

**Prospectus Supplement**  
(To REMIC Prospectus dated September 18, 1998)

**\$1,023,816,667**



**FannieMae®**

**Guaranteed REMIC Pass-Through Certificates**  
**Fannie Mae REMIC Trust 2002-10**

**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 Stripped MBS,
- underlying REMIC and RCR certificates backed by Fannie Mae MBS, and
- Fannie Mae MBS.

The mortgage loans underlying the Fannie Mae Stripped MBS and 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
FA .....	1	\$100,000,000	PT	(1)	FLT	31392B5T9	February 2032
SA .....	1	100,000,000(2)	NTL	(1)	INV/IO	31392B5U6	February 2032
FD .....	2	220,000,000	SC/PT	(1)	FLT	31392B5V4	January 2032
SD .....	2	220,000,000(2)	NTL	(1)	INV/IO	31392B5W2	January 2032
SE .....	2	50,434,277(2)	NTL	(1)	INV/IO	31392B5X0	January 2032
FB .....	3	270,400,000	PT	(1)	FLT	31392B5Y8	March 2017
SB .....	3	84,500,000	PT	(1)	INV	31392B5Z5	March 2017
SC .....	3	28,166,667	PT	(1)	INV	31392B6A9	March 2017
GA(3) .....	4	180,960,000	SEQ	6.5%	FIX	31392B6B7	June 2027
GB(3) .....	4	29,000,000	SEQ	6.5	FIX	31392B6C5	December 2028
GC(3) .....	4	22,040,000	SEQ	6.5	FIX	31392B6D3	December 2029
VG(3) .....	4	21,625,714	SEQ/AD	6.5	FIX	31392B6E1	April 2013
VH(3) .....	4	15,660,000	SEQ/AD	6.5	FIX	31392B6F8	February 2018
ZG(3) .....	4	20,714,286	SEQ	6.5	FIX/Z	31392B6G6	March 2032
EP(3) .....	5	30,750,000	SC/PT	(4)	PO	31392B6H4	October 2031
QI .....	5	83,090,426(2)	NTL	(1)	INV/IO	31392B6J0	October 2031
QJ(3) .....	5	83,090,426(2)	NTL	(1)	INV/IO	31392B6K7	October 2031
QE(3) .....	5	83,090,426(2)	NTL	(1)	INV/IO	31392B6L5	October 2031
R .....		0	NPR	0	NPR	31392B6M3	March 2032

(1) Based on LIBOR.

(2) Notional balances. These classes are interest only classes.

(3) Exchangeable 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 GD, GE, GH, QS and QT 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 February 28, 2002.

**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.

**Salomon Smith Barney**

The date of this Prospectus Supplement is January 16, 2002.

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## AVAILABLE INFORMATION

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

- our Prospectus for Fannie Mae Guaranteed REMIC Pass-Through Certificates dated September 18, 1998 (the “REMIC Prospectus”);
- our Prospectus for Fannie Mae Guaranteed Mortgage Pass-Through Certificates dated October 1, 1999 (the “MBS Prospectus”);
- our Information Statement dated March 30, 2001 and its supplements (the “Information Statement”);
- if you are purchasing any Group 1 or Group 2 Class or the R Class, our Prospectus for Fannie Mae Stripped Mortgage-Backed Securities dated March 30, 2000 (the “SMBS Prospectus”); and
- if you are purchasing any Group 2 or Group 5 Class or the R Class, the disclosure documents relating to the underlying REMIC and RCR certificates (the “Underlying REMIC Disclosure Documents”).

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 Documents, by writing or calling the dealer at:

Salomon Smith Barney Inc.  
Prospectus Department  
Brooklyn Army Terminal  
140 58th Street, Suite 8-G  
Brooklyn, New York 11220  
(telephone 718-765-6732).

## 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 SMBS
2	Class 318-1 SMBS Certificate Class 318-2 SMBS Certificate Class 2002-1-FC REMIC Certificate Class 2002-1-FD REMIC Certificate
3	Group 3 MBS
4	Group 4 MBS
5	Class 2001-70-OW RCR Certificate

### Assumed Characteristics of the Mortgage Loans Underlying the Group 1 SMBS and the Trust MBS (as of February 1, 2002)

	<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 SMBS*	\$100,000,000	360	355	4	6.979%
Group 3 MBS	\$383,066,667	180	174	2	6.560%
Group 4 MBS	\$290,000,000	360	355	3	7.000%

\* The Group 1 SMBS will represent ownership of (i) interest payments at a pass-through rate of 6.50% on an initial notional principal amount of \$130,769,231 and (ii) principal payments on an initial principal amount of \$100,000,000 of MBS. See "Description of the Certificates—The Group 1 SMBS" in this prospectus supplement.

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 2 SMBS and Underlying REMIC Certificates and the Group 5 Underlying RCR Certificate

Exhibit A describes the Group 2 SMBS and Underlying REMIC Certificates and the Group 5 Underlying RCR Certificate, including certain information about the related mortgage loans. To learn more about the Group 2 SMBS and Underlying REMIC Certificates and the Group 5 Underlying RCR Certificate, you should obtain from us the current class factors and the related disclosure documents 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 February 28, 2002.

## 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:

<u>Fed Book-Entry</u>	<u>Physical</u>
All Classes of certificates 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 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 rates listed for the FD, SD, SE, QI, QJ, QE, QS and QT Classes are assumed rates. 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 .....	2.49000%	8.50000%	0.75%	LIBOR + 75 basis points
SA .....	6.01000%	7.75000%	0.00%	7.75% – LIBOR
FD .....	2.56000%(2)	9.00000%	0.75%	LIBOR + 75 basis points
SD .....	0.45000%(2)	0.45000%	0.00%	8.25% – LIBOR
SE .....	5.99000%(2)	7.80000%	0.00%	7.8% – LIBOR
FB .....	2.25000%	8.50000%	0.50%	LIBOR + 50 basis points
SB .....	15.00000%	19.20000%	0.00%	19.2% – (2.4 × LIBOR)
SC .....	15.00000%	19.20000%	0.00%	19.2% – (2.4 × LIBOR)
QI .....	0.55000%(2)	0.55000%	0.00%	8.05% – LIBOR
QJ .....	0.50000%(2)	0.50000%	0.00%	7.5% – LIBOR
QE .....	5.24500%(2)	7.00000%	0.00%	7% – LIBOR
QS .....	15.52372%(2)	20.26595%	0.00%	20.26595 – (2.70212767 × LIBOR)
QT .....	14.17265%(2)	18.91489%	0.00%	18.91489 – (2.70212767 × LIBOR)

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

(2) Assumed initial interest rates. We will calculate the actual interest rates on February 21, 2002 using the applicable formulas.

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>	
SA .....	100% of the FA Class
SD .....	100% of the FD Class
SE .....	22.9246713636% of the FD Class
QI .....	270.212766% of the EP Class
QJ .....	270.212766% of the EP Class
QE .....	270.212766% of the EP Class

### Distributions of Principal

#### *Group 1 Principal Distribution Amount*

To the FA Class to zero.

#### *Group 2 Principal Distribution Amount*

To the FD Class to zero.

#### *Group 3 Principal Distribution Amount*

To the FB, SB and SC Classes, pro rata, to zero.

#### *Group 4 Principal Distribution Amount*

##### *ZG Accrual Amount*

To the VG and VH Classes, in that order, to zero, and thereafter to the ZG Class.

##### *Group 4 Cash Flow Distribution Amount*

To the GA, GB, GC, VG, VH and ZG Classes, in that order, to zero.

#### *Group 5 Principal Distribution Amount*

To the EP 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)\*

		PSA Prepayment Assumption				
<u>Group 1 Classes</u>		<u>0%</u>	<u>100%</u>	<u>282%</u>	<u>500%</u>	<u>750%</u>
FA and SA .....	21.0	11.3	5.8	3.6	2.5	
<u>Group 2 Classes</u>		<u>0%</u>	<u>100%</u>	<u>183%</u>	<u>400%</u>	<u>750%</u>
FD, SE and SD .....	20.6	11.2	7.9	4.3	2.5	
<u>Group 3 Classes</u>		<u>0%</u>	<u>100%</u>	<u>233%</u>	<u>500%</u>	<u>750%</u>
FB, SB and SC .....	9.1	6.6	5.0	3.3	2.5	
<u>Group 4 Classes</u>		<u>0%</u>	<u>100%</u>	<u>282%</u>	<u>500%</u>	<u>750%</u>
GA .....	17.0	6.2	3.0	2.0	1.6	
GB .....	26.0	14.5	6.6	4.1	2.9	
GC .....	27.2	17.4	8.2	4.9	3.5	
VG .....	6.2	6.2	6.0	4.6	3.5	
VH .....	13.6	13.6	10.0	6.5	4.5	
ZG .....	28.9	23.7	15.0	9.6	6.5	
GD .....	18.2	7.3	3.5	2.3	1.8	
GE .....	19.1	8.3	3.9	2.6	1.9	
GH .....	28.9	23.7	13.5	8.0	5.4	
<u>Group 5 Classes</u>		<u>0%</u>	<u>100%</u>	<u>300%</u>	<u>500%</u>	<u>750%</u>
EP, QE, QS, QT, QI and QJ .....	25.8	18.4	15.8	9.8	6.4	

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



## ADDITIONAL RISK FACTORS

*The rate of principal payments on the certificates will be affected by the rate of principal payments on the 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 5 Classes also will be affected by the payment priorities governing the Group 5 Underlying RCR Certificate.* If you invest in any Group 5 Class, the rate at which you receive payments also will be affected by the priority sequence governing principal payments on the Group 5 Underlying RCR Certificate.

As described in the related disclosure document, the Group 5 Underlying RCR Certificate is indirectly backed by a REMIC certificate that has a principal balance schedule. As a result, the Group 5 Underlying RCR Certificate may receive principal payments at a rate 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 a rate faster or slower than the rate initially assumed. This prospectus supplement contains no information as to whether

- the REMIC certificate indirectly backing the Group 5 Underlying RCR Certificate has adhered to its principal balance schedule,
- any related Support classes remain outstanding, or
- the Group 5 Underlying RCR Certificate otherwise has performed as originally anticipated.

You may obtain additional information about the Group 5 Underlying RCR Certificate by reviewing its current class factor in light of other information available in the related disclosure document. You may obtain that document 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 Group 1 SMBS and 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 payment of your class is likely to occur earlier, and could occur much earlier, than the final distribution date listed on the cover page of this prospectus supplement. If you assume that the actual final payment will occur on the final distribution date specified, your yield could be lower than you expect.

*Some investors may be unable to buy certain classes.* Investors whose investment activ-

ities 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”) pursuant to a trust agreement dated as of February 1, 2002 (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 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

- two groups of Fannie Mae Stripped Mortgage-Backed Securities (the “Group 1 SMBS” and “Group 2 SMBS” and, together, the “SMBS”),
- two groups of previously issued REMIC and RCR certificates (the “Group 2 Underlying REMIC Certificates” and the “Group 5 Underlying RCR Certificate” and, together, the “Underlying REMIC Certificates”) evidencing beneficial ownership interests in the related Fannie Mae trusts (the “Underlying REMIC Trusts”) as further described in Exhibit A, and
- two groups of Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the “Group 3 MBS” and “Group 4 MBS” and, together, the “Trust MBS”).

The 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 Fannie Mae Guaranteed Mortgage Pass-Through Certificates backing the Underlying REMIC Certificates, the “MBS”). The Group 2 SMBS are further described in Exhibit A.

The assets of the Underlying REMIC Trusts evidence direct or indirect beneficial ownership interests in certain 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 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 Underlying REMIC Certificates are described in the related Underlying REMIC Disclosure Documents. 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 Documents.

*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” below.

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 Class, 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 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 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.

*Voting the SMBS and the Underlying REMIC Certificates.* Holders of the SMBS and the Underlying REMIC Certificates may be asked to vote on issues arising under the related trust agreements. If so, the Trustee will vote the related SMBS or Underlying REMIC Certificates, as applicable, as instructed by Holders of Certificates of the Classes backed by the related SMBS or Underlying REMIC Certificates. 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 GA, GB, GC, VG, VH, ZG, EP, QJ and QE 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  $\frac{1}{32}$  of 1% of the outstanding principal balance (exclusive of any notional principal balance) of the Certificates to be exchanged. In no event, however, will our fee be less than \$2,000.

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

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

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

### **The Group 1 SMBS**

The Group 1 SMBS represent ownership of:

- interest payments at a pass-through rate of 6.50% on an initial notional principal amount of \$130,769,231, and
- principal payments on an initial principal amount of \$100,000,000 of MBS.

The Group 1 SMBS provide that certain payments on the related MBS will be passed through monthly. We expect the characteristics of the Mortgage Loans underlying the Group 1 SMBS as of the Issue Date to be as follows:

Range of WACs (annual percentages) .....	6.75% to 9.00%
Range of WAMs .....	241 months to 360 months
Approximate Weighted Average WAM .....	355 months
Approximate Weighted Average WALA (Weighted Average Loan Age) .....	4 months

The general characteristics of the Group 1 SMBS are described in the SMBS Prospectus. The general characteristics of the MBS are described in the MBS Prospectus. 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. These Mortgage Loans have original maturities of up to 30 years. See “The Mortgage Pools” and “Yield Considerations” in the MBS Prospectus.

### **The Group 2 SMBS and the Underlying REMIC Certificates**

The Group 2 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 2 SMBS will be passed through monthly beginning in the month after we issue the Certificates. The general characteristics of the Group 2 SMBS are described in the SMBS Prospectus. See Exhibit A for additional information about the Group 2 SMBS.

The Underlying REMIC Certificates represent beneficial ownership interests in the related Underlying REMIC Trusts. The assets of those trusts evidence direct or indirect beneficial ownership interests in certain MBS having the general characteristics set forth in the MBS Prospectus. Distributions on the Underlying REMIC Certificates will be passed through monthly, beginning in the month after we issue the Certificates. The general characteristics of the Underlying REMIC Certificates are described in the related Underlying REMIC Disclosure Documents. See Exhibit A for additional information about the Underlying REMIC Certificates.

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 2 SMBS and the Underlying REMIC Certificates, 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 dates we prepared the Underlying REMIC Disclosure Documents. 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 those documents may be limited.

### **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 single-family residential properties. These Mortgage Loans have original maturities of up to 15 years in the case of the Group 3 MBS, and up to 30 years in the case of the Group 4 MBS. 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 3 MBS

Aggregate Unpaid Principal Balance .....	\$383,066,667
MBS Pass-Through Rate .....	6.00%
Range of WACs (annual percentages) .....	6.25% to 8.50%
Range of WAMs .....	100 months to 180 months
Approximate Weighted Average WAM.....	174 months
Approximate Weighted Average WALA .....	2 months

### Group 4 MBS

Aggregate Unpaid Principal Balance .....	\$290,000,000
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.....	355 months
Approximate Weighted Average WALA .....	3 months

### Final Data Statement

After issuing the Certificates, we will prepare a Final Data Statement containing certain information, including the principal balances of the Group 2 SMBS and the Underlying REMIC Certificates as of the Issue Date and, with respect to the Group 1 SMBS and 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 each of the Group 1 SMBS and 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 Group 1 SMBS and 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>
<b>Group 1 Classes</b>	
Floating Rate	FA
Inverse Floating Rate	SA
Interest Only	SA
<b>Group 2 Classes</b>	
Floating Rate	FD
Inverse Floating Rate	SD and SE
Interest Only	SD and SE
<b>Group 3 Classes</b>	
Floating Rate	FB
Inverse Floating Rate	SB and SC

<u>Interest Type*</u>	<u>Classes</u>
<b>Group 4 Classes</b>	
Fixed Rate	GA, GB, GC, VG, VH and ZG
Accrual	ZG
RCR**	GD, GE and GH
<b>Group 5 Classes</b>	
Inverse Floating Rate	QI, QJ and QE
Interest Only	QI, QJ and QE
Principal Only	EP
RCR**	QS and QT
<b>No Payment Residual</b>	R

\* 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 on Schedule 1 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 Class) 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 Class) 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 Class, see “—*Accrual Class*” below.

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

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

<u>Classes</u>	<u>Interest Accrual Periods</u>
All Fixed Rate Classes (collectively, the “Delay Classes”)	Calendar month preceding the month in which the Distribution Date occurs
All Floating Rate and Inverse Floating Rate Classes (collectively, the “No-Delay 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 EP Class as a No-Delay Class for the sole purpose of facilitating trading.

*Accrual Class.* The ZG Class is an Accrual Class. Interest will accrue on the Accrual Class at the applicable annual rate specified on the cover of this prospectus supplement. 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.

*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,” 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 1.74% in the case of the FA and SA Classes, 1.75% in the case of the FB, SB and SC Classes and will be equal to LIBOR as determined for that Interest Accrual Period for the related Underlying REMIC Certificates in the case of the FD, SD, SE, QI, QJ, QE, QS and QT Classes.

## Distributions of Principal

### *Categories of Classes*

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

<u>Principal Type*</u>	<u>Classes</u>
<b>Group 1 Classes</b>	
Pass-Through	FA
Notional	SA
<b>Group 2 Classes</b>	
Structured Collateral/Pass-Through	FD
Notional	SD and SE
<b>Group 3 Classes</b>	
Pass-Through	FB, SB and SC
<b>Group 4 Classes</b>	
Sequential Pay	GA, GB, GC, VG, VH and ZG
Accretion Directed	VG and VH
RCR**	GD, GE and GH

**Principal Type\***

**Classes**

**Group 5 Classes**

Structured Collateral/Pass-Through

Notional

RCR\*\*

EP

QI, QJ and QE

QS and QT

**No Payment Residual**

R

\* 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 SMBS (the “Group 1 Principal Distribution Amount”);
- the principal then paid on the Group 2 SMBS and Group 2 Underlying REMIC Certificates (the “Group 2 Principal Distribution Amount”);
- the principal then paid on the Group 3 MBS (the “Group 3 Principal Distribution Amount”);
- the principal then paid on the Group 4 MBS (the “Group 4 Cash Flow Distribution Amount”) plus any interest then accrued and added to the principal balance of the ZG Class (the “ZG Accrual Amount” and, together with the Group 4 Cash Flow Distribution Amount, the “Group 4 Principal Distribution Amount”); and
- the principal then paid on the Group 5 Underlying RCR Certificate (the “Group 5 Principal Distribution Amount”).

The portion of each class of Underlying REMIC Certificates held by the Trust is set forth in Exhibit A.

*Group 1 Principal Distribution Amount*

On each Distribution Date, we will pay the Group 1 Principal Distribution Amount as principal of the FA Class, until its principal balance is reduced to zero. } Pass-Through Class

*Group 2 Principal Distribution Amount*

On each Distribution Date, we will pay the Group 2 Principal Distribution Amount as principal of the FD Class, until its principal balance is reduced to zero. } Pass-Through Class

*Group 3 Principal Distribution Amount*

On each Distribution Date, we will pay the Group 3 Principal Distribution Amount, concurrently, as principal of the FB, SB and SC Classes, pro rata (or 70.5882352327%, 22.0588235102% and 7.3529412571%, respectively), until their principal balances are reduced to zero. } Pass-Through Classes

#### *Group 4 Principal Distribution Amount*

##### *ZG Accrual Amount*

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

Accretion  
Directed  
Classes  
and  
Accrual Class

#### *Group 4 Cash Flow Distribution Amount*

On each Distribution Date, we will pay the Group 4 Cash Flow Distribution Amount, sequentially, as principal of the GA, GB, GC, VG, VH and ZG Classes, in that order, until their principal balances are reduced to zero.

Sequential Pay  
Classes

#### *Group 5 Principal Distribution Amount*

On each Distribution Date, we will pay the Group 5 Principal Distribution Amount as principal of the EP 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 2 SMBS and Underlying REMIC Certificates, the priority sequence affecting principal payments on the Group 5 Underlying RCR Certificate and the following assumptions (such characteristics and assumptions, collectively, the “Pricing Assumptions”):

- the Mortgage Loans underlying the Group 1 SMBS and 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 Group 1 SMBS and the Trust MBS” in this prospectus supplement;
- the Mortgage Loans prepay at the constant percentages of PSA specified in the related tables;
- the settlement date for the sale of the Certificates is February 28, 2002;
- 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 Inverse Floating Rate Classes.*** The yields on the Inverse Floating Rate Classes will be sensitive in varying degrees to the rate of principal payments, including prepayments, of the related Mortgage Loans and to the level of the Index. The Mortgage Loans generally can be prepaid at any time without penalty. In addition, the rate of principal payments (including prepayments) of the Mortgage Loans is likely to vary, and may vary considerably, from pool to pool. As illustrated in the tables below, it is possible that investors in the SA, SD, SE, SB, SC, QI, QJ and QE 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 .....	10.73438%
SD .....	2.06250%
SE .....	12.00000%
SB .....	103.75000%
SC .....	104.18750%
QI .....	3.98438%
QJ .....	3.25000%
QE .....	11.75000%
QS .....	79.40000%
QT .....	71.90000%

\* 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>282%</u>	<u>500%</u>	<u>750%</u>
0.74% .....	70.6%	68.2%	59.2%	48.0%	34.7%
1.74% .....	59.2%	56.7%	47.5%	36.1%	22.5%
3.74% .....	37.0%	34.4%	24.7%	12.6%	(1.8)%
5.74% .....	15.4%	12.7%	2.3%	(10.7)%	(26.6)%
7.75% .....	*	*	*	*	*

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

### Sensitivity of the SD 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>183%</u>	<u>400%</u>	<u>750%</u>
7.800% and below .....	18.2%	15.5%	10.9%	(1.7)%	(23.5)%
8.025% .....	5.5%	2.7%	(2.1)%	(15.1)%	(38.1)%
8.250% .....	*	*	*	*	*

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

### Sensitivity of the SE 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>183%</u>	<u>400%</u>	<u>750%</u>
0.81% .....	61.5%	59.0%	54.8%	43.5%	24.5%
1.81% .....	51.4%	48.9%	44.6%	33.2%	13.7%
3.81% .....	31.9%	29.2%	24.8%	12.8%	(7.8)%
5.81% .....	12.7%	9.9%	5.2%	(7.5)%	(29.9)%
7.80% and above .....	*	*	*	*	*

\* 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>233%</u>	<u>500%</u>	<u>750%</u>
0.75% .....	17.0%	16.9%	16.7%	16.3%	15.9%
1.75% .....	14.5%	14.5%	14.3%	13.9%	13.5%
3.75% .....	9.7%	9.6%	9.5%	9.1%	8.8%
5.75% .....	4.9%	4.9%	4.7%	4.4%	4.1%
8.00% .....	(0.3)%	(0.4)%	(0.5)%	(0.8)%	(1.0)%

**Sensitivity of the SC 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>233%</u>	<u>500%</u>	<u>750%</u>
0.75% .....	16.9%	16.8%	16.5%	16.1%	15.7%
1.75% .....	14.4%	14.4%	14.1%	13.7%	13.3%
3.75% .....	9.6%	9.6%	9.4%	9.0%	8.6%
5.75% .....	4.9%	4.8%	4.6%	4.3%	4.0%
8.00% .....	(0.4)%	(0.5)%	(0.6)%	(0.9)%	(1.2)%

**Sensitivity of the QI 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>300%</u>	<u>500%</u>	<u>750%</u>
7.500% and below .....	13.1%	12.5%	11.6%	6.3%	(3.7)%
7.750% .....	4.7%	3.7%	2.2%	(5.2)%	(17.7)%
8.050% .....	*	*	*	*	*

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

**Sensitivity of the QJ 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>300%</u>	<u>500%</u>	<u>750%</u>
7.00% and below .....	15.0%	14.5%	13.7%	8.8%	(0.6)%
7.25% .....	5.0%	4.0%	2.5%	(4.8)%	(17.2)%
7.50% and above .....	*	*	*	*	*

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

**Sensitivity of the QE 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>300%</u>	<u>500%</u>	<u>750%</u>
0.755% .....	59.2%	59.2%	59.1%	58.5%	55.6%
1.755% .....	49.1%	49.1%	49.0%	48.0%	44.3%
3.755% .....	29.6%	29.4%	29.1%	26.6%	20.3%
5.755% .....	9.4%	8.6%	7.5%	1.3%	(9.7)%
7.000% and above .....	*	*	*	*	*

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

**Sensitivity of the QS 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>300%</u>	<u>500%</u>	<u>750%</u>
0.755% .....	24.1%	24.2%	24.3%	24.9%	26.1%
1.755% .....	20.5%	20.6%	20.7%	21.4%	22.6%
3.755% .....	13.4%	13.6%	13.7%	14.6%	15.9%
5.755% .....	6.7%	6.9%	7.1%	8.0%	9.4%
7.500% .....	1.2%	1.3%	1.6%	2.5%	3.9%

**Sensitivity of the QT 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>300%</u>	<u>500%</u>	<u>750%</u>
0.755% .....	24.7%	24.8%	24.9%	25.9%	27.6%
1.755% .....	20.7%	20.8%	21.0%	22.1%	23.8%
3.755% .....	13.0%	13.2%	13.5%	14.7%	16.6%
5.755% .....	5.8%	6.1%	6.4%	7.7%	9.7%
7.000% .....	1.7%	1.9%	2.2%	3.6%	5.6%

*The Principal Only Class.* **The EP Class will not bear interest. As indicated in the table below, a low rate of principal payments (including prepayments) on the related Mortgage Loans will have a negative effect on the yield to investors in the EP 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 EP Class (expressed as a percentage of the original principal balance) is as follows:

<u>Class</u>	<u>Price</u>
EP .....	40.25%

**Sensitivity of the EP Class to Prepayments**

	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>300%</u>	<u>500%</u>	<u>750%</u>
Pre-Tax Yields to Maturity .....	4.5%	5.1%	6.0%	9.7%	15.3%



## Weighted Average Lives of the Certificates

The weighted average life of a Certificate is determined by

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

For a description of the factors which may influence the weighted average life of a Certificate, see “Description of Certificates—Weighted Average Life and Final Distribution Date” in the REMIC Prospectus.

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

- the timing of changes in the rate of principal payments,
- the priority sequence of payments of principal of the Group 4 Classes, and
- in the case of the Group 5 Classes, the priority sequence affecting principal payments on the Group 5 Underlying RCR Certificate.

See “—Distributions of Principal” above and “Description of the Certificates—Distributions of Principal” in the related 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 SMBS	360 months	359 months	9.00%
Group 2 SMBS	360 months	358 months	8.50%
Group 2 Underlying REMIC Certificates	360 months	358 months	8.50%
Group 3 MBS	180 months	180 months	8.50%
Group 4 MBS	360 months	360 months	9.00%
Group 5 Underlying RCR Certificate	360 months	355 months	9.00%

It is unlikely

- that all of the underlying Mortgage Loans will have the interest rates, WALAs or remaining terms to maturity assumed or
- that the underlying Mortgage Loans will prepay at any *constant* PSA 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	FA and SA† Classes					FD, SD† and SE† Classes					FB, SB and SC Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	282%	500%	750%	0%	100%	183%	400%	750%	0%	100%	233%	500%	750%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
February 2003	99	97	93	88	83	99	97	95	90	83	97	94	92	88	83
February 2004	99	91	80	68	54	98	91	86	73	54	93	86	79	66	55
February 2005	98	85	66	47	30	97	85	76	55	29	89	77	65	44	29
February 2006	97	79	54	32	16	96	78	66	41	16	84	68	52	29	15
February 2007	96	73	44	22	9	95	73	58	31	9	79	59	42	19	8
February 2008	95	67	36	15	5	94	67	51	23	5	74	51	33	12	4
February 2009	94	62	30	11	3	93	62	44	17	3	68	44	26	8	2
February 2010	92	57	24	7	1	92	57	39	13	1	62	37	20	5	1
February 2011	91	53	20	5	1	90	52	34	9	1	55	30	15	3	*
February 2012	89	49	16	3	*	88	48	29	7	*	48	24	11	2	*
February 2013	88	45	13	2	*	87	44	25	5	*	40	18	7	1	*
February 2014	86	41	10	2	*	85	40	22	4	*	31	13	5	1	*
February 2015	84	37	8	1	*	83	37	19	3	*	22	7	3	*	*
February 2016	82	34	7	1	*	80	33	16	2	*	11	2	1	*	*
February 2017	79	31	5	*	*	78	30	14	2	*	0	0	0	0	0
February 2018	77	28	4	*	*	75	27	12	1	*	0	0	0	0	0
February 2019	74	25	3	*	*	72	24	10	1	*	0	0	0	0	0
February 2020	70	22	3	*	*	69	22	9	1	*	0	0	0	0	0
February 2021	67	20	2	*	*	65	19	7	*	*	0	0	0	0	0
February 2022	63	17	2	*	*	61	17	6	*	*	0	0	0	0	0
February 2023	59	15	1	*	*	57	14	5	*	*	0	0	0	0	0
February 2024	55	13	1	*	*	53	12	4	*	*	0	0	0	0	0
February 2025	50	11	1	*	*	48	10	3	*	*	0	0	0	0	0
February 2026	44	9	1	*	*	42	9	2	*	*	0	0	0	0	0
February 2027	38	7	*	*	*	37	7	2	*	*	0	0	0	0	0
February 2028	32	5	*	*	*	30	5	1	*	*	0	0	0	0	0
February 2029	25	4	*	*	*	23	4	1	*	*	0	0	0	0	0
February 2030	17	2	*	*	*	16	2	*	*	*	0	0	0	0	0
February 2031	8	1	*	*	*	7	1	*	*	*	0	0	0	0	0
February 2032	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	21.0	11.3	5.8	3.6	2.5	20.6	11.2	7.9	4.3	2.5	9.1	6.6	5.0	3.3	2.5

Date	GA Class					GB Class					GC Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	282%	500%	750%	0%	100%	282%	500%	750%	0%	100%	282%	500%	750%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
February 2003	99	95	90	83	75	100	100	100	100	100	100	100	100	100	100
February 2004	98	87	70	51	30	100	100	100	100	100	100	100	100	100	100
February 2005	96	76	47	17	0	100	100	100	100	33	100	100	100	100	100
February 2006	95	67	28	0	0	100	100	100	56	0	100	100	100	100	0
February 2007	93	57	12	0	0	100	100	100	0	0	100	100	100	39	0
February 2008	92	48	0	0	0	100	100	91	0	0	100	100	100	0	0
February 2009	90	40	0	0	0	100	100	23	0	0	100	100	100	0	0
February 2010	88	32	0	0	0	100	100	0	0	0	100	100	58	0	0
February 2011	86	25	0	0	0	100	100	0	0	0	100	100	0	0	0
February 2012	83	18	0	0	0	100	100	0	0	0	100	100	0	0	0
February 2013	80	12	0	0	0	100	100	0	0	0	100	100	0	0	0
February 2014	77	5	0	0	0	100	100	0	0	0	100	100	0	0	0
February 2015	74	0	0	0	0	100	97	0	0	0	100	100	0	0	0
February 2016	71	0	0	0	0	100	63	0	0	0	100	100	0	0	0
February 2017	67	0	0	0	0	100	31	0	0	0	100	100	0	0	0
February 2018	63	0	0	0	0	100	1	0	0	0	100	100	0	0	0
February 2019	58	0	0	0	0	100	0	0	0	0	100	64	0	0	0
February 2020	53	0	0	0	0	100	0	0	0	0	100	28	0	0	0
February 2021	48	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 2022	42	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 2023	35	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 2024	28	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 2025	20	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 2026	11	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 2027	2	0	0	0	0	100	0	0	0	0	100	0	0	0	0
February 2028	0	0	0	0	0	47	0	0	0	0	100	0	0	0	0
February 2029	0	0	0	0	0	0	0	0	0	0	70	0	0	0	0
February 2030	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2031	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
February 2032	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	17.0	6.2	3.0	2.0	1.6	26.0	14.5	6.6	4.1	2.9	27.2	17.4	8.2	4.9	3.5

\* 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” above.

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

Date	VG Class					VH Class					ZG Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	282%	500%	750%	0%	100%	282%	500%	750%	0%	100%	282%	500%	750%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
February 2003	94	94	94	94	94	100	100	100	100	100	107	107	107	107	107
February 2004	87	87	87	87	87	100	100	100	100	100	114	114	114	114	114
February 2005	79	79	79	79	79	100	100	100	100	100	121	121	121	121	121
February 2006	72	72	72	72	29	100	100	100	100	100	130	130	130	130	130
February 2007	63	63	63	63	0	100	100	100	100	0	138	138	138	138	127
February 2008	54	54	54	0	0	100	100	100	97	0	148	148	148	148	69
February 2009	45	45	45	0	0	100	100	100	0	0	157	157	157	152	37
February 2010	35	35	35	0	0	100	100	100	0	0	168	168	168	104	20
February 2011	24	24	22	0	0	100	100	100	0	0	179	179	179	72	11
February 2012	13	13	0	0	0	100	100	46	0	0	191	191	191	49	6
February 2013	*	*	0	0	0	100	100	0	0	0	204	204	183	33	3
February 2014	0	0	0	0	0	82	82	0	0	0	218	218	148	23	2
February 2015	0	0	0	0	0	63	63	0	0	0	232	232	119	15	1
February 2016	0	0	0	0	0	43	43	0	0	0	248	248	96	10	*
February 2017	0	0	0	0	0	21	21	0	0	0	264	264	77	7	*
February 2018	0	0	0	0	0	0	0	0	0	0	280	280	61	5	*
February 2019	0	0	0	0	0	0	0	0	0	0	280	280	48	3	*
February 2020	0	0	0	0	0	0	0	0	0	0	280	280	38	2	*
February 2021	0	0	0	0	0	0	0	0	0	0	280	275	30	1	*
February 2022	0	0	0	0	0	0	0	0	0	0	280	241	23	1	*
February 2023	0	0	0	0	0	0	0	0	0	0	280	209	18	1	*
February 2024	0	0	0	0	0	0	0	0	0	0	280	180	13	*	*
February 2025	0	0	0	0	0	0	0	0	0	0	280	151	10	*	*
February 2026	0	0	0	0	0	0	0	0	0	0	280	125	7	*	*
February 2027	0	0	0	0	0	0	0	0	0	0	280	99	5	*	*
February 2028	0	0	0	0	0	0	0	0	0	0	280	75	3	*	*
February 2029	0	0	0	0	0	0	0	0	0	0	280	53	2	*	*
February 2030	0	0	0	0	0	0	0	0	0	0	247	32	1	*	*
February 2031	0	0	0	0	0	0	0	0	0	0	129	11	*	*	*
February 2032	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	6.2	6.2	6.0	4.6	3.5	13.6	13.6	10.0	6.5	4.5	28.9	23.7	15.0	9.6	6.5

Date	GD Class					GE Class					GH Class					EP, QE†, QS, QT, QI† and QJ† Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	282%	500%	750%	0%	100%	282%	500%	750%	0%	100%	282%	500%	750%	0%	100%	300%	500%	750%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
February 2003	99	96	91	85	79	99	96	92	87	81	100	100	100	100	100	100	100	100	100	100
February 2004	98	89	74	58	40	98	90	77	62	46	100	100	100	100	100	100	100	100	100	100
February 2005	97	80	54	28	5	97	82	59	35	14	100	100	100	100	100	100	100	100	100	100
February 2006	96	71	38	8	0	96	74	43	17	0	100	100	100	100	84	100	100	100	100	100
February 2007	94	63	24	0	0	95	67	31	4	0	100	100	100	100	45	100	100	100	100	83
February 2008	93	56	13	0	0	94	60	21	0	0	100	100	100	79	25	100	100	100	100	45
February 2009	91	48	3	0	0	92	53	12	0	0	100	100	100	54	13	100	100	100	100	24
February 2010	89	42	0	0	0	90	47	6	0	0	100	100	100	37	7	100	100	100	74	13
February 2011	88	35	0	0	0	89	41	0	0	0	100	100	99	26	4	100	100	100	51	7
February 2012	85	29	0	0	0	87	36	0	0	0	100	100	81	18	2	100	100	100	35	4
February 2013	83	24	0	0	0	85	31	0	0	0	100	100	65	12	1	100	100	100	24	2
February 2014	81	18	0	0	0	82	26	0	0	0	100	100	53	8	1	100	100	95	16	1
February 2015	78	13	0	0	0	80	22	0	0	0	100	100	43	6	*	100	100	75	11	1
February 2016	75	9	0	0	0	77	17	0	0	0	100	100	34	4	*	100	100	60	7	*
February 2017	71	4	0	0	0	74	13	0	0	0	100	100	27	3	*	100	83	47	5	*
February 2018	68	*	0	0	0	71	10	0	0	0	100	100	22	2	*	100	68	37	3	*
February 2019	64	0	0	0	0	67	6	0	0	0	100	100	17	1	*	100	55	29	2	*
February 2020	60	0	0	0	0	63	3	0	0	0	100	100	14	1	*	100	44	22	1	*
February 2021	55	0	0	0	0	59	0	0	0	0	100	98	11	*	*	100	35	17	1	*
February 2022	50	0	0	0	0	54	0	0	0	0	100	86	8	*	*	100	28	13	1	*
February 2023	44	0	0	0	0	49	0	0	0	0	100	75	6	*	*	100	22	10	*	*
February 2024	38	0	0	0	0	44	0	0	0	0	100	64	5	*	*	100	17	7	*	*
February 2025	31	0	0	0	0	38	0	0	0	0	100	54	4	*	*	100	12	5	*	*
February 2026	24	0	0	0	0	31	0	0	0	0	100	44	3	*	*	100	9	4	*	*
February 2027	15	0	0	0	0	23	0	0	0	0	100	35	2	*	*	100	6	3	*	*
February 2028	7	0	0	0	0	15	0	0	0	0	100	27	1	*	*	32	4	2	*	*
February 2029	0	0	0	0	0	7	0	0	0	0	100	19	1	*	*	2	2	1	*	*
February 2030	0	0	0	0	0	0	0	0	0	0	88	11	*	*	*	1	1	*	*	*
February 2031	0	0	0	0	0	0	0	0	0	0	46	4	*	*	*	0	0	0	0	0
February 2032	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	18.2	7.3	3.5	2.3	1.8	19.1	8.3	3.9	2.6	1.9	28.9	23.7	13.5	8.0	5.4	25.8	18.4	15.8	9.8	6.4

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

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

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

## Characteristics of the R 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 an R Certificate to a “disqualified organization.” In addition, we will not permit transfer of record or beneficial ownership of an R 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 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 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 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 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. 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, the Notional Classes and the Principal Only Class will be issued with original issue discount (“OID”), and certain other Classes of REMIC Certificates may be issued with OID. If a Class is issued with OID, a beneficial owner of a Certificate of that Class generally must recognize some taxable income in advance of the receipt of the cash attributable to that income. See “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Regular Certificates*—Treatment of Original Issue Discount” in the REMIC Prospectus. In addition, certain Classes of REMIC Certificates may be treated as having been issued at a premium. See “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Regular Certificates*—Regular Certificates Purchased at a Premium” in the REMIC Prospectus.



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

<u>Certificate Group</u>	<u>Prepayment Assumption</u>
1	282% PSA
2	183% PSA
3	233% PSA
4	282% PSA
5	300% PSA

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 that generally will not be treated as excess inclusions, the rate to be used is 120% of the “federal long-term rate.” The rate will be published on or about January 20, 2002. 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. Except in the case of a beneficial owner that acquires a Combination RCR Certificate in an exchange described under “*Exchanges*” below, 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 an 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 Salomon Smith Barney Inc. (the “Dealer”) in exchange for the SMBS, the Underlying REMIC Certificates and the Trust 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 Group 1, Group 3 or Group 4 Classes in addition to those contemplated as of the date of this prospectus supplement. In that event, we will increase the related Group 1 SMBS or Trust MBS, as applicable, in principal balance, but we expect that all these additional Group 1 SMBS or Trust MBS will have the same characteristics as described under “Description of the Certificates—The Group 1 SMBS” and “—The Trust MBS” in this prospectus supplement. The proportion that the original principal balance of each Group 1, Group 3 or Group 4 Class bears to the aggregate original principal balance of all Group 1, Group 3 or Group 4 Classes, respectively, will remain the same.

## **LEGAL MATTERS**

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

# Exhibit A

## Underlying REMIC Certificates and Group 2 SMBS

Underlying Trust	Class	Date of Issue	CUSIP Number	Interest Rate	Interest Type(1)	Final Distribution Date	Principal Type(1)	Original Principal Balance of Class	February 2002 Class Factor	Principal Balance in the Trust	Approximate Weighted Average WAC	Approximate Weighted Average WAM (in months)	Approximate Weighted Average WALA (in months)	Underlying Security Type	Class Group
2002-1	FD	January 2002	31392BVZ6	(2)	FLT	January 2032	PT	\$ 100,000,000	0.99744543	\$99,744,543	6.575%	355	4	MBS	2
2002-1	FC	January 2002	31392BVY9	(2)	FLT	January 2032	PT	100,000,000	0.99744543	69,821,180	6.575	355	4	MBS	2
SMBS 318	IO2	December 2001	3136FAFZ8	6.0%	FIX	January 2032	NTL	2,000,000,000	0.99374185	89,781,892	6.575	355	4	MBS	2
SMBS 318	PO1	December 2001	3136FAFY1	(3)	PO	January 2032	STP	2,000,000,000	0.99374185	50,434,277	6.575	355	4	MBS	2
2001-70	OW	November 2001	31392BEL6	(2)	INV	October 2031	SC/PT	58,750,000	1.00000000	30,750,000	7.090	351	8	MBS	5

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

(2) These Classes bear interest during their interest accrual periods, subject to the applicable maximum and minimum interest rates, as further described in the related Underlying REMIC Disclosure Document.

(3) Principal Only Class.

## Available Recombinations(1)

REMIC Certificates		RCR Certificates						
Classes	Original or Notional Principal Balances	RCR Classes	Original Principal Balance	Interest Rate	Interest Type(2)	Principal Type(2)	CUSIP Number	Final Distribution Date
Recombination 1								
GA	\$180,960,000	GD	\$209,960,000	6.5%	FIX	SEQ	31392B6N1	December 2028
GB	29,000,000							
Recombination 2								
GA	180,960,000	GE	232,000,000	6.5	FIX	SEQ	31392B6P6	December 2029
GB	29,000,000							
GC	22,040,000							
Recombination 3								
VG	21,625,714	GH(3)	58,000,000	6.5	FIX	SEQ	31392B6Q4	March 2032
VH	15,660,000							
ZG	20,714,286							
Recombination 4								
EP	30,750,000	QS	30,750,000	(4)	INV	SC/PT	31392B6R2	October 2031
QJ	83,090,426(5)							
QE	83,090,426(5)							
Recombination 5								
EP	30,750,000	QT	30,750,000	(4)	INV	SC/PT	31392B6S0	October 2031
QE	83,090,426(5)							

(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) Principals payments on the REMIC Certificates in Recombination 3 from the ZG Accrual Amount will be paid as interest on the related RCR Certificates and thus will not reduce the principal balances of those RCR Certificates.

(4) For a description of these interest rates, see "Description of the Certificates—Distributions of Interest" in this prospectus supplement.

(5) 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.

**\$1,023,816,667**



## **Guaranteed REMIC Pass-Through Certificates**

**Fannie Mae REMIC Trust 2002-10**

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**Salomon Smith Barney**

**Prospectus Supplement  
January 16, 2002**