | 86   | 86   | 86   | 86   | 100                       | 100  | 100  | 100  | 100  |
| July 2004 .....                       | 96                        | 71   | 59   | 32   | 3    | 100                       | 100  | 100  | 100  | 100  | 78                        | 78   | 78   | 78   | 78   | 100                       | 100  | 100  | 100  | 100  |
| July 2005 .....                       | 95                        | 62   | 48   | 17   | 0    | 100                       | 100  | 100  | 100  | 32   | 70                        | 70   | 70   | 70   | 70   | 100                       | 100  | 100  | 100  | 100  |
| July 2006 .....                       | 93                        | 54   | 38   | 5    | 0    | 100                       | 100  | 100  | 100  | 0    | 61                        | 61   | 61   | 61   | 17   | 100                       | 100  | 100  | 100  | 100  |
| July 2007 .....                       | 92                        | 46   | 29   | 0    | 0    | 100                       | 100  | 100  | 74   | 0    | 52                        | 52   | 52   | 52   | 0    | 100                       | 100  | 100  | 100  | 0    |
| July 2008 .....                       | 90                        | 39   | 20   | 0    | 0    | 100                       | 100  | 100  | 28   | 0    | 42                        | 42   | 42   | 42   | 0    | 100                       | 100  | 100  | 100  | 0    |
| July 2009 .....                       | 88                        | 32   | 13   | 0    | 0    | 100                       | 100  | 100  | 0    | 0    | 32                        | 32   | 32   | 16   | 0    | 100                       | 100  | 100  | 100  | 0    |
| July 2010 .....                       | 86                        | 26   | 6    | 0    | 0    | 100                       | 100  | 100  | 0    | 0    | 20                        | 20   | 20   | 0    | 0    | 100                       | 100  | 100  | 0    | 0    |
| July 2011 .....                       | 84                        | 20   | *    | 0    | 0    | 100                       | 100  | 100  | 0    | 0    | 9                         | 9    | 9    | 0    | 0    | 100                       | 100  | 100  | 0    | 0    |
| July 2012 .....                       | 81                        | 14   | 0    | 0    | 0    | 100                       | 100  | 70   | 0    | 0    | 0                         | 0    | 0    | 0    | 0    | 90                        | 90   | 90   | 0    | 0    |
| July 2013 .....                       | 78                        | 9    | 0    | 0    | 0    | 100                       | 100  | 42   | 0    | 0    | 0                         | 0    | 0    | 0    | 0    | 57                        | 57   | 57   | 0    | 0    |
| July 2014 .....                       | 75                        | 3    | 0    | 0    | 0    | 100                       | 100  | 16   | 0    | 0    | 0                         | 0    | 0    | 0    | 0    | 22                        | 22   | 22   | 0    | 0    |
| July 2015 .....                       | 72                        | 0    | 0    | 0    | 0    | 100                       | 92   | 0    | 0    | 0    | 0                         | 0    | 0    | 0    | 0    | 0                         | 0    | 0    | 0    | 0    |
| July 2016 .....                       | 68                        | 0    | 0    | 0    | 0    | 100                       | 66   | 0    | 0    | 0    | 0                         | 0    | 0    | 0    | 0    | 0                         | 0    | 0    | 0    | 0    |
| July 2017 .....                       | 64                        | 0    | 0    | 0    | 0    | 100                       | 41   | 0    | 0    | 0    | 0                         | 0    | 0    | 0    | 0    | 0                         | 0    | 0    | 0    | 0    |
| July 2018 .....                       | 60                        | 0    | 0    | 0    | 0    | 100                       | 17   | 0    | 0    | 0    | 0                         | 0    | 0    | 0    | 0    | 0                         | 0    | 0    | 0    | 0    |
| July 2019 .....                       | 56                        | 0    | 0    | 0    | 0    | 100                       | 0    | 0    | 0    | 0    | 0                         | 0    | 0    | 0    | 0    | 0                         | 0    | 0    | 0    | 0    |
| July 2020 .....                       | 51                        | 0    | 0    | 0    | 0    | 100                       | 0    | 0    | 0    | 0    | 0                         | 0    | 0    | 0    | 0    | 0                         | 0    | 0    | 0    | 0    |
| July 2021 .....                       | 45                        | 0    | 0    | 0    | 0    | 100                       | 0    | 0    | 0    | 0    | 0                         | 0    | 0    | 0    | 0    | 0                         | 0    | 0    | 0    | 0    |
| July 2022 .....                       | 39                        | 0    | 0    | 0    | 0    | 100                       | 0    | 0    | 0    | 0    | 0                         | 0    | 0    | 0    | 0    | 0                         | 0    | 0    | 0    | 0    |
| July 2023 .....                       | 33                        | 0    | 0    | 0    | 0    | 100                       | 0    | 0    | 0    | 0    | 0                         | 0    | 0    | 0    | 0    | 0                         | 0    | 0    | 0    | 0    |
| July 2024 .....                       | 26                        | 0    | 0    | 0    | 0    | 100                       | 0    | 0    | 0    | 0    | 0                         | 0    | 0    | 0    | 0    | 0                         | 0    | 0    | 0    | 0    |
| July 2025 .....                       | 18                        | 0    | 0    | 0    | 0    | 100                       | 0    | 0    | 0    | 0    | 0                         | 0    | 0    | 0    | 0    | 0                         | 0    | 0    | 0    | 0    |
| July 2026 .....                       | 10                        | 0    | 0    | 0    | 0    | 100                       | 0    | 0    | 0    | 0    | 0                         | 0    | 0    | 0    | 0    | 0                         | 0    | 0    | 0    | 0    |
| July 2027 .....                       | 1                         | 0    | 0    | 0    | 0    | 100                       | 0    | 0    | 0    | 0    | 0                         | 0    | 0    | 0    | 0    | 0                         | 0    | 0    | 0    | 0    |
| July 2028 .....                       | 0                         | 0    | 0    | 0    | 0    | 46                        | 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    | 0    | 0    | 0    |
| July 2030 .....                       | 0                         | 0    | 0    | 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    | 0    | 0    | 0    |
| Weighted Average Life (years)** ..... | 17.5                      | 6.0  | 4.2  | 2.3  | 1.4  | 27.0                      | 15.7 | 11.8 | 6.6  | 3.8  | 6.0                       | 6.0  | 6.0  | 5.5  | 4.0  | 12.2                      | 12.2 | 12.2 | 8.7  | 5.5  |

| Date                                  | Z Class                   |      |      |      |      | E Class                   |      |      |      |      | H Class                   |      |      |      |      | J Class                   |      |      |      |      |
|---------------------------------------|---------------------------|------|------|------|------|---------------------------|------|------|------|------|---------------------------|------|------|------|------|---------------------------|------|------|------|------|
|                                       | PSA Prepayment Assumption |      |      |      |      | PSA Prepayment Assumption |      |      |      |      | PSA Prepayment Assumption |      |      |      |      | PSA Prepayment Assumption |      |      |      |      |
|                                       | 0%                        | 100% | 155% | 300% | 500% | 0%                        | 100% | 155% | 300% | 500% | 0%                        | 100% | 155% | 300% | 500% | 0%                        | 100% | 155% | 300% | 500% |
| Initial Percent .....                 | 100                       | 100  | 100  | 100  | 100  | 100                       | 100  | 100  | 100  | 100  | 100                       | 100  | 100  | 100  | 100  | 100                       | 100  | 100  | 100  | 100  |
| July 2002 .....                       | 106                       | 106  | 106  | 106  | 106  | 100                       | 100  | 100  | 100  | 100  | 99                        | 91   | 86   | 75   | 60   | 99                        | 90   | 86   | 74   | 58   |
| July 2003 .....                       | 113                       | 113  | 113  | 113  | 113  | 100                       | 100  | 100  | 100  | 100  | 98                        | 82   | 74   | 54   | 31   | 98                        | 81   | 73   | 53   | 28   |
| July 2004 .....                       | 120                       | 120  | 120  | 120  | 120  | 100                       | 100  | 100  | 100  | 100  | 97                        | 73   | 62   | 38   | 11   | 97                        | 72   | 61   | 35   | 8    |
| July 2005 .....                       | 127                       | 127  | 127  | 127  | 127  | 100                       | 100  | 100  | 100  | 100  | 95                        | 65   | 52   | 24   | 3    | 95                        | 64   | 50   | 21   | 1    |
| July 2006 .....                       | 135                       | 135  | 135  | 135  | 135  | 100                       | 100  | 100  | 100  | 83   | 94                        | 57   | 43   | 13   | 0    | 94                        | 56   | 41   | 10   | 0    |
| July 2007 .....                       | 143                       | 143  | 143  | 143  | 128  | 100                       | 100  | 100  | 100  | 57   | 92                        | 50   | 34   | 6    | 0    | 92                        | 49   | 32   | 3    | 0    |
| July 2008 .....                       | 152                       | 152  | 152  | 152  | 87   | 100                       | 100  | 100  | 100  | 39   | 91                        | 44   | 27   | 2    | 0    | 90                        | 42   | 24   | 1    | 0    |
| July 2009 .....                       | 161                       | 161  | 161  | 161  | 60   | 100                       | 100  | 100  | 94   | 27   | 89                        | 37   | 20   | 0    | 0    | 89                        | 35   | 17   | 0    | 0    |
| July 2010 .....                       | 171                       | 171  | 171  | 169  | 41   | 100                       | 100  | 100  | 75   | 18   | 87                        | 32   | 14   | 0    | 0    | 87                        | 29   | 11   | 0    | 0    |
| July 2011 .....                       | 182                       | 182  | 182  | 135  | 28   | 100                       | 100  | 100  | 60   | 12   | 85                        | 26   | 8    | 0    | 0    | 84                        | 23   | 5    | 0    | 0    |
| July 2012 .....                       | 193                       | 193  | 193  | 107  | 19   | 100                       | 100  | 100  | 47   | 8    | 83                        | 21   | 6    | 0    | 0    | 82                        | 18   | 3    | 0    | 0    |
| July 2013 .....                       | 205                       | 205  | 205  | 85   | 13   | 100                       | 100  | 100  | 38   | 6    | 80                        | 16   | 3    | 0    | 0    | 79                        | 13   | 2    | 0    | 0    |
| July 2014 .....                       | 218                       | 218  | 218  | 67   | 9    | 100                       | 100  | 100  | 30   | 4    | 77                        | 11   | 1    | 0    | 0    | 76                        | 8    | 1    | 0    | 0    |
| July 2015 .....                       | 225                       | 225  | 215  | 52   | 6    | 100                       | 100  | 95   | 23   | 3    | 74                        | 7    | 0    | 0    | 0    | 73                        | 4    | 0    | 0    | 0    |
| July 2016 .....                       | 225                       | 225  | 186  | 41   | 4    | 100                       | 100  | 82   | 18   | 2    | 71                        | 5    | 0    | 0    | 0    | 70                        | 3    | 0    | 0    | 0    |
| July 2017 .....                       | 225                       | 225  | 160  | 32   | 3    | 100                       | 100  | 71   | 14   | 1    | 67                        | 3    | 0    | 0    | 0    | 66                        | 2    | 0    | 0    | 0    |
| July 2018 .....                       | 225                       | 225  | 136  | 25   | 2    | 100                       | 100  | 60   | 11   | 1    | 63                        | 1    | 0    | 0    | 0    | 62                        | 1    | 0    | 0    | 0    |
| July 2019 .....                       | 225                       | 219  | 115  | 19   | 1    | 100                       | 97   | 51   | 8    | *    | 59                        | 0    | 0    | 0    | 0    | 58                        | 0    | 0    | 0    | 0    |
| July 2020 .....                       | 225                       | 190  | 96   | 14   | 1    | 100                       | 84   | 43   | 6    | *    | 55                        | 0    | 0    | 0    | 0    | 53                        | 0    | 0    | 0    | 0    |
| July 2021 .....                       | 225                       | 162  | 79   | 11   | *    | 100                       | 72   | 35   | 5    | *    | 50                        | 0    | 0    | 0    | 0    | 48                        | 0    | 0    | 0    | 0    |
| July 2022 .....                       | 225                       | 136  | 64   | 8    | *    | 100                       | 60   | 29   | 3    | *    | 44                        | 0    | 0    | 0    | 0    | 42                        | 0    | 0    | 0    | 0    |
| July 2023 .....                       | 225                       | 112  | 51   | 6    | *    | 100                       | 50   | 23   | 2    | *    | 38                        | 0    | 0    | 0    | 0    | 36                        | 0    | 0    | 0    | 0    |
| July 2024 .....                       | 225                       | 89   | 39   | 4    | *    | 100                       | 39   | 17   | 2    | *    | 32                        | 0    | 0    | 0    | 0    | 29                        | 0    | 0    | 0    | 0    |
| July 2025 .....                       | 225                       | 67   | 28   | 3    | *    | 100                       | 30   | 13   | 1    | *    | 25                        | 0    | 0    | 0    | 0    | 22                        | 0    | 0    | 0    | 0    |
| July 2026 .....                       | 225                       | 47   | 19   | 2    | *    | 100                       | 21   | 8    | 1    | *    | 17                        | 0    | 0    | 0    | 0    | 14                        | 0    | 0    | 0    | 0    |
| July 2027 .....                       | 225                       | 27   | 11   | 1    | *    | 100                       | 12   | 5    | *    | *    | 9                         | 0    | 0    | 0    | 0    | 5                         | 0    | 0    | 0    | 0    |
| July 2028 .....                       | 225                       | 9    | 3    | *    | *    | 100                       | 4    | 1    | *    | *    | 4                         | 0    | 0    | 0    | 0    | 2                         | 0    | 0    | 0    | 0    |
| July 2029 .....                       | 201                       | 0    | 0    | 0    | 0    | 89                        | 0    | 0    | 0    | 0    | 0                         | 0    | 0    | 0    | 0    | 0                         | 0    | 0    | 0    | 0    |
| July 2030 .....                       | 105                       | 0    | 0    | 0    | 0    | 46                        | 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    | 0    | 0    | 0    |
| Weighted Average Life (years)** ..... | 29.0                      | 22.2 | 18.9 | 13.1 | 8.4  | 29.0                      | 22.2 | 18.9 | 11.9 | 7.2  | 18.3                      | 6.8  | 4.8  | 2.7  | 1.6  | 18.0                      | 6.4  | 4.6  | 2.5  | 1.5  |

\* 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” herein.

## Characteristics of the R Class

The R Class will not have a principal balance 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. Fannie Mae does not expect that any material assets will remain in that case.

The R Class will be subject to certain transfer restrictions. We will not permit transfer of record or beneficial ownership of the R Certificate to a “disqualified organization.” In addition, we will not permit transfer of record or beneficial ownership of the R Certificate to any person that is not a “U.S. Person.” Any transferee of the R Certificate must execute and deliver an affidavit and an Internal Revenue Service Form W-9 on which the transferee provides its taxpayer identification number. See “Description of 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” 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.” In addition, the transferee must receive an affidavit containing these same representations from any new transferee. Transferors of the R Certificate should consult with their own tax advisors for further information regarding such transfers.

Treasury Department regulations (the “Regulations”) provide that a transfer of a “noneconomic residual interest” to a U.S. Person will be disregarded for all federal tax purposes unless no significant purpose of the transfer is to impede the assessment or collection of tax. The R Class will constitute a noneconomic residual interest 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 non-economic residual interests pending the finalization of the proposed amendment. Under this safe harbor, a transferor of a non-economic 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. See “Certain Federal Income Tax Consequences” in the REMIC Prospectus. Pursuant to the Trust Agreement, we will be obligated to provide to this Holder (i) information necessary to enable it to prepare its federal income tax returns and (ii) any reports regarding the R Class that may be required under the Code.

## **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.

### **REMIC Election and Special Tax Attributes**

We will elect to treat the Trust as a REMIC for federal income tax purposes. The REMIC Certificates, other than the R Class, 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.

Because the Trust will qualify as a REMIC, 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 Class, 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 Accrual 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 Assumption that will be used in determining the rate of accrual of OID will be 155%. 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 Mortgage Loans underlying the MBS will prepay at that rate 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 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 Greenwich Capital Markets, Inc. (the “Dealer”) in exchange for the MBS. 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 Classes in addition to those contemplated as of the date of this prospectus supplement. In this event, we will increase the 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 MBS.” The

proportion that the original principal balance of each Class bears to the aggregate original principal balance of all Classes, will remain the same.

#### **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.

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## Available Recombinations (1)

| REMIC Certificates |                             | RCR Certificates |                            |               |                   |                    |              |               |
|--------------------|-----------------------------|------------------|----------------------------|---------------|-------------------|--------------------|--------------|---------------|
| Classes            | Original Principal Balances | RCR Class        | Original Principal Balance | Interest Rate | Interest Type (2) | Principal Type (2) | CUSIP Number | Maturity Date |
| Recombination 1    |                             |                  |                            |               |                   |                    |              |               |
| C                  | \$ 15,114,000               | E (3)            | \$ 37,962,000              | 6.0%          | FIX               | SEQ                | 313920HX 1   | August 2031   |
| D                  | 6,011,000                   |                  |                            |               |                   |                    |              |               |
| Z                  | 16,837,000                  |                  |                            |               |                   |                    |              |               |
| Recombination 2    |                             |                  |                            |               |                   |                    |              |               |
| A                  | 138,560,000                 | H                | 150,533,780                | 6.0           | FIX               | SEQ                | 313920HY 9   | May 2029      |
| B                  | 11,973,780                  |                  |                            |               |                   |                    |              |               |
| Recombination 3    |                             |                  |                            |               |                   |                    |              |               |
| A                  | 138,560,000                 | J                | 145,133,840                | 6.0           | FIX               | SEQ                | 313920HZ 6   | May 2029      |
| B                  | 6,573,840                   |                  |                            |               |                   |                    |              |               |

(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) Principal payments on the REMIC Certificates in Recombination 1 from the Z Accrual Amount will be paid as interest on the related RCR Certificates and thus will not reduce the principal balances of those RCR Certificates.

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

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

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**\$200,000,000**



**Guaranteed REMIC  
Pass-Through Certificates  
Fannie Mae REMIC Trust 2001-39**

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#### PROSPECTUS SUPPLEMENT

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**GREENWICH CAPITAL**

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**July 6, 2001**

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