

\$514,000,000



**Guaranteed REMIC Pass-Through Certificates
Fannie Mae REMIC Trust 2001-40**

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,
- Fannie Mae Stripped MBS, and
- an underlying REMIC certificate backed directly by Fannie Mae MBS.

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
A(1)	1	\$135,790,000	SEQ	6.00%	FIX	313920ND8	July 2027
C(1)	1	21,953,000	SEQ	6.00	FIX	313920NE6	February 2029
VA	1	12,913,000	SEQ/AD	6.00	FIX	313920NF3	October 2010
VB	1	11,513,000	SEQ/AD	6.00	FIX	313920NG1	January 2016
Z	1	17,831,000	SEQ	6.00	FIX/Z	313920NH9	August 2031
BI(1)	2	12,207,846(2)	NTL	6.50	FIX/IO	313920NJ5	January 2027
BC(1)	2	158,702,000	SEQ	6.00	FIX	313920NK2	January 2027
BQ(1)	2	2,507,462(2)	NTL	6.50	FIX/IO	313920NL0	November 2028
BP(1)	2	32,597,000	SEQ	6.00	FIX	313920NM8	November 2028
BM	2	18,385,000	SEQ/AD	6.50	FIX	313920NN6	September 2010
BN	2	17,261,000	SEQ/AD	6.50	FIX	313920NP1	February 2016
BZ	2	23,055,000	SEQ	6.50	FIX/Z	313920NQ9	August 2031
FA	3	55,000,000	PT	(3)	FLT	313920NR7	November 2030
SA	3	55,000,000(2)	NTL	(3)	INV/IO	313920NS5	November 2030
SB	4	9,000,000(2)	NTL	(3)	INV/IO	313920NT3	April 2024
PO	4	9,000,000	SC/PT	(4)	PO	313920NU0	April 2024
R		0	NPR	0	NPR	313920NV8	August 2031
RL		0	NPR	0	NPR	313920NW6	August 2031

- (1) Exchangeable classes. (3) Based on LIBOR.
(2) Notional balances. These classes are interest only classes. (4) Principal only class.

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 B, BJ, BH, BG, BD, BA and BK 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.

Banc of America Securities LLC

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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”):

- the Prospectus for Fannie Mae Guaranteed REMIC Pass-Through Certificates dated September 18, 1998 (the “REMIC Prospectus”);
- the Prospectus for Fannie Mae Guaranteed Mortgage Pass-Through Certificates dated October 1, 1999 (the “MBS Prospectus”);
- if you are purchasing any Group 3 Class or the R or RL Class, our Prospectus for Fannie Mae Stripped Mortgage-Backed Securities dated March 30, 2000 (the “SMBS Prospectus”);
- if you are purchasing any Group 4 Class or the R or RL Class, the disclosure document relating to the underlying REMIC certificate (the “Underlying REMIC Disclosure Document”); 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, except the Underlying REMIC Disclosure Document, by writing or calling the dealer at:

Banc of America Securities LLC
Prospectus Department
200 North College Street
3rd Floor
Charlotte, North Carolina 28255
(telephone 704-388-5703).

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	Class 309-I02 SMBS Certificate Class 309-P01 SMBS Certificate
4	Class 1994-61-SG REMIC Certificate

Assumed Characteristics of the Mortgage Loans Underlying the Trust 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	\$200,000,000	360	325	33	6.70%
Group 2 MBS	\$250,000,000	360	356	4	7.05%

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.

Characteristics of the Group 3 SMBS and the Group 4 Underlying REMIC Certificate

Exhibit A describes the Group 3 SMBS and the Group 4 Underlying REMIC Certificate, including certain information about the related mortgage loans. To learn more about the Group 3 SMBS and the Group 4 Underlying REMIC Certificate, you should obtain from us the current class factor and the disclosure documents for the Group 3 SMBS and the Group 4 Underlying REMIC Certificate as described on page S-3.

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 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 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 of certificates 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 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, except that the initial interest rate listed for the SB Class is an assumed rate. 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>
FA	4.3300%	8.5%	0.5%	LIBOR + 50 basis points
SA	4.1700%	8.0%	0.0%	8% – LIBOR
SB(2)	18.4375%	37.5%	0.0%	37.5% – (5 × LIBOR)

(1) We will establish LIBOR on the basis of the “BBA Method” in the case of the FA and SA Classes, and on the basis of the “LIBO Method” in the case of the SB Class.

(2) Assumed initial interest rate. We will calculate the actual interest rate for the SB Class on July 23, 2001 using the applicable formula.

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>	
BI	7.6923076923% of the BC Class
BQ	7.6923076923% of the BP Class
SA	100% of the FA Class
SB	100% of the PO Class

Distributions of Principal*Group 1 Principal Distribution Amount**Z Accrual Amount*

To the VA and VB Classes, in that order, to zero, and thereafter to the Z Class.

Group 1 Cash Flow Distribution Amount

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

*Group 2 Principal Distribution Amount**BZ Accrual Amount*

To the BM and BN Classes, in that order, to zero, and thereafter to the BZ Class.

Group 2 Cash Flow Distribution Amount

To the BC, BP, BM, BN and BZ Classes, in that order, to zero.

Group 3 Principal Distribution Amount

To the FA Class to zero.

Group 4 Principal Distribution Amount

To the PO 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>100%</u>	<u>158%</u>	<u>350%</u>	<u>500%</u>
A	17.3	5.7	4.0	1.9	1.3
C	26.7	14.9	11.0	5.3	3.6
VA	5.0	5.0	5.0	4.5	3.6
VB	11.9	11.9	11.7	7.1	5.1
Z	28.8	21.4	18.3	11.4	8.2
B	18.6	7.0	5.0	2.4	1.6

<u>Group 2 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>194%</u>	<u>350%</u>	<u>500%</u>
BI, BC, BD and BA	17.1	6.2	3.9	2.5	2.0
BQ, BP and BK	26.4	15.3	9.6	5.8	4.3
BM	5.0	5.0	5.0	4.7	3.9
BN	11.9	11.9	11.1	7.7	5.8
BZ	28.7	22.9	17.6	12.1	9.0
BJ, BH and BG	18.7	7.8	4.9	3.1	2.4

<u>Group 3 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>262%</u>	<u>350%</u>	<u>500%</u>
FA and SA	20.7	11.0	5.8	4.5	3.2

<u>Group 4 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>301%</u>	<u>500%</u>	<u>600%</u>
SB and PO	20.8	14.9	8.3	5.1	4.2

* 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 related 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.

Payments on the Group 4 Classes also will be affected by the payment priority governing the Group 4 Underlying REMIC Certificate. If you invest in the Group 4 Classes, the rate at which you receive payments also will be affected by the priority sequence governing principal payments on the Group 4 Underlying REMIC Certificate.

As described in the related disclosure document, the Group 4 Underlying REMIC Certificate is subsequent in payment priority to certain other classes issued from the related underlying REMIC trust. As a result, such other classes may receive principal before principal is paid on the Group 4 Underlying REMIC Certificate, possibly for long periods.

In particular, the Group 4 Underlying REMIC Certificate consists of payment components that include a Support component. A Support component is entitled to receive principal payments on any distribution date only if scheduled payments have been made on other securities in the related underlying REMIC trust. Accordingly, a Support component may receive no principal payments for extended periods or may receive principal payments that vary widely from period to period.

In addition, the Group 4 Underlying REMIC Certificate consists of a payment component that has a principal balance schedule. As a result, that payment component may re-

ceive principal payments at rates faster or slower than would otherwise have been the case. In some cases, it may receive no principal payments for extended periods. Prepayments on the related mortgage loans may have occurred at rates faster or slower than the rates initially assumed. This prospectus supplement contains no information as to whether

- the applicable payment component has adhered to its principal balance schedule,
- any related Support components remain outstanding, or
- the applicable payment component otherwise has performed as originally anticipated.

You may obtain additional information about the Group 4 Underlying REMIC Certificate by reviewing its current class factor in light of other information available in the related disclosure document. You may obtain these documents from us as described on page S-3.

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 Trust 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.

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 pay-

ment 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.

General

Structure. We will create the Fannie Mae REMIC Trust specified on the cover of this prospectus supplement (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 “Trust MBS”),
- certain Fannie Mae Stripped Mortgage-Backed Securities (the “Group 3 SMBS”), and
- a previously issued REMIC certificate (the “Group 4 Underlying REMIC Certificate”) evidencing beneficial ownership interests in the related Fannie Mae REMIC trust (the “Underlying REMIC Trust”) as further described in Exhibit A.

The Group 3 SMBS represent beneficial ownership interests in certain interest and principal distributions on certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (together with the Trust MBS and the MBS underlying the Group 4 Underlying REMIC Certificate, the “MBS”). The Group 3 SMBS are further described in Exhibit A.

The assets of the Underlying REMIC Trust evidence direct or indirect beneficial ownership interests in certain MBS.

Each MBS represents a beneficial ownership interest in a pool (each, a “Pool”) of first lien, single-family, fixed-rate residential mortgage loans (the “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.

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 guaranty obligations with respect to the Group 4 Underlying REMIC Certificate are described in the Underlying REMIC Disclosure Document. 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, “Description of Certificates—The Fannie Mae Guaranty” in the MBS Prospectus, “The SMBS Certificates—Fannie Mae Obligations” in the SMBS Prospectus, and “Description of the Certificates—General—Fannie Mae Guaranty” in the Underlying REMIC Disclosure Document.

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 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 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 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.

Voting the Group 3 SMBS and the Group 4 Underlying REMIC Certificate. Holders of the Group 3 SMBS and the Group 4 Underlying REMIC Certificate may be asked to vote on issues arising under the related trust agreements. If so, the Trustee will vote the Group 3 SMBS or Group 4 Underlying REMIC Certificate, as applicable, as instructed by Holders of Certificates of the Classes backed by the Group 3 SMBS or Group 4 Underlying REMIC Certificate. The Trustee must receive instructions from Holders of Certificates having principal balances totaling at least 51% of the aggregate principal balance of the related Classes. In the absence of such instructions, the Trustee will vote in a manner consistent, in its sole judgment, with the best interests of Certificateholders.

Combination and Recombination

General. You are permitted to exchange all or a portion of the A, C, BC, BP, BI and BQ 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 Trust MBS

The following table contains certain information about the Trust MBS. The Trust MBS included in each specified Group will have the aggregate unpaid principal balance and Pass-Through Rate shown below and the general characteristics described in the MBS Prospectus. The Trust MBS provides that principal and interest on the related Mortgage Loans are passed through monthly. The Mortgage Loans underlying the Trust 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 characteristics of the Trust MBS and the related Mortgage Loans as of the Issue Date to be as follows:

Group 1 MBS

Aggregate Unpaid Principal Balance	\$200,000,000
MBS Pass-Through Rate	6.00%
Range of WACs (annual percentages)	6.25% to 8.50%
Range of WAMs	241 months to 360 months
Approximate Weighted Average WAM	325 months
Approximate Weighted Average WALA (Weighted Average Loan Age)	33 months

Group 2 MBS

Aggregate Unpaid Principal Balance	\$250,000,000
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	356 months
Approximate Weighted Average WALA	4 months

The Group 3 SMBS and the Group 4 Underlying REMIC Certificate

The Group 3 SMBS represent beneficial ownership interests in the interest and principal distributions made in respect of certain MBS having the general characteristics set forth in the MBS Prospectus. Distributions on the Group 3 SMBS will be passed through monthly beginning in the month after we issue the Certificates. The general characteristics of the Group 3 SMBS are described in the SMBS Prospectus. See Exhibit A for additional information about the Group 3 SMBS.

The Group 4 Underlying REMIC Certificate represents a beneficial ownership interest in the Underlying REMIC Trust. The assets of that trust evidence direct or indirect beneficial ownership interests in certain MBS having the general characteristics set forth in the MBS Prospectus. Distributions on the Group 4 Underlying REMIC Certificate will be passed through monthly, beginning in the month after we issue the Certificates. The general characteristics of the Group 4 Underlying REMIC Certificate are described in the Underlying REMIC Disclosure Document. See Exhibit A for additional information about the Group 4 Underlying REMIC Certificate.

Each MBS evidences beneficial ownership interests in a Pool of conventional Level Payment Mortgage Loans secured by first mortgages or deeds of trust on single-family residential properties, as described under “The Mortgage Pools” and “Yield Considerations” in the MBS Prospectus.

For further information about the Group 3 SMBS and the Group 4 Underlying REMIC Certificate, telephone us at 1-800-237-8627 or 202-752-6547. You also may obtain certain information in electronic form by calling us at 1-800-752-6440 or 202-752-6000. There may have been material changes in facts and circumstances since the date we prepared the Underlying REMIC Disclosure Document. These may include changes in prepayment speeds, prevailing interest rates and other economic factors. As a result, the usefulness of the information set forth in that document may be limited.

Final Data Statement

After issuing the Certificates, we will prepare a Final Data Statement containing certain information, including the principal balance of the Group 3 SMBS and the Group 4 Underlying REMIC Certificate as of the Issue Date and, with respect to the Trust MBS, 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 Trust MBS as of the Issue Date. The Final Data Statement also will 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 Trust 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>
Group 1 Classes	
Fixed Rate	A, C, VA, VB and Z
Accrual	Z
RCR**	B
Group 2 Classes	
Fixed Rate	BI, BC, BQ, BP, BM, BN and BZ
Interest Only	BI and BQ
Accrual	BZ
RCR**	BJ, BH, BG, BD, BA and BK
Group 3 Classes	
Floating Rate	FA
Inverse Floating Rate	SA
Interest Only	SA
Group 4 Classes	
Inverse Floating Rate	SB
Interest Only	SB
Principal Only	PO
No Payment Residual	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 on the cover or described in this prospectus supplement. We calculate interest based on an assumed 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
The FA, SA and SB 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.

The Dealer will treat the PO Class as a Delay Class for the sole purpose of facilitating trading.

Accrual Classes. The Z and BZ Classes are Accrual Classes. Interest will accrue on the Accrual Classes at the applicable annual rates 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 respective 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” in this prospectus supplement.

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” in this prospectus supplement.

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 the 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” in the case of the FA and SA Classes, and on the basis of the “LIBO Method” in the case of the SB Class, 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% for the FA and SA Classes, and will be equal to LIBOR as determined for that Interest Accrual Period for the related Group 4 Underlying REMIC Certificate in the case of the SB Class.

Distributions of Principal

Categories of Classes

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

<u>Principal Type*</u>	<u>Classes</u>
Group 1 Classes	
Sequential Pay	A, C, VA, VB and Z
Accretion Directed	VA and VB
RCR**	B
Group 2 Classes	
Sequential Pay	BC, BP, BM, BN and BZ
Accretion Directed	BM and BN
Notional	BI and BQ
RCR**	BJ, BH, BG, BD, BA and BK
Group 3 Classes	
Pass-Through	FA
Notional	SA
Group 4 Classes	
Structured Collateral/Pass-Through	PO
Notional	SB
No Payment Residual	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 Z Class (the "Z Accrual Amount," 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 Cash Flow Distribution Amount") plus any interest then accrued and added to the principal balance of the BZ Class (the "BZ Accrual Amount" and, together with the Group 2 Cash Flow Distribution Amount, the "Group 2 Principal Distribution Amount"),
- the principal then paid on the Group 3 SMBS (the "Group 3 Principal Distribution Amount"), and
- the principal then paid on the Group 4 Underlying REMIC Certificate (the "Group 4 Principal Distribution Amount").

The portion of the Class 1994-61-SG REMIC Certificates and SMBS held by the Lower Tier REMIC will be set forth in Exhibit A.

*Group 1 Principal Distribution Amount
Z Accrual Amount*

On each Distribution Date, we will pay the Z Accrual Amount, sequentially, as principal of the VA and VB 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

Group 1 Cash Flow Distribution Amount

On each Distribution Date, we will pay the Group 1 Cash Flow Distribution Amount, sequentially, as principal of the A, C, VA, VB and Z Classes, in that order, until their principal balances are reduced to zero. } Sequential Pay Classes

*Group 2 Principal Distribution Amount
BZ Accrual Amount*

On each Distribution Date, we will pay the BZ Accrual Amount, sequentially, as principal of the BM and BN Classes, in that order, until their principal balances are reduced to zero. Thereafter, we will pay the BZ Accrual Amount as principal of the BZ Class. } Accretion Directed Classes and Accrual Class

Group 2 Cash Flow Distribution Amount

On each Distribution Date, we will pay the Group 2 Cash Flow Distribution Amount, sequentially, as principal of the BC, BP, BM, BN and BZ Classes in that order, until their principal balances are reduced to zero. } Sequential Pay Classes

Group 3 Principal Distribution Amount

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

Group 4 Principal Distribution Amount

On each Distribution Date, we will pay the Group 4 Principal Distribution Amount as principal of the PO Class, until its principal balance is reduced to zero. } Structured Collateral/Pass-Through Class

We will apply principal payments from exchanged REMIC certificates 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 actual characteristics of each Pool of Mortgage Loans backing the Group 3 SMBS and the Group 4 Underlying REMIC Certificate, the priority sequence affecting principal payments on the Group 4 Underlying REMIC Certificate and the following assumptions (such characteristics and assumptions, collectively, the “Pricing Assumptions”):

- the Mortgage Loans underlying the Trust 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 Trust MBS” in this prospectus supplement;
- 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 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 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.

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 the Mortgage Loans will prepay at the same rate, or
- the level of the Index will remain constant.

***The BI and BQ Classes.* The yields on the BI and BQ Classes will be 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 BI and BQ Classes would be 0% if prepayments of the related Mortgage Loans were to occur at constant rates of 354% PSA and 485% PSA, respectively. If the actual prepayment rate of the related Mortgage Loans were to exceed either of the levels specified for as little as one month while equaling such level for the remaining months, the investors in the BI and BQ Classes, as applicable, would lose money on their initial investments.**

The information shown in the yield tables has been prepared on the basis of the Pricing Assumptions and the assumption that the aggregate purchase prices of the BI and BQ Classes (expressed in each case as a percentage of the original principal balance) are as follows:

<u>Class</u>	<u>Price*</u>
BI	16.0%
BQ	28.0%

* 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 BI Class to Prepayments

	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>194%</u>	<u>350%</u>	<u>500%</u>
Yields to Maturity	36.1%	31.0%	20.1%	0.5%	(17.4)%

Sensitivity of the BQ Class to Prepayments

	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>194%</u>	<u>350%</u>	<u>500%</u>
Yields to Maturity	23.7%	23.1%	19.8%	10.3%	(1.2)%

The Inverse Floating Rate Classes. The yield on the Inverse Floating Rate Classes will be sensitive 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 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” in this prospectus supplement 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>
SA	8.0%
SB	50.0%

* 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 SA 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>262%</u>	<u>350%</u>	<u>500%</u>
1.83%	84.4%	81.3%	70.9%	65.1%	55.0%
3.83%	53.7%	50.7%	40.5%	34.8%	24.8%
5.83%	24.7%	21.7%	11.7%	6.0%	(4.0)%
7.83%	(9.3)%	(12.1)%	(21.7)%	(27.2)%	(36.8)%
8.00%	*	*	*	*	*

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

**Sensitivity of the SB 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>301%</u>	<u>500%</u>	<u>600%</u>
1.8125%	63.1%	63.0%	61.0%	54.1%	48.6%
3.8125%	39.7%	39.5%	35.5%	26.4%	20.1%
5.8125%	16.4%	15.6%	8.1%	(3.8)%	(11.0)%
7.5000%	*	*	*	*	*

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

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 yields to investors in the PO Class.

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 PO Class (expressed as a percentage of its original principal balance) is as follows:

<u>Class</u>	<u>Price</u>
PO	65.0%

Sensitivity of the PO Class to Prepayments

	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>301%</u>	<u>500%</u>	<u>600%</u>
Pre-Tax Yields to Maturity	2.6%	2.9%	5.5%	9.0%	11.1%

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 sequences of payments of principal of the Group 1 and Group 2 Classes, and
- in the case of the Group 4 Classes, the priority sequence affecting principal payments on the Group 4 Underlying REMIC Certificate.

See “—Distributions of Principal” above and “Description of the Certificates—Distributions of Principal” in the Underlying REMIC Disclosure Document.

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 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 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	8.50%
Group 2 MBS	360 months	360 months	9.00%
Group 3 SMBS	360 months	351 months	9.50%
Group 4 Underlying REMIC Certificate	360 months	273 months	10.00%

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 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					C Class					VA Class					VB Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	158%	350%	500%	0%	100%	158%	350%	500%	0%	100%	158%	350%	500%	0%	100%	158%	350%	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	89	84	67	54	100	100	100	100	100	91	91	91	91	91	100	100	100	100	100
July 2003	98	79	70	42	23	100	100	100	100	100	82	82	82	82	82	100	100	100	100	100
July 2004	96	70	57	22	1	100	100	100	100	100	73	73	73	73	73	100	100	100	100	100
July 2005	95	61	46	7	0	100	100	100	100	13	63	63	63	63	63	100	100	100	100	100
July 2006	93	52	35	0	0	100	100	100	66	0	52	52	52	52	0	100	100	100	100	60
July 2007	92	45	26	0	0	100	100	100	8	0	40	40	40	40	0	100	100	100	100	0
July 2008	90	37	17	0	0	100	100	100	0	0	28	28	28	0	0	100	100	100	59	0
July 2009	88	30	10	0	0	100	100	100	0	0	15	15	15	0	0	100	100	100	0	0
July 2010	86	23	3	0	0	100	100	100	0	0	1	1	1	0	0	100	100	100	0	0
July 2011	83	17	0	0	0	100	100	81	0	0	0	0	0	0	0	85	85	85	0	0
July 2012	81	11	0	0	0	100	100	47	0	0	0	0	0	0	0	68	68	68	0	0
July 2013	78	6	0	0	0	100	100	17	0	0	0	0	0	0	0	49	49	49	0	0
July 2014	75	1	0	0	0	100	100	0	0	0	0	0	0	0	0	30	30	10	0	0
July 2015	71	0	0	0	0	100	74	0	0	0	0	0	0	0	0	9	9	0	0	0
July 2016	68	0	0	0	0	100	46	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2017	64	0	0	0	0	100	19	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2018	59	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2019	55	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2020	50	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2021	44	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2022	38	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2023	31	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2024	24	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2025	16	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2026	8	0	0	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2027	0	0	0	0	0	92	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2028	0	0	0	0	0	29	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)**	17.3	5.7	4.0	1.9	1.3	26.7	14.9	11.0	5.3	3.6	5.0	5.0	5.0	4.5	3.6	11.9	11.9	11.7	7.1	5.1

Date	Z Class					B Class					BI†, BC, BD and BA Classes					BQ†, BP and BK Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	158%	350%	500%	0%	100%	158%	350%	500%	0%	100%	194%	350%	500%	0%	100%	194%	350%	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	99	91	86	72	61	99	95	92	87	82	100	100	100	100	100
July 2003	113	113	113	113	113	98	82	74	50	34	98	87	77	63	49	100	100	100	100	100
July 2004	120	120	120	120	120	97	74	63	33	15	96	76	60	36	16	100	100	100	100	100
July 2005	127	127	127	127	127	96	66	53	20	2	95	67	45	16	0	100	100	100	100	68
July 2006	135	135	135	135	135	94	59	44	9	0	94	58	32	0	0	100	100	100	97	0
July 2007	143	143	143	143	119	93	52	36	1	0	92	49	20	0	0	100	100	100	36	0
July 2008	152	152	152	152	82	91	46	29	0	0	90	41	10	0	0	100	100	100	0	0
July 2009	161	161	161	147	56	89	40	22	0	0	88	33	1	0	0	100	100	100	0	0
July 2010	171	171	171	113	38	88	34	17	0	0	86	26	0	0	0	100	100	67	0	0
July 2011	182	182	182	86	26	86	29	11	0	0	83	19	0	0	0	100	100	33	0	0
July 2012	193	193	193	66	17	83	24	7	0	0	81	13	0	0	0	100	100	4	0	0
July 2013	205	205	205	50	12	81	19	2	0	0	78	7	0	0	0	100	100	0	0	0
July 2014	218	218	218	38	8	78	15	0	0	0	75	1	0	0	0	100	100	0	0	0
July 2015	231	231	194	29	5	75	10	0	0	0	71	0	0	0	0	100	80	0	0	0
July 2016	237	237	167	22	4	72	6	0	0	0	67	0	0	0	0	100	56	0	0	0
July 2017	237	237	143	16	2	69	3	0	0	0	63	0	0	0	0	100	33	0	0	0
July 2018	237	230	121	12	2	65	0	0	0	0	59	0	0	0	0	100	11	0	0	0
July 2019	237	200	102	9	1	61	0	0	0	0	54	0	0	0	0	100	0	0	0	0
July 2020	237	173	84	6	1	57	0	0	0	0	48	0	0	0	0	100	0	0	0	0
July 2021	237	147	69	5	*	52	0	0	0	0	43	0	0	0	0	100	0	0	0	0
July 2022	237	122	55	3	*	47	0	0	0	0	36	0	0	0	0	100	0	0	0	0
July 2023	237	99	43	2	*	41	0	0	0	0	29	0	0	0	0	100	0	0	0	0
July 2024	237	77	32	1	*	35	0	0	0	0	21	0	0	0	0	100	0	0	0	0
July 2025	237	57	23	1	*	28	0	0	0	0	13	0	0	0	0	100	0	0	0	0
July 2026	237	37	14	*	*	21	0	0	0	0	4	0	0	0	0	100	0	0	0	0
July 2027	237	19	7	*	*	13	0	0	0	0	0	0	0	0	0	68	0	0	0	0
July 2028	237	1	1	*	*	4	0	0	0	0	0	0	0	0	0	14	0	0	0	0
July 2029	190	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
July 2030	99	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)**	28.8	21.4	18.3	11.4	8.2	18.6	7.0	5.0	2.4	1.6	17.1	6.2	3.9	2.5	2.0	26.4	15.3	9.6	5.8	4.3

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

Date	BM Class					BN Class					BZ Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	194%	350%	500%	0%	100%	194%	350%	500%	0%	100%	194%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
July 2002	92	92	92	92	92	100	100	100	100	100	107	107	107	107	107
July 2003	83	83	83	83	83	100	100	100	100	100	114	114	114	114	114
July 2004	73	73	73	73	73	100	100	100	100	100	121	121	121	121	121
July 2005	63	63	63	63	63	100	100	100	100	100	130	130	130	130	130
July 2006	52	52	52	52	37	100	100	100	100	100	138	138	138	138	138
July 2007	40	40	40	40	0	100	100	100	100	26	148	148	148	148	148
July 2008	28	28	28	6	0	100	100	100	100	0	157	157	157	157	115
July 2009	15	15	15	0	0	100	100	100	21	0	168	168	168	168	79
July 2010	1	1	1	0	0	100	100	100	0	0	179	179	179	142	54
July 2011	0	0	0	0	0	85	85	85	0	0	191	191	191	110	37
July 2012	0	0	0	0	0	68	68	68	0	0	204	204	204	85	25
July 2013	0	0	0	0	0	49	49	8	0	0	218	218	218	65	17
July 2014	0	0	0	0	0	30	30	0	0	0	232	232	192	50	12
July 2015	0	0	0	0	0	9	9	0	0	0	248	248	164	38	8
July 2016	0	0	0	0	0	0	0	0	0	0	255	255	140	29	5
July 2017	0	0	0	0	0	0	0	0	0	0	255	255	118	22	4
July 2018	0	0	0	0	0	0	0	0	0	0	255	255	100	17	2
July 2019	0	0	0	0	0	0	0	0	0	0	255	241	84	12	2
July 2020	0	0	0	0	0	0	0	0	0	0	255	213	70	9	1
July 2021	0	0	0	0	0	0	0	0	0	0	255	187	58	7	1
July 2022	0	0	0	0	0	0	0	0	0	0	255	163	47	5	*
July 2023	0	0	0	0	0	0	0	0	0	0	255	140	38	4	*
July 2024	0	0	0	0	0	0	0	0	0	0	255	118	30	3	*
July 2025	0	0	0	0	0	0	0	0	0	0	255	98	23	2	*
July 2026	0	0	0	0	0	0	0	0	0	0	255	78	18	1	*
July 2027	0	0	0	0	0	0	0	0	0	0	255	60	13	1	*
July 2028	0	0	0	0	0	0	0	0	0	0	255	42	8	*	*
July 2029	0	0	0	0	0	0	0	0	0	0	191	26	5	*	*
July 2030	0	0	0	0	0	0	0	0	0	0	100	10	2	*	*
July 2031	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	5.0	5.0	5.0	4.7	3.9	11.9	11.9	11.1	7.7	5.8	28.7	22.9	17.6	12.1	9.0

Date	Bj, BH and BG Classes					FA and SA† Classes					SB† and PO Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	194%	350%	500%	0%	100%	262%	350%	500%	0%	100%	301%	500%	600%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
July 2002	99	96	93	89	85	99	96	90	87	82	100	100	100	100	100
July 2003	98	89	81	69	58	99	89	76	69	58	100	100	100	100	100
July 2004	97	80	67	47	31	98	83	63	54	40	100	100	100	84	65
July 2005	96	72	55	30	12	97	77	53	42	28	100	100	100	57	40
July 2006	95	65	44	17	0	96	71	44	33	19	100	100	86	39	25
July 2007	93	58	34	6	0	95	66	36	26	13	100	100	68	26	15
July 2008	92	51	25	0	0	94	61	30	20	9	100	100	53	18	9
July 2009	90	45	18	0	0	92	56	25	15	6	100	100	42	12	6
July 2010	88	39	11	0	0	91	52	21	12	4	100	100	33	8	4
July 2011	86	33	6	0	0	89	48	17	9	3	100	100	25	5	2
July 2012	84	28	1	0	0	88	44	14	7	2	100	88	19	3	1
July 2013	82	23	0	0	0	86	40	11	5	1	100	77	15	2	1
July 2014	79	18	0	0	0	84	36	9	4	1	100	66	11	1	*
July 2015	76	14	0	0	0	81	33	8	3	1	100	56	8	1	*
July 2016	73	9	0	0	0	79	30	6	2	*	100	46	6	1	*
July 2017	70	6	0	0	0	76	27	5	2	*	100	37	4	*	*
July 2018	66	2	0	0	0	73	24	4	1	*	100	28	3	*	*
July 2019	62	0	0	0	0	70	22	3	1	*	100	20	2	*	*
July 2020	57	0	0	0	0	66	19	3	1	*	92	13	1	*	*
July 2021	52	0	0	0	0	62	17	2	1	*	70	6	*	*	*
July 2022	47	0	0	0	0	58	14	2	*	*	47	2	*	*	*
July 2023	41	0	0	0	0	53	12	1	*	*	21	*	*	*	*
July 2024	35	0	0	0	0	48	10	1	*	*	0	0	0	0	0
July 2025	28	0	0	0	0	42	8	1	*	*	0	0	0	0	0
July 2026	20	0	0	0	0	35	6	*	*	*	0	0	0	0	0
July 2027	12	0	0	0	0	28	5	*	*	*	0	0	0	0	0
July 2028	2	0	0	0	0	20	3	*	*	*	0	0	0	0	0
July 2029	0	0	0	0	0	12	1	*	*	*	0	0	0	0	0
July 2030	0	0	0	0	0	2	*	*	*	*	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)**	18.7	7.8	4.9	3.1	2.4	20.7	11.0	5.8	4.5	3.2	20.8	14.9	8.3	5.1	4.2

* 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.
† 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.

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 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 Principal Only Class and the Accrual Classes 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>PSA Prepayment Assumption</u>
1	158%
2	194%
3	262%
4	301%

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 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” above 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 Banc of America Securities LLC (the “Dealer”) in exchange for the Trust MBS, the Group 3 SMBS and the Group 4 Underlying REMIC Certificate. 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 Trust MBS in principal balance, but we expect that all these additional Trust MBS will have the same characteristics as described under “Description of the Certificates—The Trust MBS” in this prospectus supplement. 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.

LEGAL MATTERS

Sidley Austin Brown & Wood LLP will provide legal representation for Fannie Mae. Kennedy Covington Lobdell & Hickman, L.L.P. will provide legal representation for the Dealer.

Exhibit A

Group 3 SMBS and Group 4 Underlying REMIC Certificate

Underlying SMBS or REMIC Trust	Class	Date of Issue	CUSIP Number	Interest Rate	Interest Type(1)	Final Distribution Date	Principal Type(1)	Original Principal Balance or Notional Balance of Class	July 2001 Class Factor	Principal Balance in the Underlying Trust REMIC	Approximate Weighted Average WAC	Approximate Weighted Average WALA (in months)	Underlying Security Type	Class Group
SMBS 309	IO2	October 2000	31364J2L6	7%	IO	November 2030	NTL	\$1,000,000,000	0.88231337	\$66,785,715	7.750%	11	MBS	3
SMBS 309	PO1	October 2000	31364J2K8	(2)	PO	November 2030	PT	1,000,000,000	0.88231337	55,000,000	7.750	11	MBS	3
SMBS 1994-61	SG	April 1994	31359HUW2	(3)	INV	April 2024	CPT	9,000,000	1.00000000	9,000,000	7.916	95	MBS	4

(1) See "Description of Certificates—Class Definitions and Abbreviations" in the REMIC Prospectus.

(2) Principal only class.

(3) This Class bears interest during its respective interest accrual periods, subject to the applicable maximum and minimum interest rates, as further described in the related Underlying REMIC Disclosure Document.

Available Recombinations(1)

REMIC Certificates		RCR Certificates						
Classes	Original or Notional Principal Balance	RCR Classes	Original Principal Balance	Interest Rate	Interest Type(2)	Principal Type(2)	CUSIP Number	Final Distribution Date
Recombination 1								
A	\$135,790,000	B	\$157,743,000	6.00%	FIX	SEQ	313920NX4	February 2029
C	21,953,000							
Recombination 2								
BC	158,702,000	BJ	191,299,000	6.00	FIX	SEQ	313920NY2	November 2028
BP	32,597,000							
Recombination 3								
BC	158,702,000	BH	191,299,000	6.25	FIX	SEQ	313920NZ9	November 2028
BP	32,597,000							
BI	6,103,923(3)							
BQ	1,253,731(3)							
Recombination 4								
BC	158,702,000	BG	191,299,000	6.50	FIX	SEQ	313920PA2	November 2028
BP	32,597,000							
BI	12,207,846(3)							
BQ	2,507,462(3)							
Recombination 5								
BC	158,702,000	BD	158,702,000	6.25	FIX	SEQ	313920PB0	January 2027
BI	6,103,923(3)							
Recombination 6								
BC	158,702,000	BA	158,702,000	6.50	FIX	SEQ	313920PC8	January 2027
BI	12,207,846(3)							
Recombination 7								
BP	32,597,000	BK	32,597,000	6.50	FIX	SEQ	313920PD6	November 2028
BQ	2,507,462(3)							

(1) The principal and/or notional principal balances of the REMIC Certificates and RCR Certificates involved in any exchange will bear the same proportionate relationship as that borne by the original principal and/or original notional principal balances of the related Classes.

(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" same proportionate relationship as that borne by the original balances of the related Classes.

(3) Notional Principal Balance.

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.

\$514,000,000



**Guaranteed REMIC
Pass-Through Certificates
Fannie Mae REMIC Trust 2001-40**

PROSPECTUS SUPPLEMENT

Banc of America Securities LLC

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July 11, 2001
