

Supplement
(To Prospectus Supplement dated March 11, 2002)

\$626,822,807



Guaranteed Pass-Through Certificates
Fannie Mae Trust 2002-26
(The Group 2, 3, 4, 5, 6, 7 and Residual Classes Only)

This is a supplement to the prospectus supplement dated March 11, 2002 (the "Prospectus Supplement"). If we use a capitalized term in this supplement without defining it, you will find the definition of that term in the Prospectus Supplement.

Notwithstanding anything set forth in the Prospectus Supplement:

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

<u>Class</u>	<u>Original Class Balance</u>
A1.....	\$143,111,654
A2.....	228,849,331
IO.....	231,798,070(1)
<u>PO.....</u>	<u>9,087,291</u>

(1) Notional balance. The IO Class is an interest only class.

- The actual original class balances of the remaining Classes of Certificates are as set forth on the cover of the Prospectus Supplement.

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

The certificates, together with any interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any of its agencies or instrumentalities 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.

Bear, Stearns & Co. Inc.

April 30, 2002

\$626,904,065 (Approximate)



**Guaranteed Pass-Through Certificates
Fannie Mae Trust 2002-26
(The Group 2, 3, 4, 5, 6, 7 and Residual Classes Only)**

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, 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

- underlying REMIC certificates backed by Fannie Mae MBS,
- Fannie Mae Stripped MBS, and
- three groups of single-family mortgage loans insured by the FHA or partially guaranteed by the VA, one group bearing fixed rates of interest and the other two groups bearing adjustable rates of interest, and each having the characteristics described in this prospectus supplement.

The mortgage loans underlying the Fannie Mae Stripped 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
LA	2	\$ 83,558,000	SC/SEQ	6.0%	FIX	31392B7G5	December 2028
LB	2	13,214,094	SC/SEQ	6.0	FIX	31392B7H3	December 2028
F(1)	3	46,008,315	SC/PT	(2)	FLT	31392B7J9	December 2031
FM(1)	3	2,556,018	SC/PT	(2)	FLT/INV	31392B7K6	December 2031
FA	4	50,000,000	PT	(2)	FLT	31392B7L4	May 2032
SA	4	50,000,000(3)	NTL	(2)	INV/IO	31392CR22	May 2032
A1	5	143,201,394(4)	PT	7.0	FIX	31392CR30	(5)
A2	5	228,841,638(4)	PT	7.5	FIX	31392CR48	(5)
IO	5	231,791,242(3)(4)	NTL	(6)	WAC/IO	31392CR55	(5)
PO	5	9,093,330(4)	PT	(7)	PO	31392CR63	(5)
A3	6	31,581,596(4)	PT	(8)	WAC	31392CR71	(9)
A4	7	18,849,680(4)	PT	(10)	WAC	31392CR89	(11)
R	(12)	0	NPR	0	NPR	31392A7L6	May 2032
RL	(12)	0	NPR	0	NPR	31392CR97	May 2032

- (1) Exchangeable classes.
- (2) Based on LIBOR.
- (3) Notional balances. These classes are interest only classes.
- (4) Approximate. May vary by plus or minus 10%.
- (5) The assumed maturity date for the Group 5 Classes is January 2038. However, we will **not** guarantee payment in full of the principal balances of the Group 5 Classes on their assumed maturity date. We will guarantee payment in full of the principal balances of the Group 5 Classes on their Final Distribution Date of January 2048.
- (6) The IO Class will bear interest as described in this prospectus supplement.
- (7) Principal only class.
- (8) The A3 Class will bear interest as described in this prospectus supplement.
- (9) The assumed maturity date for the Group 6 Class is June 2031. However, we will **not** guarantee payment in full of the principal balance of the Group 6 Class on its assumed maturity date. We will guarantee payment in full of the principal balance of the Group 6 Class on its Final Distribution Date of June 2041.
- (10) The A4 Class will bear interest as described in this prospectus supplement.
- (11) The assumed maturity date for the Group 7 Class is January 2031. However, we will **not** guarantee payment in full of the principal balance of the Group 7 Class on its assumed maturity date. We will guarantee payment in full of the principal balance of the Group 7 Class on its Final Distribution Date of January 2041.
- (12) The R and RL Classes relate to Groups 1, 2, 3 and 4 only.

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 FD Class is an RCR class, as further described in this prospectus supplement.

Only the classes listed in the chart above are offered by this prospectus supplement. The Group 1 Classes are offered by a separate 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 April 30, 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.

Bear, Stearns & Co. Inc.

March 11, 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 Information Statement dated April 1, 2002 and its supplements (the “Information Statement”);
- if you are purchasing any Group 2, Group 3 or Group 4 Class or the R or RL Class, our Prospectus for Fannie Mae Guaranteed REMIC Pass-Through Certificates dated September 18, 1998 (the “REMIC Prospectus”);
- if you are purchasing any Group 2, Group 3 or Group 4 Class or the R or RL Class, our Prospectus for Fannie Mae Guaranteed Mortgage Pass-Through Certificates (Single-Family Residential Mortgage Loans) dated March 1, 2002 (the “MBS Prospectus”);
- if you are purchasing any Group 2 or Group 3 Class or the R or RL Class, the disclosure documents relating to the applicable underlying REMIC certificates (the “Underlying REMIC Disclosure Documents”);
- if you are purchasing any Group 4 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 5, Group 6 or Group 7 Class, the portions of the REMIC Prospectus under the headings “Fannie Mae,” “Additional Information About Fannie Mae,” “Risk Factors,” and “Description of Certificates—Class Definitions and Abbreviations,” “Legal Investment Considerations,” “Legal Opinion” and “ERISA Considerations;” and
- if you are purchasing the R or RL Class, the Prospectus Supplement for Fannie Mae Guaranteed REMIC Pass-Through Certificates, Fannie Mae REMIC Trust 2002-26 (Group 1 Classes Only), dated March 11, 2002 (the “Related Prospectus Supplement”).

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:

Bear, Stearns & Co. Inc.
Prospectus Department
One Metro Tech Center North
Brooklyn, New York 11201
(telephone 212-272-1581).

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>
2	Class 2001-15-TD REMIC Certificate
3	Class 2001-72-FC REMIC Certificate
4	Group 4 SMBS
5	Group 5 Mortgage Loans
6	Group 6 Mortgage Loans
7	Group 7 Mortgage Loans

Characteristics of the Group 2 and Group 3 Underlying REMIC Certificates

Exhibit A describes the Group 2 and Group 3 Underlying REMIC Certificates, including certain information about the related mortgage loans. To learn more about the Group 2 and Group 3 Underlying REMIC Certificates, you should obtain from us the current class factors and the disclosure documents relating to the Group 2 and Group 3 Underlying REMIC Certificates as described on page S-3.

Assumed Characteristics of the Mortgage Loans Underlying the Group 4 SMBS* (as of April 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>
\$50,000,000	360	352	6	6.978%

* The Group 4 SMBS will represent ownership of (i) payments at a pass-through rate of 6.50% on an initial notional principal amount of \$65,384,616 and (ii) principal payments on an initial principal amount of \$50,000,000 of MBS. See "Description of the Certificates—The Group 4 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.

Certain Characteristics of the Group 5, Group 6 and Group 7 Mortgage Loans

Each of the Group 5, Group 6 and Group 7 Mortgage Loans was originated in accordance with the underwriting guidelines of the FHA or VA. All of the Group 5, Group 6 and Group 7 Mortgage Loans were included in Ginnie Mae pools and subsequently repurchased after a delinquency was not cured for at least 90 days. The mortgage loans are now reperforming as and to the extent described in the section of this prospectus supplement entitled "Description of the Certificates — The Group 5, Group 6 and Group 7 Mortgage Loans (FHA/VA Loans)."

The tables appearing in Exhibit B set forth certain summary information regarding the assumed characteristics of the Group 5, Group 6 and Group 7 Mortgage Loans.

Class Factors

The class factors are numbers that, when multiplied by the initial principal balance or notional balance of a certificate, can be used to calculate the current principal balance or notional balance of

that certificate (after taking into account principal payments in the same month). We will publish the class factors for the Group 2, Group 3 and Group 4 Classes on or shortly after the 11th day of each month and for the Group 5, Group 6 and Group 7 Classes on or shortly after the 23rd day of each month.

Settlement Date

We expect to issue the certificates on April 30, 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 and DTC, as applicable, 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>DTC Book-Entry</u>	<u>Physical</u>
All Group 2, Group 3 and Group 4 Classes and the RCR Class	All Group 5, Group 6 and Group 7 Classes	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 combination 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.

During each interest accrual period, the IO, A3 and A4 Classes will bear interest at the rates described in this prospectus supplement.

During the initial interest accrual period, the F, FM and FD Classes will bear interest at rates calculated on the basis of the formulas indicated below. During the initial interest accrual period, the FA and SA Classes will bear interest at the initial interest rates listed below. During subsequent interest accrual periods, each floating rate and inverse floating rate class will bear interest based on the

applicable formula 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>
F	2.70% (2)	9.5%	0.8%	LIBOR + 80 basis points
FM	4.60% (2)	(3)	(3)	(3)
FA	2.55%	8.5%	0.7%	LIBOR + 70 basis points
SA	5.95%	7.8%	0.0%	7.8% – LIBOR
FD	2.80% (2)	9.0%	0.9%	LIBOR + 90 basis points

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

(2) Assumed initial interest rates. We will calculate the actual interest rates for the F, FM and FD Classes on April 23, 2002 using the applicable formulas.

(3) The applicable formula for calculating the interest rate for the FM Class each month will be as follows:

<u>If LIBOR is:</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Applicable Formula</u>
Less than or equal to 8.10%	10.8%	2.7%	LIBOR + 270 basis points
Greater than 8.10%	10.8%	0.0%	156.6% – (18 × LIBOR)

We will apply interest payments from exchanged trust 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
IO	100% of the Category 2a and Category 2b Loans (as described under “Description of the Certificates—Certain Definitions Relating to Payments on the Group 5, Group 6 and Group 7 Classes” in this prospectus supplement)

Distributions of Principal

Group 2 Principal Distribution Amount

To the LA and LB Classes, in that order, to zero.

Group 3 Principal Distribution Amount

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

Group 4 Principal Distribution Amount

To the FA Class to zero.

Group 5 Principal Distribution Amount

The Category 1 Non-PO Principal Distribution Amount to the A1 Class to zero.

The Category 2a Non-PO Principal Distribution Amount and the Category 2b Principal Distribution Amount to the A2 Class to zero.

The PO Principal Distribution Amount to the PO Class to zero.

For a description of the Category 1 Non-PO Principal Distribution Amount, the Category 2a Non-PO Principal Distribution Amount, the Category 2b Principal Distribution Amount and the PO Principal Distribution Amount, see “Description of the Certificates—Certain Definitions Relating to Payments on the Group 5, Group 6 and Group 7 Classes” in this prospectus supplement.

Group 6 Principal Distribution Amount

To the A3 Class to zero.

Group 7 Principal Distribution Amount

To the A4 Class to zero.

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

Weighted Average Lives (years) *

		PSA Prepayment Assumption				
		0%	100%	181%	350%	500%
Group 2 Classes						
LA		16.3	5.6	3.5	1.9	1.3
LB		25.4	14.3	9.5	5.2	3.6
		PSA Prepayment Assumption				
		0%	100%	186%	350%	500%
Group 3 Classes						
F, FM and FD		27.8	19.5	10.6	4.8	3.5
		PSA Prepayment Assumption				
		0%	100%	240%	350%	500%
Group 4 Classes						
FA and SA		21.1	11.2	6.4	4.7	3.5
		CPR Prepayment Assumption				
		0%	7%	15%	22%	30%
Group 5 Classes						
A1		16.4	9.0	5.3	3.7	2.7
A2 and IO		16.9	9.2	5.4	3.8	2.7
PO		16.6	9.1	5.4	3.8	2.7
		CPR Prepayment Assumption (1)				
		0%	12%	25%	37%	50%
Group 6 Class						
A3		14.9	6.0	3.1	2.0	1.4
		CPR Prepayment Assumption (1)				
		0%	12%	25%	37%	50%
Group 7 Class						
A4		13.5	5.8	3.0	2.0	1.4

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

(1) Assumes the exercise of the 5% optional clean-up call for the Group 6 Mortgage Loans and Group 7 Mortgage Loans, as applicable.

ADDITIONAL RISK FACTORS

The rate of principal payments on the certificates will be affected by the rate of principal payments on the related underlying mortgage loans. The rate at which you receive principal payments on the certificates will be sensitive to the rate of principal payments on the related underlying mortgage loans, including scheduled amortization payments, balloon payments or prepayments. Because borrowers generally may prepay their mortgage loans at any time without penalty, the rate of principal payments on the underlying mortgage loans is likely to vary over time. It is highly unlikely that the mortgage loans will prepay

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

Payments on the Group 3 Classes also will be affected by the payment priorities governing the related underlying REMIC certificate. If you invest in the Group 3 Classes, the rate at which you receive payments also will be affected by the priority sequence governing principal payments on the related underlying REMIC certificate.

In particular, the Group 3 Underlying REMIC Certificate is a Support class. A Support class 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 class may receive no principal payments for extended periods or may receive principal payments that vary widely from period to period.

You may obtain additional information about the underlying REMIC certificates by reviewing their current class factors in light of other information available in the related disclosure documents. You may obtain these documents from us as described on page S-3.

The rates of prepayment of the Group 5, Group 6 and Group 7 Mortgage Loans will be affected by additional FHA and VA considerations. In addition to the factors described above, the rates of prepayment of the Group 5, Group 6 and Group 7 Mortgage Loans are likely to vary considerably from time to time as a result of the

liquidation of foreclosed mortgage loans and the receipt of FHA insurance payments and VA guarantee payments, as well as because borrowers generally may prepay their loans at any time without penalty. Prepayment rates also may be influenced by changes in FHA or VA program guidelines. In addition, both the FHA and VA have historically permitted borrowers to sell a mortgaged property without requiring the buyer to assume the mortgage and, at times, without verifying the buyer's creditworthiness. In this manner, property sales by borrowers can affect the rate of prepayment.

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.

In addition, if you buy certificates of the IO Class and a disproportionately high rate of prepayments occurs on Group 5 Mortgage Loans with interest rates higher than the rate paid on the IO Class, the yield on your certificates will decrease and may be lower than you expect.

Similarly, if you buy certificates of the A3 Class and a disproportionately high rate of prepayments occurs on Group 6 Mortgage Loans with interest rates higher than the rate paid on the A3 Class, the yield on your certificates will decrease and may be lower than you expect.

Finally, if you buy certificates of the A4 Class and a disproportionately high rate of prepayments occurs on Group 7 Mortgage Loans with interest rates higher than the rate paid on the A4 Class, the yield on your certificates will decrease and may be lower than you expect.

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 4 SMBS, and the Group 5, Group 6 and Group 7 Mortgage Loans, have certain characteristics. However, the actual mortgage loans probably will have different characteristics from those we assumed. As a result, your yields could be lower than you expect, even if the mortgage loans prepay at the indicated constant prepayment rates. In addition, slight differences between the assumed mortgage loan characteristics and the actual mortgage loans could affect the weighted average lives of the related classes of certificates.

The weighted average lives of the Group 5, Group 6 and Group 7 Classes may be extended if the servicer takes certain actions. The servicer has the right under certain circumstances to recast the amortization schedule (based on a 30-year term) and/or extend the scheduled date of final payment on Group 5, Group 6 or Group 7 Mortgage Loans (but not beyond January 2048 in the case of the Group 5 Mortgage Loans; June 2041 in the case of the Group 6 Mortgage Loans; and January 2041 in the case of the Group 7 Mortgage Loans). To the extent that the servicer recasts the amortization schedule or extends the term of a Group 5, Group 6 or Group 7 Mortgage Loan, the weighted average lives of the Group 5 Classes, Group 6 Class or Group 7 Class, as applicable, could be extended.

Exercise of the optional clean-up calls on the Group 5, Group 6 and/or Group 7 Mortgage Loans will result in the prepayment in full of the Group 5, Group 6 and/or Group 7 Classes. Once the aggregate principal balance of the Group 5, Group 6 or Group 7 Mortgage Loans is reduced to 5% or less of its respective aggregate balance as of the Issue Date, the servicer may purchase all the remaining Group 5, Group 6 or Group 7 Mortgage Loans, as applicable. If the Group 5, Group 6 or Group 7 Mortgage Loans are purchased in this way, it would have the same effect

as a prepayment in full of all the Group 5 Mortgage Loans, Group 6 Mortgage Loans or Group 7 Mortgage Loans, as applicable.

Repurchases of delinquent Group 5, Group 6 and Group 7 Mortgage Loans will have the same effect as borrower prepayments. Under the circumstances described in this prospectus supplement, EMC Mortgage Corporation will be required to repurchase from the trust delinquent Group 5, Group 6 and Group 7 Mortgage Loans. A repurchase of loans will have the same effect on the Group 5, Group 6 and Group 7 Classes, respectively, as borrower prepayments of those loans.

Repurchases of certain modified Group 5, Group 6 and Group 7 Mortgage Loans will have the same effect as borrower prepayments. If the Servicer modifies any Group 5, Group 6 or Group 7 Mortgage Loan that is 120 or more days “contractually delinquent” as of April 1, 2002, it must repurchase that loan from the trust. Further, under certain limited circumstances, we have the option to repurchase from the trust any Group 5, Group 6 or Group 7 Mortgage Loan whose interest rate has been reduced. A repurchase of Group 5, Group 6 or Group 7 Mortgage Loans will have the same effect on the Group 5, Group 6 or Group 7 Classes, as applicable, as borrower prepayments of those loans.

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.

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 inter-

est 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.

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 Trust specified on the cover of this prospectus supplement (the “Trust”) and a separate trust (the “Upper Tier REMIC”) pursuant to a trust agreement dated as of April 1, 2002 (the “Issue Date”). We will issue the Guaranteed Pass-Through Certificates (the “Trust Certificates”) pursuant to that trust agreement. We will issue the Combinable and Recombinable Certificates (the “RCR Certificates” and, together with the Trust Certificates, the “Certificates”) pursuant to a separate trust agreement dated as of the Issue Date (together with the trust agreement relating to the Trust 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 Trust Certificates and RCR Certificates.

The assets of the Trust will include

- two groups of previously issued REMIC Certificates (the “Group 2 Underlying REMIC Certificate” and “Group 3 Underlying REMIC Certificate” and, together, the “Underlying REMIC Certificates”) evidencing beneficial ownership interests in the related Fannie Mae REMIC trusts (the “Underlying REMIC Trusts”) as further described in Exhibit A,
- certain Fannie Mae Stripped Mortgage-Backed Securities (the “Group 4 SMBS”),
- certain fixed-rate mortgage loans that are insured by the Federal Housing Administration (“FHA”) or partially guaranteed by the U.S. Department of Veterans Affairs (“VA”) and that, as a result of past delinquency, have been repurchased from Ginnie Mae pools (the “Group 5 Mortgage Loans”), and
- two groups of adjustable-rate mortgage loans that are insured by the FHA or partially guaranteed by the VA and that, as a result of past delinquency, have been repurchased from

Ginnie Mae pools (the “Group 6 Mortgage Loans” and “Group 7 Mortgage Loans” and, together with the Group 5 Mortgage Loans, the “FHA/VA Loans”).

The assets of the Underlying REMIC Trusts evidence direct or indirect beneficial ownership interests in certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (together with the Fannie Mae Guaranteed Mortgage Pass-Through Certificates backing the Group 4 SMBS, the “MBS”).

The Group 4 SMBS represent beneficial ownership interests in certain interest and principal distributions on 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 having the characteristics described in this prospectus supplement.

The assets of the Upper Tier REMIC will consist of the Lower Tier Regular Interests. The assets of the Lower Tier REMIC will include the Underlying REMIC Certificates and the Group 4 SMBS. The Lower Tier REMIC will not include the FHA/VA Loans.

We will designate the Upper Tier REMIC and a portion of the Trust (the “Lower Tier REMIC”) as “real estate mortgage investment conduits” (each, a “REMIC”) under the Internal Revenue Code of 1986, as amended (the “Code”).

- The Group 2, Group 3 and Group 4 Classes will be “regular interests” in the Upper Tier REMIC.
- The R Class will be the “residual interest” in the Upper Tier REMIC.
- 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.

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 no later than its Final Distribution Date, whether or not we have received sufficient payments on the MBS or the FHA/VA Loans, as applicable.

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

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

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

Characteristics of Certificates. We will issue the Certificates of the Group 2, Group 3 and Group 4 Classes and the related RCR Class in book-entry form on the book-entry system of the U.S. Federal Reserve Banks (the “Fed Book-Entry Certificates”). Entities whose names appear on the book-entry records of a Federal Reserve Bank as having had Fed Book-Entry Certificates deposited in their accounts are “Holders” or “Certificateholders.”

The Group 5, Group 6 and Group 7 Classes will be represented by one or more certificates (the “DTC Certificates”) to be registered at all times in the name of the nominee of The Depository Trust Company (“DTC”), a New York-chartered limited purpose trust company, or any successor depository selected or approved by Fannie Mae. We refer to the nominee of DTC as the “Holder” or

“Certificateholder” of the DTC Certificates. DTC will maintain the DTC Certificates through its book-entry facilities.

A Holder is not necessarily the beneficial owner of a Certificate. Beneficial owners ordinarily will hold Certificates through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations.

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 Upper Tier REMIC, 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 day is not a business day, on the first business day after the 25th). We refer to each such date as a “Distribution Date.” We will make the first payments to Certificateholders the month after we issue the Certificates.

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

Class Factors. On or shortly after the 11th calendar day of each month in the case of the Group 2, Group 3 and Group 4 Classes, and on or shortly after the 23rd calendar day of each month in the case of the Group 5, Group 6 and Group 7 Classes, we will publish a factor (carried to eight decimal places) for each related 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.

Optional Repurchases of the Group 5, Group 6 and Group 7 Mortgage Loans. The servicer may purchase the Group 5, Group 6 and Group 7 Mortgage Loans from the Trust under the circumstances described in this prospectus supplement under “Additional Trust Agreement Provisions Relating to the Group 5, Group 6 and Group 7 Classes—Termination.”

No Optional Termination. We have no option to effect an early termination of the Lower Tier REMIC or the Upper Tier REMIC. Further, we will not repurchase the mortgage loans underlying any MBS in a “clean-up call.” See “Description of the Certificates—Termination” in the MBS Prospectus.

Voting the Group 2 and Group 3 Underlying REMIC Certificates and the Group 4 SMBS. Holders of the Group 2 and Group 3 Underlying REMIC Certificates and the Group 4 SMBS may be asked to vote on issues arising under the related trust agreement or trust indenture. If so, the Trustee will vote the related Underlying REMIC Certificate or SMBS, as applicable, as instructed by Holders of Certificates of the Classes backed by the related Underlying REMIC Certificate or SMBS, as applicable. 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 F and FM Classes of Trust Certificates for a proportionate interest in the related RCR Certificates in the combination shown on Schedule 1. You also may exchange all or a portion of the RCR Certificates for the related Trust 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 Trust Certificates and will receive a proportionate share of the distributions on the related Trust Certificates.

The Classes of Trust 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. Trust Certificates and RCR Certificates in any combination may only be exchanged 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 Trust 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 Trust Certificates used to form those RCR Certificates. You should also consider a number of factors that will limit a Certificateholder’s ability to exchange Trust 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 Trust 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 combination listed on Schedule 1 is permitted.

Book-Entry Procedures

General. The Fed Book-Entry Certificates will be issued and maintained only on the book-entry system of the Federal Reserve Banks. The Fed Book-Entry Certificates may be held of record only by entities eligible to maintain book-entry accounts with the Federal Reserve Banks. Beneficial owners ordinarily will hold Fed Book-Entry Certificates through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. A Holder that is not the beneficial owner of a Fed Book-Entry Certificate, and each other financial intermediary in the chain to the beneficial owner, will have to establish and maintain accounts for their respective customers. A beneficial owner's rights with respect to the Federal Reserve Banks and Fannie Mae may be exercised only through the Holder of such Certificate. Neither the Federal Reserve Banks nor Fannie Mae will have any direct obligation to a beneficial owner of a Fed Book-Entry Certificate that is not the Holder of that Certificate. The Federal Reserve Banks will act only upon the instructions of the Holder in recording transfers of a Fed Book-Entry Certificate. See "Description of Certificates—Denominations and Form" in the REMIC Prospectus.

The DTC Certificates will be registered at all times in the name of the nominee of DTC. Under its normal procedures DTC will record the amount of DTC Certificates held by each firm which participates in the book-entry system of DTC (each, a "DTC Participant"), whether held for its own account or on behalf of another person.

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

Method of Payment. Our fiscal agent for the Fed Book-Entry Certificates is the Federal Reserve Bank of New York. On each applicable Distribution Date, the Federal Reserve Banks will make payments on the Fed Book-Entry Certificates on our behalf by crediting Holders' accounts at the Federal Reserve Banks.

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

The Group 2 and Group 3 Underlying REMIC Certificates

The Group 2 and Group 3 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 Group 2 and Group 3 Underlying REMIC Certificates will be passed through monthly, beginning in the month after we issue the Certificates. The general characteristics of the Group 2 and Group 3 Underlying REMIC Certificates are described in the related Underlying REMIC Disclosure Documents. See Exhibit A for additional information about the Group 2 and Group 3 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 “Mortgage Loan Pools” and “Yield Considerations, Maturity and Prepayment Assumptions” in the MBS Prospectus.

For further information about the Group 2 and Group 3 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 Group 4 SMBS

The Group 4 SMBS represent ownership of:

- interest payments at a pass-through rate of 6.50% on an initial notional principal amount of \$65,384,616, and
- principal payments on an initial principal amount of \$50,000,000 of MBS.

The Group 4 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 4 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.....	352 months
Approximate Weighted Average WALA (Weighted Average Loan Age)	6 months

The general characteristics of the Group 4 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 “Mortgage Loan Pools” and “Yield Considerations, Maturity and Prepayment Assumptions” in the MBS Prospectus.

The Group 5, Group 6 and Group 7 Mortgage Loans (FHA/VA Loans)

General

We expect that the Trust will include approximately 4,528 Group 5 Mortgage Loans, 341 Group 6 Mortgage Loans and 225 Group 7 Mortgage Loans, having aggregate principal balances of approximately \$381,136,362, \$31,581,596 and \$18,849,680, respectively, as of the Issue Date. These aggregate amounts may vary by plus or minus 10%. Fannie Mae and EMC Mortgage Corporation, as seller (the “Seller”) and servicer (in such capacity, together with its subservicers, the “Servicer”) will be parties to a sale and servicing agreement dated as of the Issue Date (the “Sale and Servicing Agreement”).

The Group 5 Mortgage Loans are first lien, single-family, fully amortizing, fixed-rate mortgage loans and the Group 6 and Group 7 Mortgage Loans are first lien, single-family, fully amortizing, adjustable-rate mortgage loans. All of the Group 5, Group 6 and Group 7 Mortgage Loans are insured by the FHA or partially guaranteed by the VA. Each FHA/VA Loan is evidenced by a promissory note or similar evidence of indebtedness (a “Mortgage Note”) that is secured by a first mortgage or deed of trust on a single-family residential property. Each Mortgage Note requires the borrower to make monthly payments of principal and interest. We refer to the property that secures repayment of an FHA/VA Loan as the “Mortgaged Property.”

The FHA/VA Loans generally have terms not more than 30 years in length, although the Servicer has the right under certain circumstances to extend their terms (but not beyond January 2048 in the case of the Group 5 Mortgage Loans, June 2041 in the case of the Group 6 Mortgage Loans, and January 2041 in the case of the Group 7 Mortgage Loans).

Each FHA/VA Loan provides that the obligor on the related Mortgage Note (the “borrower”) must make payments by a scheduled day of each month. This day is fixed at the time of origination. In addition, each FHA/VA Loan provides that the borrower must pay interest on the outstanding principal balance at the rate specified or described in the related Mortgage Note (the “Mortgage Interest Rate”). Interest is calculated on the basis of a 360-day year consisting of twelve 30-day months. If a borrower makes a payment earlier or later than the scheduled due date, the amortization schedule will not change, nor will the relative application of such payment to principal and interest.

The information shown on Exhibit B summarizes certain assumed characteristics of the Group 5, Group 6 and Group 7 Mortgage Loans as of the Issue Date. The information in the tables is presented in aggregated form, on the basis of the characteristics specified in the tables, and does not reflect actual or assumed characteristics of any individual Group 5, Group 6 or Group 7 Mortgage Loan. The information in the tables does not give effect to prepayments received on the Group 5, Group 6 or Group 7 Mortgage Loans on or after the Issue Date.

Each of the FHA/VA Loans was originated in accordance with the underwriting guidelines of the FHA or VA, as the case may be, and was eligible to be included in a Ginnie Mae pool at the time of origination as permitted by Ginnie Mae’s rules. Each of the FHA/VA Loans was pooled with Ginnie Mae and then repurchased when the loan had a delinquency that was not cured for at least 90 days.

The table below shows the contractual delinquency of the Group 5, Group 6 and Group 7 Mortgage Loans as of the Issue Date. An FHA/VA Loan is “contractually delinquent” as of the Issue Date if delinquencies that occurred at any time during the term of the related loan have not been cured.

<u>Contractually Delinquent</u>	<u>Group 5 Mortgage Loans</u>	<u>Group 6 Mortgage Loans</u>	<u>Group 7 Mortgage Loans</u>
Less than 30 days	53.93%	49.55%	84.02%
30–59 days	21.93%	25.70%	4.30%
60–89 days	14.07%	16.01%	2.06%
90–119 days	8.22%	7.68%	8.37%
120 days	1.85%	1.06%	1.26%

As of the Issue Date, no Group 5, Group 6 or Group 7 Mortgage Loan was more than 120 days contractually delinquent. Neither the Servicer nor Fannie Mae has the right to repurchase an FHA/VA Loan from the Trust based upon the Issue Date contractual delinquency of that loan. However, if at any time the aggregate principal balance of the FHA/VA Loans which are 90 days or more delinquent (“90+ Delinquent Loans”) exceeds 49.00% of the aggregate principal balance of the FHA/VA Loans taken as a whole, the Seller is required to repurchase sufficient 90+ Delinquent Loans to cause the percentage of 90+ Delinquent Loans to be less than or equal to 49.00% (but not less than 45.00%).

The Group 5 Mortgage Loans

The Group 5 Mortgage Loans are fixed-rate mortgage loans. The following tables set forth certain information, as of the Issue Date, as to the Group 5 Mortgage Loans. References to “Aggregate Principal Balance Outstanding” mean the aggregate of the Stated Principal Balances of the Group 5 Mortgage Loans as of the Issue Date. The sum of the columns in the following tables may not equal the totals due to rounding.

Issue Date Principal Balances (1)

<u>Issue Date Principal Balances</u>	<u>Number of Group 5 Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Group 5 Mortgage Loans</u>
\$ 1-\$ 50,000.....	738	\$ 27,772,961	7.29%
\$ 50,001-\$100,000.....	2,461	180,531,488	47.37
\$100,001-\$150,000.....	1,084	130,462,123	34.23
\$150,001-\$200,000.....	219	36,658,259	9.62
\$200,001-\$250,000.....	24	5,205,060	1.37
\$250,001-\$300,000.....	2	506,472	0.13
Total	<u>4,528</u>	<u>\$381,136,362</u>	<u>100.00%</u>

(1) As of the Issue Date, the average principal balance of the Group 5 Mortgage Loans is expected to be approximately \$84,173.

Mortgage Interest Rates (1)

<u>Mortgage Interest Rates (%)</u>	<u>Number of Group 5 Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Group 5 Mortgage Loans</u>
7.000 or Less.....	254	\$ 23,099,524	6.06%
7.001- 7.500	1,427	123,075,148	32.29
7.501- 8.000	1,308	109,835,160	28.82
8.001- 8.500	1,099	86,891,050	22.80
8.501- 9.000	338	30,832,013	8.09
9.001- 9.500	75	6,379,053	1.67
9.501-10.000	11	471,105	0.12
10.001-10.500	3	77,189	0.02
11.001 or Greater.....	13	476,121	0.12
Total	<u>4,528</u>	<u>\$381,136,362</u>	<u>100.00%</u>

(1) As of the Issue Date, the weighted average mortgage interest rate of the Group 5 Mortgage Loans is expected to be approximately 7.939%.

Net Mortgage Rates (1)

<u>Net Mortgage Rates (%)</u>	<u>Number of Group 5 Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Group 5 Mortgage Loans</u>
6.500 or Less.....	261	\$ 23,688,436	6.22%
6.501- 7.000	1,454	125,656,684	32.97
7.001- 7.500	1,286	107,742,519	28.27
7.501- 8.000	1,098	86,710,285	22.75
8.001- 8.500	329	30,107,186	7.90
8.501- 9.000	73	6,206,836	1.63
9.001- 9.500	11	471,105	0.12
9.501-10.000	3	77,189	0.02
10.501 or Greater.....	13	476,121	0.12
Total	<u>4,528</u>	<u>\$381,136,362</u>	<u>100.00%</u>

(1) As of the Issue Date, the weighted average Net Mortgage Rate of the Group 5 Mortgage Loans is expected to be approximately 7.287%.

Original Terms to Stated Maturity (1)

<u>Original Terms to Stated Maturity (Months)</u>	<u>Number of Group 5 Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Group 5 Mortgage Loans</u>
61-120	2	\$ 62,571	0.02%
121-180	35	1,970,345	0.52
181-240	27	2,237,418	0.59
241-300	25	1,779,129	0.47
301-360	4,411	372,136,080	97.64
361-420	22	2,224,452	0.58
421 or Greater	6	726,368	0.19
Total	<u>4,528</u>	<u>\$381,136,362</u>	<u>100.00%</u>

(1) As of the Issue Date, the weighted average original term to stated maturity of the Group 5 Mortgage Loans is expected to be approximately 358 months.

Remaining Terms to Stated Maturity (1)

<u>Remaining Terms to Stated Maturity (Months)</u>	<u>Number of Group 5 Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Group 5 Mortgage Loans</u>
60 or Less	36	\$ 262,547	0.07%
61-120	41	942,278	0.25
121-180	113	5,999,129	1.57
181-240	128	7,861,169	2.06
241-300	1,680	123,850,484	32.50
301-360	2,508	239,588,136	62.86
361-420	19	2,252,296	0.59
421 or Greater	3	380,323	0.10
Total	<u>4,528</u>	<u>\$381,136,362</u>	<u>100.00%</u>

(1) As of the Issue Date, the weighted average remaining term to stated maturity of the Group 5 Mortgage Loans is expected to be approximately 305 months.

Geographic Distribution

<u>State</u>	<u>Number of Group 5 Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Group 5 Mortgage Loans</u>
California	488	\$ 56,294,823	14.77%
Texas	551	38,326,799	10.06
Florida	373	26,443,877	6.94
Maryland	179	19,407,556	5.09
Georgia	224	17,164,296	4.50
Illinois	169	16,335,646	4.29
New Jersey	148	14,479,966	3.80
New York	130	13,158,477	3.45
Virginia	152	12,848,619	3.37
Arizona	148	12,413,934	3.26
Other (41 States)	<u>1,966</u>	<u>154,262,369</u>	<u>40.48</u>
Total	<u>4,528</u>	<u>\$381,136,362</u>	<u>100.00%</u>

The Group 6 Mortgage Loans

Each Group 6 Mortgage Loan has a Mortgage Interest Rate which is subject to adjustment on the dates (each such date, an “Interest Adjustment Date”) specified in the related Mortgage Note to equal the sum of the index, which is the weekly average yield on United States Treasury securities adjusted to a constant maturity of one year (“1 Year CMT”), plus a fixed percentage amount specified in the Mortgage Note (the “Interest Rate Margin”), subject to the limitations described in this paragraph. Generally, the index value used will be the value most recently published thirty days prior to the applicable Interest Adjustment Date. The Mortgage Interest Rate on each Group 6 Mortgage Loan will not increase or decrease by more than 1% (the “Mortgage Interest Rate Periodic Cap”) on any Interest Adjustment Date. The Mortgage Interest Rate on each Group 6 Mortgage Loan will not exceed a specified maximum mortgage interest rate over the life of that loan (the “Mortgage Interest Rate Life Cap”) or be less than a minimum Mortgage Interest Rate over the life of that loan equal to its Interest Rate Margin.

The following tables set forth certain information, as of the Issue Date, as to the Group 6 Mortgage Loans. References to “Aggregate Principal Balance Outstanding” mean the aggregate of the Stated Principal Balances of the Group 6 Mortgage Loans as of the Issue Date. The sum of the percentage columns in the following tables may not equal 100% due to rounding.

Issue Date Principal Balances (1)

<u>Issue Date Principal Balances</u>	<u>Number of Group 6 Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Group 6 Mortgage Loans</u>
\$ 1–\$ 50,000	25	\$ 1,061,846	3.36%
50,001– 100,000	185	13,821,251	43.76
100,001– 150,000	115	13,811,911	43.73
150,001– 200,000	12	1,980,347	6.27
200,001– 250,000	3	617,299	1.95
250,001– 300,000	1	288,942	0.91
Total	<u>341</u>	<u>\$31,581,596</u>	<u>100.00%</u>

(1) As of the Issue Date, the average principal balance of the Group 6 Mortgage Loans is expected to be approximately \$92,615.

Mortgage Interest Rates (1)

<u>Mortgage Interest Rates (%)</u>	<u>Number of Group 6 Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Group 6 Mortgage Loans</u>
7.000 or Less	100	\$10,363,174	32.81%
7.001–7.500	81	6,983,715	22.11
7.501–8.000	149	13,218,059	41.85
8.001–8.500	7	547,013	1.73
8.501–9.000	4	469,636	1.49
Total	<u>341</u>	<u>\$31,581,596</u>	<u>100.00%</u>

(1) As of the Issue Date, the weighted average Mortgage Interest Rate of the Group 6 Mortgage Loans is expected to be approximately 7.322%.

Net Mortgage Rates (1)

<u>Net Mortgage Rates (%)</u>	<u>Number of Group 6 Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Group 6 Mortgage Loans</u>
6.500 or Less	112	\$11,190,145	35.43%
6.501-7.000	115	10,001,839	31.67
7.001-7.500	108	9,673,590	30.63
7.501-8.000	2	246,385	0.78
8.001-8.500	4	469,636	1.49
Total.....	<u>341</u>	<u>\$31,581,596</u>	<u>100.00%</u>

(1) As of the Issue Date, the weighted average Net Mortgage Rate of the Group 6 Mortgage Loans is expected to be approximately 6.672%.

Original Terms to Stated Maturity

<u>Original Terms to Stated Maturity (Months)</u>	<u>Number of Group 6 Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Group 6 Mortgage Loans</u>
360	341	\$31,581,596	100.00%
Total.....	<u>341</u>	<u>\$31,581,596</u>	<u>100.00%</u>

Remaining Terms to Stated Maturity (1)

<u>Remaining Terms to Stated Maturity (Months)</u>	<u>Number of Group 6 Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Group 6 Mortgage Loans</u>
181-240	2	\$ 115,258	0.36%
241-300	192	16,539,766	52.37
301-360	147	14,926,572	47.26
Total.....	<u>341</u>	<u>\$31,581,596</u>	<u>100.00%</u>

(1) As of the Issue Date, the weighted average remaining term to stated maturity of the Group 6 Mortgage Loans is expected to be approximately 296 months.

Mortgage Interest Rate Life Caps (1)

<u>Mortgage Interest Rate Life Caps (%)</u>	<u>Number of Group 6 Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Group 6 Mortgage Loans</u>
9.001- 9.500	2	\$ 186,530	0.59%
9.501-10.000	15	1,546,749	4.90
10.001-10.500	57	5,073,925	16.07
10.501-11.000	69	6,111,597	19.35
11.001-11.500	84	8,217,899	26.02
11.501-12.000	59	5,278,153	16.71
12.001 or Greater	55	5,166,743	16.36
Total.....	<u>341</u>	<u>\$31,581,596</u>	<u>100.00%</u>

(1) As of the Issue Date, the weighted average Mortgage Interest Rate Life Cap of the Group 6 Mortgage Loans is expected to be approximately 11.377%.

Next Interest Adjustment Dates

<u>Next Interest Adjustment Dates</u>	<u>Number of Group 6 Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Group 6 Mortgage Loans</u>
May 2002	30	\$ 2,951,115	9.34%
June 2002	29	2,483,104	7.86
July 2002	30	2,503,144	7.93
August 2002	21	1,986,147	6.29
September 2002	41	3,948,869	12.50
October 2002	41	4,554,347	14.42
November 2002	29	2,690,396	8.52
December 2002	29	2,488,514	7.88
January 2003	23	1,878,349	5.95
February 2003	26	2,148,185	6.80
March 2003	18	1,876,909	5.94
April 2003	24	2,072,517	6.56
Total	<u>341</u>	<u>\$31,581,596</u>	<u>100.00%</u>

Interest Rate Margins (1)

<u>Interest Rate Margins (%)</u>	<u>Number of Group 6 Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Group 6 Mortgage Loans</u>
2.000-2.499	93	\$ 7,785,102	24.65%
2.500-2.999	247	23,728,139	75.13
3.000-3.499	1	68,355	0.22
Total	<u>341</u>	<u>\$31,581,596</u>	<u>100.00%</u>

(1) As of the Issue Date, the weighted average Interest Rate Margin of the Group 6 Mortgage Loans is expected to be approximately 2.570%.

Geographic Distribution

<u>State</u>	<u>Number of Group 6 Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Group 6 Mortgage Loans</u>
California	82	\$ 9,147,009	28.96%
Maryland	25	2,439,396	7.72
Illinois	18	1,807,335	5.72
Virginia	15	1,417,883	4.49
Arizona	17	1,354,086	4.29
Florida	21	1,323,229	4.19
Washington	12	1,182,452	3.74
New Jersey	10	1,038,882	3.29
Minnesota	10	795,051	2.52
Other (28 States)	131	11,076,272	35.07
Total	<u>341</u>	<u>\$31,581,596</u>	<u>100.00%</u>

The Group 7 Mortgage Loans

Each Group 7 Mortgage Loan has a Mortgage Interest Rate which is subject to adjustment on the dates (each such date, an “Interest Adjustment Date”) specified in the related Mortgage Note to equal the sum of the index, which is the weekly average yield on United States Treasury securities adjusted to a constant maturity of one year (“1 Year CMT”), plus a fixed percentage amount specified in the Mortgage Note (the “Interest Rate Margin”), subject to the limitations described in this paragraph. Generally, the index value used will be the value most recently published thirty days prior to the applicable Interest Adjustment Date. The Mortgage Interest Rate on each Group 7 Mortgage Loan will not increase or decrease by more than 1% (the “Mortgage Interest Rate Periodic Cap”) on any Interest Adjustment Date. The Mortgage Interest Rate on each Group 7 Mortgage Loan will not exceed a specified maximum mortgage interest rate over the life of that loan (the “Mortgage Interest Rate Life Cap”) or be less than a minimum Mortgage Interest Rate over the life of that loan equal to its Interest Rate Margin.

The following tables set forth certain information, as of the Issue Date, as to the Group 7 Mortgage Loans. References to “Aggregate Principal Balance Outstanding” mean the aggregate of the Stated Principal Balances of the Group 7 Mortgage Loans as of the Issue Date. The sum of the percentage columns in the following tables may not equal 100% due to rounding.

Issue Date Principal Balances (1)

Issue Date Principal Balances	Number of Group 7 Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Group 7 Mortgage Loans
\$ 1–\$ 50,000	31	\$ 1,265,052	6.71%
50,001– 100,000	126	9,355,415	49.63
100,001– 150,000	61	7,066,157	37.49
150,001– 200,000	7	1,163,057	6.17
Total	<u>225</u>	<u>\$18,849,680</u>	<u>100.00%</u>

(1) As of the Issue Date, the average principal balance of the Group 7 Mortgage Loans is expected to be approximately \$83,776.

Mortgage Interest Rates (1)

Mortgage Interest Rates (%)	Number of Group 7 Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Group 7 Mortgage Loans
7.000 or Less	64	\$ 5,362,036	28.45%
7.001–7.500	59	4,587,345	24.34
7.501–8.000	70	6,280,067	33.32
8.001–8.500	20	1,511,996	8.02
8.501–9.000	10	876,897	4.65
9.001–9.500	2	231,340	1.23
Total	<u>225</u>	<u>\$18,849,680</u>	<u>100.00%</u>

(1) As of the Issue Date, the weighted average Mortgage Interest Rate of the Group 7 Mortgage Loans is expected to be approximately 7.417%.

Net Mortgage Rates (1)

<u>Net Mortgage Rates (%)</u>	<u>Number of Group 7 Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Group 7 Mortgage Loans</u>
6.500 or Less	78	\$ 6,381,788	33.86%
6.501-7.000	75	6,101,226	32.37
7.001-7.500	44	3,972,962	21.08
7.501-8.000	25	2,062,633	10.94
8.001-8.500	3	331,072	1.76
Total.....	<u>225</u>	<u>\$18,849,680</u>	<u>100.00%</u>

(1) As of the Issue Date, the weighted average Net Mortgage Rate of the Group 7 Mortgage Loans is expected to be approximately 6.758%.

Original Terms to Stated Maturity

<u>Original Terms to Stated Maturity (Months)</u>	<u>Number of Group 7 Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Group 7 Mortgage Loans</u>
360	225	\$18,849,680	100.00%
Total.....	<u>225</u>	<u>\$18,849,680</u>	<u>100.00%</u>

Remaining Terms to Stated Maturity (1)

<u>Remaining Terms to Stated Maturity (Months)</u>	<u>Number of Group 7 Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Group 7 Mortgage Loans</u>
61-120	2	\$ 156,254	0.83%
121-180	2	96,133	0.51
181-240	22	1,196,559	6.35
241-300	153	12,925,226	68.57
301-360	46	4,475,510	23.74
Total.....	<u>225</u>	<u>\$18,849,680</u>	<u>100.00%</u>

(1) As of the Issue Date, the weighted average remaining term to stated maturity of the Group 7 Mortgage Loans is expected to be approximately 273 months.

Mortgage Interest Rate Life Caps (1)

<u>Mortgage Interest Rate Life Caps (%)</u>	<u>Number of Group 7 Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Group 7 Mortgage Loans</u>
9.001- 9.500	3	\$ 284,925	1.51%
9.501-10.000	27	2,316,484	12.29
10.001-10.500	42	3,699,311	19.63
10.501-11.000	28	2,192,957	11.63
11.001-11.500	29	2,636,893	13.99
11.501-12.000	39	3,536,013	18.76
12.001 or Greater	57	4,183,098	22.19
Total.....	<u>225</u>	<u>\$18,849,680</u>	<u>100.00%</u>

(1) As of the Issue Date, the weighted average Mortgage Interest Rate Life Cap of the Group 7 Mortgage Loans is expected to be approximately 11.397%.

Next Interest Adjustment Dates

<u>Next Interest Adjustment Dates</u>	<u>Number of Group 7 Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Group 7 Mortgage Loans</u>
May 2002	8	\$ 749,054	3.97%
July 2002	4	325,153	1.72
August 2002	44	3,511,724	18.63
October 2002	4	367,248	1.95
November 2002	54	4,623,900	24.53
January 2003	7	518,494	2.75
February 2003	57	5,034,412	26.71
March 2003	1	38,385	0.20
April 2003	46	3,681,311	19.53
Total	<u>225</u>	<u>\$18,849,680</u>	<u>100.00%</u>

Interest Rate Margins (1)

<u>Interest Rate Margins (%)</u>	<u>Number of Group 7 Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Group 7 Mortgage Loans</u>
2.000-2.499	95	\$ 7,171,870	38.05%
2.500-2.999	76	6,519,901	34.59
3.000-3.499	54	5,157,910	27.36
Total	<u>225</u>	<u>\$18,849,680</u>	<u>100.00%</u>

(1) As of the Issue Date, the weighted average Interest Rate Margin of the Group 7 Mortgage Loans is expected to be approximately 2.489%.

Geographic Distribution

<u>State</u>	<u>Number of Group 7 Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Group 7 Mortgage Loans</u>
Illinois	36	\$ 3,866,462	20.51%
California	20	1,957,698	10.39
Florida	24	1,745,015	9.26
Maryland	14	1,400,716	7.43
Georgia	15	1,091,605	5.79
Virginia	10	810,278	4.30
Ohio	11	765,333	4.06
Other (30 States)	95	7,212,574	38.26
Total	<u>225</u>	<u>\$18,849,680</u>	<u>100.00%</u>

Fannie Mae Mortgage Purchase Program

General. We summarize below certain aspects of our program for purchasing residential mortgage loans for inclusion in a given pool. We may grant exceptions to the requirements of the program for a particular transaction. In several instances, the characteristics of the Group 5, Group 6 and Group 7 Mortgage Loans do not match the criteria described below. For more specific details regarding the Group 5, Group 6 and Group 7 Mortgage Loans, see “—The Group 5, Group 6 and Group 7 Mortgage Loans (FHA/VA Loans)” above.

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

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

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

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

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

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

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

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

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

* Desktop Underwriter® is our automated underwriting software application.

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 and Group 3 Underlying REMIC Certificates as of the Issue Date and, with respect to the Group 4 SMBS, the pool number, the current WAC (or original WAC, if the current WAC is not available) and the current WAM (or Adjusted WAM, if the current WAM is not available) of the mortgage loans underlying the Group 4 SMBS 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 4 SMBS 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 2 Classes	
Fixed Rate	LA and LB
Group 3 Classes	
Floating Rate	F
Floating Rate/Inverse Floating Rate	FM
RCR**	FD
Group 4 Classes	
Floating Rate	FA
Inverse Floating Rate	SA
Interest Only	SA
Group 5 Classes	
Fixed Rate	A1 and A2
Weighted Average Coupon	IO
Interest Only	IO
Principal Only	PO
Group 6 Class	
Weighted Average Coupon	A3
Group 7 Class	
Weighted Average Coupon	A4
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 Class.

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

Interest to be paid on each Certificate on a Distribution Date will consist of one month's interest on the outstanding balance of that Certificate immediately prior to that Distribution Date.

We will apply interest payments on exchangeable Trust 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 and Weighted Average Coupon Classes (collectively, the “Delay Classes”)	Calendar month preceding the month in which the Distribution Date occurs
All Floating Rate and Inverse Floating Rate Classes	One-month period beginning on the 25th day of the month preceding the month in which the Distribution Date occurs

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

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

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 each Notional 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.

Weighted Average Coupon Classes. During the initial Interest Accrual Period, we expect the IO Class to bear interest at the approximate annual rate of 0.25358%. During each subsequent Interest Accrual Period, the IO Class will bear interest at an annual rate equal to the weighted average of the excess, if any, of the Net Mortgage Rate of every Category 2a and Category 2b Loan, weighted on the basis of their Stated Principal Balances as of the beginning of that period, *over 7.50%*.

For a description of the Category 2b Loans, see “—Certain Definitions Relating to Payments on the Group 5, Group 6 and Group 7 Classes” in this prospectus supplement.

During the initial Interest Accrual Period, we expect the A3 Class to bear interest at the approximate annual rate of 6.67206%. During each subsequent Interest Accrual Period, the A3 Class will bear interest at an annual rate equal to the weighted average of the Net Mortgage Rates of the Group 6 Mortgage Loans during that period, weighted on the basis of their Stated Principal Balances as of the beginning of that period.

During the initial Interest Accrual Period, we expect the A4 Class to bear interest at the approximate annual rate of 6.75840%. During each subsequent Interest Accrual Period, the A4 Class will bear interest at an annual rate equal to the weighted average of the Net Mortgage Rates of the Group 7 Mortgage Loans during that period, weighted on the basis of their Stated Principal Balances as of the beginning of that period.

Our determination of the interest rates for the IO, A3 and A4 Classes 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.

The “Net Mortgage Rate” for any Group 5, Group 6 or Group 7 Mortgage Loan is the Mortgage Interest Rate for that loan less the applicable servicing fee rate and guaranty fee rate.

As of the Issue Date, the Mortgage Interest Rates of the Group 5 Mortgage Loans ranged from 4.000% to 14.250%, with a weighted average of 7.939%, weighted on the basis of their Stated Principal

Balances as of the Issue Date. As of the Issue Date, the combined servicing and guaranty fee rates for the Group 5 Mortgage Loans ranged from 0.610% to 0.670%, with a weighted average of 0.652%, weighted on the basis of their Stated Principal Balances as of the Issue Date.

As of the Issue Date, the Mortgage Interest Rates of the Group 6 Mortgage Loans ranged from 5.625% to 9.000%, with a weighted average of 7.322%, and the Interest Rate Margins of the Group 6 Mortgage Loans ranged from 2.000% to 3.000%, with a weighted average of 2.570%, in each case weighted on the basis of their Stated Principal Balances as of the Issue Date. As of the Issue Date, the combined servicing and guaranty fee rates for the Group 6 Mortgage Loans ranged from 0.610% to 0.670%, with a weighted average of 0.650%, weighted on the basis of their Stated Principal Balances as of the Issue Date.

As of the Issue Date, the Mortgage Interest Rates of the Group 7 Mortgage Loans ranged from 5.875% to 9.125%, with a weighted average of 7.417%, and the Interest Rate Margins of the Group 7 Mortgage Loans ranged from 2.000% to 3.000%, with a weighted average of 2.489%, in each case weighted on the basis of their Stated Principal Balances as of the Issue Date. As of the Issue Date, the combined servicing and guaranty fee rates for the Group 7 Mortgage Loans ranged from 0.610% to 0.670%, with a weighted average of 0.659%, weighted on the basis of their Stated Principal Balances as of the Issue Date.

The “Stated Principal Balance” of any FHA/VA Loan is the unpaid principal balance of that loan (or, if delinquent, its scheduled unpaid principal balance) as of the Issue Date, reduced by all amounts representing principal received or advanced by the Servicer and previously paid to Certificateholders with respect to that loan.

As a result of the above calculations, a disproportionately high rate of prepayments of Category 2b Loans with Net Mortgage Rates above the sum of the current interest rate for the IO Class plus 7.50% relative to Category 2b Loans with Net Mortgage Rates below that sum will have the effect of reducing the rate at which interest accrues on the IO Class during each related Interest Accrual Period.

Similarly, a disproportionately high rate of prepayments of Group 6 Mortgage Loans with Net Mortgage Rates above the current interest rate for the A3 Class relative to Group 6 Mortgage Loans with Net Mortgage Rates below that rate will have the effect of reducing the rate at which interest accrues on the A3 Class during the related Interest Accrual Period.

Finally, a disproportionately high rate of prepayments of Group 7 Mortgage Loans with Net Mortgage Rates above the current interest rate for the A4 Class relative to Group 7 Mortgage Loans with Net Mortgage Rates below that rate will have the effect of reducing the rate at which interest accrues on the A4 Class during the related Interest Accrual Period.

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 1.85% in the case of the FA, and SA Classes, and will be equal to LIBOR as determined for that Interest Accrual Period for the related Underlying REMIC Certificate in the case of the F, FM, and FD 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>
Group 2 Classes	
Structural Collateral/Sequential Pay	LA and LB
Group 3 Classes	
Structural Collateral/Pass-Through	F and FM
RCR**	FD
Group 4 Classes	
Pass-Through	FA
Notional	SA
Group 5 Classes	
Pass-Through	A1, A2 and PO
Notional	IO
Group 6 Class	
Pass-Through	A3
Group 7 Class	
Pass-Through	A4
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 Class.

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 2 Underlying REMIC Certificate (the “Group 2 Principal Distribution Amount”),
- the principal then paid on the Group 3 Underlying REMIC Certificate (the “Group 3 Principal Distribution Amount”),
- the principal then paid on the Group 4 SMBS (the “Group 4 Principal Distribution Amount”),
- an aggregate amount (the “Group 5 Principal Distribution Amount”) equal to the sum of the Category 1 Non-PO Principal Distribution Amount, the Category 2a Non-PO Principal Distribution Amount, the Category 2b Principal Distribution Amount, and the PO Principal Distribution Amount (each as defined under “—Certain Definitions Relating to Payments on the Group 5, Group 6 and Group 7 Classes” below),
- the “Group 6 Principal Distribution Amount” calculated as specified under “—Certain Definitions Relating to Payments on the Group 5, Group 6 and Group 7 Classes” below, and
- the “Group 7 Principal Distribution Amount” calculated as specified under “—Certain Definitions Relating to Payments on the Group 5, Group 6 and Group 7 Classes” below.

The portion of each Class of Underlying REMIC Certificates held by the Lower Tier REMIC is set forth in Exhibit A.

We will include principal payments (including prepayments and liquidation proceeds) on the FHA/VA Loans in amounts paid as principal of the Group 5, Group 6 and Group 7 Classes as long as the Servicer provides us information about these principal payments in time for the published class factors to reflect these payments. See “Reference Sheet—Class Factors” in this prospectus supplement. If we do not receive the information on time, we will pay those principal payments on the next Distribution Date. For purposes of payments, we consider an FHA/VA Loan to be prepaid in full if, in our judgment, the full amount finally recoverable on that loan has been received, even if that amount is not equal to the principal balance of that loan.

Group 2 Principal Distribution Amount

On each Distribution Date, we will pay the Group 2 Principal Distribution Amount, sequentially, as principal of the LA and LB Classes, in that order, until their principal balances are reduced to zero.

} Structured
Collateral/
Sequential Pay
Classes

Group 3 Principal Distribution Amount

On each Distribution Date, we will pay the Group 3 Principal Distribution Amount, concurrently, as principal of the F and FM Classes, pro rata (or 94.7368411299% and 5.2631588701%, respectively), until their principal balances are reduced to zero.

} Structured
Collateral/
Pass-Through
Classes

Group 4 Principal Distribution Amount

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

} Pass-Through
Class

Group 5 Principal Distribution Amount

On each Distribution Date, we will pay the Category 1 Non-PO Principal Distribution Amount as principal of the A1 Class, until its principal balance is reduced to zero.

On each Distribution Date, we will pay the Category 2a Non-PO Principal Distribution Amount and the Category 2b Principal Distribution Amount as principal of the A2 Class, until its principal balance is reduced to zero.

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

} Pass-Through
Classes

For definitions of the terms “Category 1 Non-PO Principal Distribution Amount,” “Category 2a Non-PO Principal Distribution Amount,” “Category 2b Principal Distribution Amount,” and “PO Principal Distribution Amount,” see “—Certain Definitions Relating to Payments on the Group 5, Group 6 and Group 7 Classes” below.

Group 6 Principal Distribution Amount

On each Distribution Date, we will pay the Group 6 Principal Distribution Amount as principal of the A3 Class, until its principal balance is reduced to zero.

} Pass-Through
Class

Group 7 Principal Distribution Amount

On each Distribution Date, we will pay the Group 7 Principal Distribution Amount as principal of the A4 Class, until its principal balance is reduced to zero.

} Pass-Through
Class

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

Certain Definitions Relating to Payments on the Group 5, Group 6 and Group 7 Classes

Category 1 Loans. Group 5 Mortgage Loans having Net Mortgage Rates lower than 7.00%.

Category 1 Non-PO Principal Distribution Amount. For any Distribution Date, the aggregate of the following amounts for all Category 1 Loans, without duplication:

- the applicable Non-PO Percentage of the monthly payment of principal due on each Category 1 Loan during the related Due Period, *plus*
- the applicable Non-PO Percentage of the Stated Principal Balance of each Category 1 Loan that is purchased by Fannie Mae or the Servicer during the related Due Period, *plus*
- the applicable Non-PO Percentage of the Stated Principal Balance of each Category 1 Loan that was reported as having become a Liquidated Loan during the related Due Period, *plus*
- the applicable Non-PO Percentage of any partial or full prepayment of each Category 1 Loan that was reported as received by the Servicer during the related Due Period.

The related subservicer may apply the foregoing amounts in respect of unscheduled principal received during the calendar month immediately preceding the Distribution Date rather than during the related Due Period.

Category 2a Loans. Group 5 Mortgage Loans having Net Mortgage Rates equal to or greater than 7.00% and less than 7.50%.

Category 2a Non-PO Principal Distribution Amount. For any Distribution Date, the aggregate of the following amounts for all Category 2a Loans, without duplication:

- the applicable Non-PO Percentage of the monthly payment of principal due on each Category 2a Loan during the related Due Period, *plus*
- the applicable Non-PO Percentage of the Stated Principal Balance of each Category 2a Loan that is purchased by Fannie Mae or the Servicer during the related Due Period, *plus*
- the applicable Non-PO Percentage of the Stated Principal Balance of each Category 2a Loan that was reported as having become a Liquidated Loan during the related Due Period, *plus*
- the applicable Non-PO Percentage of any partial or full prepayment of each Category 2a Loan that was reported as received by the Servicer during the related Due Period.

The related subservicer may apply the foregoing amounts in respect of unscheduled principal received during the calendar month immediately preceding the Distribution Date rather than during the related Due Period.

Category 2b Loans. Group 5 Mortgage Loans having Net Mortgage Rates equal to or greater than 7.50%.

Category 2b Principal Distribution Amount. For any Distribution Date, aggregate of the following amounts for all Category 2b Loans, without duplication:

- the monthly payment of principal due on each Category 2b Loan during the related Due Period, *plus*
- the Stated Principal Balance of each Category 2b Loan that is purchased by Fannie Mae or the Servicer during the related Due Period, *plus*
- the Stated Principal Balance of each Category 2b Loan that was reported as having become a Liquidated Loan during the related Due Period, *plus*

- any partial or full principal prepayment of each Category 2b Loan that was reported as received by the Servicer during the related Due Period.

The related subservicer may apply the foregoing amounts in respect of unscheduled principal received during the calendar month immediately preceding the Distribution Date rather than during the related Due Period.

Due Date. For any Distribution Date, the first day of the calendar month in which that Distribution Date occurs.

Due Period. For any Distribution Date, the period beginning on the second day of the month immediately preceding the month in which that Distribution Date occurs and ending on the first day of the month in which that Distribution Date occurs.

Group 6 Principal Distribution Amount. For any Distribution Date, the aggregate of the following amounts for all Group 6 Mortgage Loans, without duplication:

- the monthly payment of principal due on each Group 6 Mortgage Loan during the related Due Period, *plus*
- the Stated Principal Balance of each Group 6 Mortgage Loan that is purchased by Fannie Mae or the Servicer during the related Due Period, *plus*
- the Stated Principal Balance of each Group 6 Mortgage Loan that was reported as having become a Liquidated Loan during the related Due Period, *plus*
- any partial or full principal prepayment of each Group 6 Mortgage Loan that was reported as received by the Servicer during the related Due Period.

The related subservicer may apply the foregoing amounts in respect of unscheduled principal received during the calendar month immediately preceding the Distribution Date rather than during the related Due Period.

Group 7 Principal Distribution Amount. For any Distribution Date, aggregate of the following amounts for all Group 7 Mortgage Loans, without duplication:

- the monthly payment of principal due on each Group 7 Mortgage Loan during the related Due Period, *plus*
- the Stated Principal Balance of each Group 7 Mortgage Loan that is purchased by Fannie Mae or the Servicer during the related Due Period, *plus*
- the Stated Principal Balance of each Group 7 Mortgage Loan that was reported as having become a Liquidated Loan during the related Due Period, *plus*
- any partial or full principal prepayment of each Group 7 Mortgage Loan that was reported as received by the Servicer during the related Due Period.

The related subservicer may apply the foregoing amounts in respect of unscheduled principal received during the calendar month immediately preceding the Distribution Date rather than during the related Due Period.

Liquidated Loan. A defaulted Group 5, Group 6 or Group 7 Mortgage Loan with respect to which the Servicer has concluded that the full amount finally recoverable on account of that loan has been received, whether or not this amount is equal to the principal balance of that loan.

Net Mortgage Rate. For any Group 5, Group 6 or Group 7 Mortgage Loan, the applicable Mortgage Interest Rate *minus* the sum of (i) the Servicing Fee Rate and (ii) the applicable rate at which the guaranty fee is calculated.

Non-PO Percentage. For any Category 1 Loan, the related Net Mortgage Rate *divided by* 7.00%, expressed as a percentage. For any Category 2a Loan, the related Net Mortgage Rate *divided by* 7.50%, expressed as a percentage.

PO Percentage. For any Category 1 Loan, 7.00% *minus* the related Net Mortgage Rate, *divided by* 7.00%, expressed as a percentage. For any Category 2a Loan, 7.50% *minus* the related Net Mortgage Rate, *divided by* 7.50%, expressed as a percentage.

PO Principal Distribution Amount. For any Distribution Date, the aggregate of the following amounts for all Category 1 and Category 2a Loans, without duplication:

- the applicable PO Percentage of the monthly payment of principal due on each Category 1 and Category 2a Loan during the related Due Period, *plus*
- the applicable PO Percentage of the Stated Principal Balance of each such Mortgage Loan that is purchased by Fannie Mae or the Servicer during the related Due Period, *plus*
- the applicable PO Percentage of the Stated Principal Balance of each such Mortgage Loan that was reported as having become a Liquidated Loan during the related Due Period, *plus*
- the applicable PO Percentage of any partial or full principal prepayment of each Category 1 or Category 2a Loan that was reported as received by the Servicer during the related Due Period.

The related subservicer may apply the foregoing amounts in respect of unscheduled principal received during the calendar month immediately preceding the Distribution Date rather than during the related Due Period.

Servicing Fee Rate. The percentage identified for each Group 5, Group 6 or Group 7 Mortgage Loan on the Mortgage Loan Schedule.

Stated Principal Balance. The unpaid principal balance of a Group 5, Group 6 or Group 7 Mortgage Loan (or the scheduled unpaid principal balance thereof, in the case of Group 5, Group 6 or Group 7 Mortgage Loans that are delinquent) as of the Issue Date reduced by all amounts representing principal received or advanced by the Servicer and previously paid to Certificateholders with respect to that Mortgage Loan.

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 and Group 3 Underlying REMIC Certificates, the priority sequences affecting principal payments on the Group 2 and Group 3 Underlying REMIC Certificates and the following assumptions (such characteristics and assumptions, collectively, the “Pricing Assumptions”):

- the mortgage loans underlying the Group 4 SMBS have the original term to maturity, remaining term to maturity, WALA and interest rate specified under “Reference Sheet—Assumed Characteristics of the Mortgage Loans Underlying the Group 4 SMBS”;
- the Group 5, Group 6 and Group 7 Mortgage Loans have the respective assumed characteristics set forth in Exhibit B and payments on all Group 5, Group 6 and Group 7 Mortgage Loans are due and received on the first day of each month;

- the Group 5, Group 6 and Group 7 Classes have the following assumed Original Class Balances:

A1	\$143,201,394
A2	228,841,638
IO	231,791,242
PO	9,093,330
A3	31,581,596
A4	18,849,680

- the 1 Year CMT is equal to 2.46%;
- the mortgage loans prepay at the constant percentages of PSA or CPR specified in the related table;
- the settlement date for the sale of the Certificates is April 30, 2002;
- each Distribution Date occurs on the 25th day of a month; and
- in the case of the Group 5 Mortgage Loans, the Servicer does not exercise its option to purchase those loans; and
- in the case of the Group 6 and Group 7 Mortgage Loans, the Servicer does exercise its option to purchase those loans.

Prepayment Assumptions. Prepayments of mortgage loans commonly are measured relative to a prepayment standard or model. The model used in this prospectus supplement with respect to the Group 2, Group 3 and Group 4 Classes is The Bond Market Association’s standard prepayment model (“PSA”). To assume a specified rate of PSA is to assume a specified rate of prepayment each month of the then-outstanding principal balance of a pool of new mortgage loans computed as described under “Description of Certificates—Prepayment Models” in the REMIC Prospectus. The model used in this prospectus supplement with respect to the Group 5, Group 6 and Group 7 Classes is the constant prepayment rate model (“CPR”) which represents the annual rate of prepayments relative to the then outstanding principal balance of a pool of new mortgage loans. Thus, “0% CPR” means no prepayments, “15% CPR” means an annual prepayment rate of 15%, and so forth.

It is highly unlikely that prepayments will occur at any *constant* PSA or CPR 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 or CPR, as applicable, 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 or CPR, as applicable. Moreover, it is unlikely that

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

The FM and SA Classes. The yields on the FM and SA Classes will be sensitive in varying degrees to the rate of principal payments, including prepayments, of the related mortgage loans and to the level of the Index. The mortgage loans generally can be prepaid at any time without penalty. In addition, the rate of principal payments (including prepayments) of the mortgage loans is likely to vary, and may vary considerably, from pool to pool. As illustrated in the applicable table below, it is possible that investors in the SA Class 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 FM and SA 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 their original principal balances) are as follows:

<u>Class</u>	<u>Price*</u>
FM	92.93750%
SA	10.65625%

**Sensitivity of the FM 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>186%</u>	<u>350%</u>	<u>500%</u>
0.9%	4.1%	4.2%	4.5%	5.4%	5.9%
1.9%	5.2%	5.2%	5.6%	6.4%	7.0%
3.9%	7.3%	7.4%	7.7%	8.5%	9.1%
5.9%	9.5%	9.6%	9.9%	10.7%	11.2%
7.9%	11.7%	11.8%	12.1%	12.8%	13.3%
8.1%	11.9%	12.0%	12.3%	13.0%	13.6%
8.4%	6.0%	6.1%	6.5%	7.3%	7.8%
8.7%	0.3%	0.4%	0.7%	1.6%	2.2%

**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>240%</u>	<u>350%</u>	<u>500%</u>
0.85.....	70.0%	67.4%	59.9%	53.8%	45.4%
1.85.....	58.6%	55.9%	48.3%	42.2%	33.6%
3.85.....	36.3%	33.6%	25.8%	19.5%	10.6%
5.85.....	14.7%	11.9%	3.8%	(2.9)%	(12.2)%
7.80.....	*	*	*	*	*

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

The IO Class. The yield to investors in the IO Class will be very sensitive to the rate of principal payments (including prepayments) of the related mortgage loans. 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 IO Class would be 0% if prepayments of the related mortgage loans were to occur at a constant rate of 27% CPR. If the actual prepayment rate of the related mortgage loans were to exceed the level specified for as little as one month while equaling such level for the remaining months, the investors in the IO Class would lose money on their initial investments.

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

<u>Class</u>	<u>Price*</u>
IO	0.75%

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

Sensitivity of the IO Class to Prepayments

	<u>CPR Prepayment Assumption</u>				
	<u>3%</u>	<u>7%</u>	<u>15%</u>	<u>22%</u>	<u>30%</u>
Pre-Tax Yields to Maturity ...	30.1%	25.4%	15.7%	6.8%	(3.8)%

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

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

<u>Class</u>	<u>Price</u>
PO	70.0%

Sensitivity of the PO Class to Prepayments

	<u>CPR Prepayment Assumption</u>				
	<u>3%</u>	<u>7%</u>	<u>15%</u>	<u>22%</u>	<u>30%</u>
Pre-Tax Yields to Maturity ...	3.1%	4.4%	7.9%	11.6%	16.4%

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 2 Classes, and
- in the case of the Group 3 Classes, the priority sequence affecting principal payments on the related Underlying REMIC 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 or CPR 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 Group 2, Group 3 or Group 4 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 2 Underlying REMIC Certificate	360 months	347 months	8.5%
Group 3 Underlying REMIC Certificate	360 months	355 months	8.5%
Group 4 SMBS	360 months	360 months	9.0%

It is unlikely

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

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

Percent of Original Principal Balances Outstanding

Date	LA Class					LB Class					F, FM and FD Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	181%	350%	500%	0%	100%	181%	350%	500%	0%	100%	186%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
April 2003	99	90	83	70	58	100	100	100	100	100	100	100	100	100	100
April 2004	97	79	67	43	24	100	100	100	100	100	100	100	100	100	100
April 2005	96	70	53	22	1	100	100	100	100	100	100	100	100	100	71
April 2006	94	60	40	6	0	100	100	100	100	5	100	100	100	72	25
April 2007	93	52	28	0	0	100	100	100	58	0	100	100	100	38	0
April 2008	91	44	18	0	0	100	100	100	0	0	100	100	88	12	0
April 2009	89	36	10	0	0	100	100	100	0	0	100	100	66	0	0
April 2010	86	29	2	0	0	100	100	100	0	0	100	100	48	0	0
April 2011	84	22	0	0	0	100	100	67	0	0	100	98	33	0	0
April 2012	81	15	0	0	0	100	100	28	0	0	100	96	32	0	0
April 2013	78	9	0	0	0	100	100	0	0	0	100	94	30	0	0
April 2014	75	4	0	0	0	100	100	0	0	0	100	90	28	0	0
April 2015	71	0	0	0	0	100	90	0	0	0	100	86	25	0	0
April 2016	68	0	0	0	0	100	58	0	0	0	100	81	23	0	0
April 2017	64	0	0	0	0	100	28	0	0	0	100	75	21	0	0
April 2018	59	0	0	0	0	100	0	0	0	0	100	70	18	0	0
April 2019	54	0	0	0	0	100	0	0	0	0	100	64	16	0	0
April 2020	49	0	0	0	0	100	0	0	0	0	100	58	14	0	0
April 2021	43	0	0	0	0	100	0	0	0	0	100	53	12	0	0
April 2022	37	0	0	0	0	100	0	0	0	0	100	47	11	0	0
April 2023	30	0	0	0	0	100	0	0	0	0	100	41	9	0	0
April 2024	23	0	0	0	0	100	0	0	0	0	100	36	7	0	0
April 2025	15	0	0	0	0	100	0	0	0	0	100	30	6	0	0
April 2026	6	0	0	0	0	100	0	0	0	0	100	25	5	0	0
April 2027	0	0	0	0	0	76	0	0	0	0	100	20	4	0	0
April 2028	0	0	0	0	0	10	0	0	0	0	94	15	3	0	0
April 2029	0	0	0	0	0	0	0	0	0	0	71	10	2	0	0
April 2030	0	0	0	0	0	0	0	0	0	0	45	6	1	0	0
April 2031	0	0	0	0	0	0	0	0	0	0	17	1	*	0	0
April 2032	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average															
Life (years)**	16.3	5.6	3.5	1.9	1.3	25.4	14.3	9.5	5.2	3.6	27.8	19.5	10.6	4.8	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.

Date	FA and SA† Classes					A1 Class					A2 and IO† Classes				
	PSA Prepayment Assumption					CPR Prepayment Assumption					CPR Prepayment Assumption				
	0%	100%	240%	350%	500%	0%	7%	15%	22%	30%	0%	7%	15%	22%	30%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
April 2003	99	96	93	90	86	99	92	84	77	69	99	92	84	77	69
April 2004	99	91	81	74	64	97	84	70	59	48	97	84	70	59	48
April 2005	98	84	69	58	45	95	77	59	45	33	96	77	59	46	33
April 2006	97	78	58	45	31	94	70	49	35	23	94	71	49	35	23
April 2007	96	72	49	35	21	92	64	41	27	15	93	65	41	27	16
April 2008	95	67	41	27	15	90	58	34	20	11	91	59	34	20	11
April 2009	94	62	35	21	10	88	53	28	15	7	89	54	29	16	7
April 2010	92	57	29	16	7	85	48	23	12	5	87	49	24	12	5
April 2011	91	52	24	13	5	83	43	19	9	3	84	44	20	9	3
April 2012	89	48	20	10	3	80	39	16	7	2	82	40	16	7	2
April 2013	88	44	17	7	2	77	35	13	5	2	79	36	13	5	2
April 2014	86	40	14	6	1	74	31	11	4	1	76	32	11	4	1
April 2015	84	37	12	4	1	71	27	9	3	1	73	28	9	3	1
April 2016	82	33	10	3	1	67	24	7	2	*	69	25	7	2	*
April 2017	79	30	8	3	*	63	21	6	2	*	65	22	6	2	*
April 2018	77	27	7	2	*	59	18	4	1	*	61	19	5	1	*
April 2019	74	24	5	1	*	54	16	3	1	*	57	17	4	1	*
April 2020	71	22	4	1	*	49	13	3	1	*	52	14	3	1	*
April 2021	67	19	3	1	*	44	11	2	*	*	47	12	2	*	*
April 2022	64	17	3	1	*	38	9	1	*	*	41	10	2	*	*
April 2023	59	14	2	*	*	32	7	1	*	*	35	8	1	*	*
April 2024	55	12	2	*	*	26	5	1	*	*	28	6	1	*	*
April 2025	50	10	1	*	*	19	4	*	*	*	20	4	*	*	*
April 2026	45	8	1	*	*	11	2	*	*	*	12	2	*	*	*
April 2027	39	7	1	*	*	3	1	*	*	*	6	1	*	*	*
April 2028	32	5	*	*	*	1	*	*	*	*	3	*	*	*	*
April 2029	25	3	*	*	*	*	*	*	*	0	1	*	*	*	*
April 2030	18	2	*	*	*	0	0	0	0	0	*	*	*	*	0
April 2031	9	*	*	*	*	0	0	0	0	0	0	0	0	0	0
April 2032	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	21.1	11.2	6.4	4.7	3.5	16.4	9.0	5.3	3.7	2.7	16.9	9.2	5.4	3.8	2.7

Date	PO Class					A3†† Class					A4†† Class				
	CPR Prepayment Assumption					CPR Prepayment Assumption					CPR Prepayment Assumption				
	0%	7%	15%	22%	30%	0%	12%	25%	37%	50%	0%	12%	25%	37%	50%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
April 2003	99	92	84	77	69	98	86	74	62	49	98	86	74	62	49
April 2004	97	84	70	59	48	96	74	54	38	24	95	74	54	38	24
April 2005	96	77	59	45	33	94	64	40	23	12	93	63	39	23	12
April 2006	94	70	49	35	23	91	55	29	14	6	90	54	28	14	6
April 2007	92	64	41	27	15	89	47	21	9	0	87	46	21	9	0
April 2008	90	58	34	20	11	86	40	15	5	0	84	39	15	5	0
April 2009	88	53	28	15	7	83	34	11	0	0	80	33	11	0	0
April 2010	86	48	23	12	5	80	29	8	0	0	77	28	8	0	0
April 2011	83	43	19	9	3	77	24	6	0	0	73	23	6	0	0
April 2012	80	39	16	7	2	74	20	0	0	0	70	19	0	0	0
April 2013	78	35	13	5	2	70	17	0	0	0	66	16	0	0	0
April 2014	74	31	11	4	1	66	14	0	0	0	61	13	0	0	0
April 2015	71	28	9	3	1	63	12	0	0	0	57	11	0	0	0
April 2016	68	24	7	2	*	59	10	0	0	0	52	9	0	0	0
April 2017	64	21	6	2	*	54	8	0	0	0	47	7	0	0	0
April 2018	60	19	4	1	*	50	6	0	0	0	42	5	0	0	0
April 2019	55	16	3	1	*	45	5	0	0	0	37	0	0	0	0
April 2020	50	14	3	1	*	40	0	0	0	0	31	0	0	0	0
April 2021	45	11	2	*	*	35	0	0	0	0	25	0	0	0	0
April 2022	40	9	2	*	*	29	0	0	0	0	19	0	0	0	0
April 2023	34	7	1	*	*	24	0	0	0	0	12	0	0	0	0
April 2024	27	6	1	*	*	18	0	0	0	0	5	0	0	0	0
April 2025	20	4	*	*	*	11	0	0	0	0	0	0	0	0	0
April 2026	13	2	*	*	*	0	0	0	0	0	0	0	0	0	0
April 2027	6	1	*	*	*	0	0	0	0	0	0	0	0	0	0
April 2028	2	*	*	*	*	0	0	0	0	0	0	0	0	0	0
April 2029	*	*	*	*	*	0	0	0	0	0	0	0	0	0	0
April 2030	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April 2031	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
April 2032	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	16.6	9.1	5.4	3.8	2.7	14.9	6.0	3.1	2.0	1.4	13.5	5.8	3.0	2.0	1.4

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

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

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

†† Assumes the exercise of the 5% optional clean-up call for the Group 6 Mortgage Loans and Group 7 Mortgage Loans, as applicable.

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 Upper Tier REMIC remain after the principal balances of the Group 1, Group 2, Group 3 and Group 4 Classes are reduced to zero, we will pay the proceeds of those assets to the Holder of the R Class. If any assets of the Lower Tier REMIC remain after the principal balances of the Lower Tier Regular Interests, including the Lower Tier Regular Interests relating to the Group 1 Classes, are reduced to zero, we will pay the Holder of the RL Class the proceeds from those assets. Fannie Mae does not expect that any material assets will remain in either case. Since this prospectus supplement does not describe the Group 1 Classes, an investor in the R or RL Class should also read the Related Prospectus Supplement for information about those classes and the related assets.

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 Upper Tier REMIC, and the Holder of the RL Class will be considered to be the holder of the "residual interest" in the REMIC constituted by the Lower Tier REMIC. See "Certain Federal Income Tax Consequences" in the REMIC Prospectus. Pursuant to the Trust Agreement, we will be obligated to provide to these Holders (i) information necessary to enable them to prepare their federal income tax returns and (ii) any reports regarding the R or RL Class that may be required under the Code.

ADDITIONAL TRUST AGREEMENT PROVISIONS RELATING TO THE GROUP 5, GROUP 6 AND GROUP 7 CLASSES

Certain provisions of the Trust Agreement are summarized under the heading "The Trust Agreement" in the REMIC Prospectus. We summarize below certain additional provisions of the Trust Agreement applicable to the FHA/VA Loans and to Holders of the Group 5, Group 6 and Group 7 Classes.

Transfer of FHA/VA Loans to the Trust

The Trust Agreement will contain a mortgage loan schedule that will identify the FHA/VA Loans that are being transferred to the Trust. As Trustee, we will hold on behalf of the Certificateholders the original Mortgage Notes, endorsed in blank, and assignments of the mortgage instruments to us in recordable form. Usually assignments are in a form suitable for recording but they are not recorded. However, a blanket assignment may be used for the transfer of a large number of mortgage loans, even if the properties are not located in the same recording jurisdiction, depending on the applicable Lender's servicing experience and its financial condition.

At our option, we may choose to maintain the documents described above with one or more custodial institutions supervised and regulated by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Office of Thrift Supervision, the FDIC or the NCUA. We will review the mortgage loan schedule before we issue the Certificates and will conduct random spot checks after issuing the Certificates to confirm that we have all the documents we need. We may change these document custody requirements at any time, as long as we determine that any such change will not have a materially adverse effect on the interests of Certificateholders.

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

Servicing Through Lenders

Under the Trust Agreement, we are responsible for servicing and administering the FHA/VA Loans. We are permitted, in our discretion, to contract with the originator of each FHA/VA Loan, or another eligible servicing institution, to perform those functions under our supervision as more fully described below (each, a "Lender"). Any servicing contract or arrangement by us with a Lender for the direct servicing of FHA/VA Loans is a contract solely between us and the Lender. Therefore, Certificateholders will not be deemed to be parties to the contract and will have no claims, rights, obligations, duties, or liabilities with respect to the Lender.

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

Servicing Compensation and Payment of Certain Expenses by Fannie Mae

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

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

Collection and Other Servicing Procedures

We are responsible for servicing the FHA/VA Loans and may, as set forth above, conduct servicing through Lenders or through other mortgage servicers that we approve. In connection with our servicing activities, we have full power to do anything we deem necessary or appropriate, including the foreclosure or comparable conversion of defaulted FHA/VA Loans.

With respect to each FHA/VA Loan, the applicable Lender makes certain warranties to Fannie Mae concerning the following matters:

- the recordation of the original mortgage,
- the validity of the FHA/VA Loan as a first lien on the Mortgaged Property, and
- compliance by the FHA/VA Loan with applicable state and federal laws.

In the event of a material breach of any warranty or a material defect in the mortgage loan documentation, we may withdraw the FHA/VA Loan from the Trust at a price equal to its stated principal balance together with interest thereon at the Net Mortgage Rate.

Subject to the limitations discussed below, we may:

- enforce or waive enforcement of any term of any FHA/VA Loan,
- enter into an agreement to modify any term of any FHA/VA Loan, or
- take any action or refrain from taking any action in servicing any FHA/VA Loan.

We may waive any assumption fee or late payment charge, or may exercise or refrain from exercising any "call option rider." If we decide to take or refrain from taking any of the actions discussed above, our decision must be consistent with the then-current policies or practices that we follow for comparable mortgage loans held in our own portfolio. In making our decisions, we may not take into account the ownership status of the related FHA/VA Loan.

Each FHA/VA Loan either will contain a standard "due-on-sale" clause or will be assumable upon the sale of the related Mortgaged Property, subject generally to the purchaser's compliance with credit and underwriting guidelines.

If for any reason we do not have to accelerate the maturity of an FHA/VA Loan upon the transfer, or prospective transfer, of title to the related mortgaged property, we may release the borrower from liability on the related loan and impose that liability on the transferee, provided that no such transaction will provide for reduction of the mortgage interest rate.

Repurchase of Certain FHA / VA Loans by Servicer If Mortgage Loans Are Modified

Under certain circumstances, the terms of the FHA / VA Loans may be modified by the Servicer. If the Servicer modifies the terms of any FHA / VA Loan that is 120 days or more contractually delinquent as of the Issue Date, it must repurchase that loan from the Trust at a price equal to the outstanding Stated Principal Balance plus one month's interest at the applicable Mortgage Interest Rate.

In the event that the Servicer fails to repurchase any such modified Group 5, Group 6 or Group 7 Mortgage Loan, Fannie Mae, acting in its corporate capacity, has the option to repurchase that loan at a price equal to its outstanding Stated Principal Balance plus one month's interest at the applicable Mortgage Interest Rate.

Repurchase of FHA / VA Loans by Seller or Fannie Mae

Under the circumstances described above under "Description of the Certificates—The Group 5, Group 6 and Group 7 Mortgage Loans (FHA / VA Loans)—*General*," the Seller is required to repurchase from the Trust certain FHA / VA Loans that are 90 days or more delinquent. In addition, under certain limited circumstances, the Mortgage Interest Rates on the FHA / VA Loans may be reduced. In the event of any such reduction, the Seller will be obligated to pay the difference between the original Mortgage Interest Rate and the Mortgage Interest Rate as modified. If the Seller defaults in this obligation, Fannie Mae will have the option of repurchasing from the Trust the related FHA / VA Loan. Any such repurchase of an FHA / VA Loan from the Trust by the Seller or Fannie Mae will occur at a price equal to its outstanding Stated Principal Balance plus one month's interest at the applicable Mortgage Interest Rate.

Termination

The Servicer has the right to purchase all of the Group 5 Mortgage Loans, Group 6 Mortgage Loans or Group 7 Mortgage Loans remaining in the Trust if the aggregate principal balance of the remaining Group 5 Mortgage Loans, Group 6 Mortgage Loans or Group 7 Mortgage Loans, is less than 5% of the aggregate principal balance of the Group 5 Mortgage Loans, Group 6 Mortgage Loans or Group 7 Mortgage Loans, as applicable, as of the Issue Date. The purchase price for any such optional purchase will be equal to the aggregate outstanding Stated Principal Balance of the Group 5 Mortgage Loans, Group 6 Mortgage Loans or Group 7 Mortgage Loans, as applicable plus, in each case, one month's interest at the applicable Mortgage Interest Rates.

If the Servicer's option to repurchase the Group 5 Mortgage Loans is exercised, the A1, A2, IO and PO Classes will be paid in full, and the Trust Agreement will terminate with respect to those Classes. If the option to repurchase the Group 6 Mortgage Loans is exercised, the A3 Class will be paid in full, and the Trust Agreement will terminate with respect to that Class. If the option to repurchase the Group 7 Mortgage Loans is exercised, the A4 Class will be paid in full, and the Trust Agreement will be terminated with respect to that Class.

Additional Fannie Mae Matters

In the event that we are unable to fulfill our continuing guaranty obligations, the Trust Agreement may be modified to provide for monthly distributions to be made from then-available Group 5, Group 6 or Group 7 Mortgage Loan payments, as applicable, and other recoveries in a manner similar to practices and procedures followed in the servicing of comparable whole loans for institutional investors. See "The Trust Agreement—Rights upon Event of Default" in the REMIC Prospectus.

CERTAIN ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES

The Certificates and payments on the Certificates are not generally exempt from taxation. Therefore, you should consider the tax consequences of holding a Certificate before you acquire one. The following discussion describes certain U.S. federal income tax consequences to beneficial owners of Certificates. The discussion is general and does not purport to deal with all aspects of federal taxation that may be relevant to particular investors. This discussion may not apply to your particular circumstances for one of the following, or other, reasons:

- This discussion is based on federal tax laws in effect as of the date of this prospectus supplement. Changes to any of these laws after the date of this prospectus supplement may affect the tax consequences discussed below.
- This discussion addresses only Certificates acquired at original issuance and held as “capital assets” (generally, property held for investment).
- This discussion does not address tax consequences to beneficial owners subject to special rules, such as dealers in securities, certain traders in securities, banks, tax-exempt organizations, life insurance companies, persons that hold Certificates as part of a hedging transaction or as a position in a straddle or conversion transaction, or persons whose functional currency is not the U.S. dollar.
- This discussion does not address taxes imposed by any state, local or foreign taxing jurisdiction.

For these reasons, you should consult your own tax advisors regarding the federal income tax consequences of holding and disposing of Certificates as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

The discussions under the captions “—REMIC Elections and Special Tax Attributes,” “—Taxation of Beneficial Owners of Regular Certificates” and “—Taxation of Beneficial Owners of Residual Certificates” supplement the discussion under the caption “Certain Federal Income Tax Consequences” in the REMIC Prospectus. When read together, these discussions describe the current federal income tax treatment of beneficial owners of Certificates of the Group 1, Group 2, Group 3 and Group 4 Classes and the R and RL Classes (the “REMIC Certificates”). For a discussion of the current federal income tax treatment of beneficial owners of Certificates of the Group 5, Group 6 and Group 7 Classes, see “—Taxation of Beneficial Owners of Certificates of the Group 5, Group 6 and Group 7 Classes” below.

Taxation of the Trust

Arnold & Porter, special tax counsel to Fannie Mae, will deliver its opinion that, assuming compliance with the Trust Agreement, the Trust will be classified as a trust under subpart E, part I of subchapter J of the Code and not as an association taxable as a corporation.

REMIC Elections and Special Tax Attributes

We will elect to treat the Lower Tier REMIC and the Upper Tier REMIC as REMICs for federal income tax purposes. The REMIC Certificates, other than the R and RL Classes, will be designated as “regular interests,” and the R Class will be designated as the “residual interest,” in the REMIC constituted by the Upper Tier REMIC. The Lower Tier Regular Interests will be designated as “regular interests” and the RL Class will be designated as the “residual interest” in the Lower Tier REMIC.

Because the Lower Tier REMIC and the Upper Tier REMIC 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. Under the Regulations, a REMIC may issue its regular and residual interests over any ten-day period and designate any of those days as the REMIC’s startup day. Fannie Mae intends to designate April 30, 2002 as the startup day for the Upper Tier REMIC and the Lower Tier REMIC.

Taxation of Beneficial Owners of Regular Certificates

The SA 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 with respect to Group 2, Group 3 and Group 4 Classes will be as follows:

<u>Group</u>	<u>Prepayment Assumption</u>
2	181% PSA
3	186% PSA
4	240% 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

In addition to the Underlying REMIC Certificates and the Group 4 SMBS described in this prospectus supplement, the assets of the Lower Tier REMIC include the REMIC certificates backing the Group 1 Classes (the “Group 1 Underlying REMIC certificates”). The Lower Tier REMIC will issue Lower Tier Regular Interests in respect of the Group 1 Underlying REMIC certificates. Likewise, the assets of the REMIC constituted by the Upper Tier REMIC will include the Lower Tier Regular Interests in respect of the Group 1 Underlying REMIC certificates, and the REMIC constituted by the Upper Tier REMIC will issue the Group 1 Classes, in addition to the Group 2, 3 and 4 Classes described in this prospectus supplement. Therefore, in considering the tax consequences of holding a Residual Certificate, you should take into account the Group 1 Underlying REMIC certificates, the Group 1 Classes, and the Lower Tier Regular Interests issued in respect of the Group 1 Underlying REMIC certificates and the Group 1 Classes. See the Related Prospectus Supplement for a description of the Group 1 Underlying REMIC certificates and the Group 1 Classes, and see the discussion under “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Residual Certificates*” in the REMIC Prospectus for a discussion of certain federal income tax consequences of holding a Residual Certificate.

For purposes of determining the portion of the taxable income of the Upper Tier REMIC (or the Lower Tier REMIC) 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 March 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 Class 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 Class (the “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 Class. 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*” in this prospectus supplement and “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates” in the REMIC Prospectus. When a beneficial owner sells a Combination RCR Certificate, the owner must allocate the sale proceeds among the underlying REMIC Certificates in proportion to their relative fair market values at the time of sale.

Exchanges. If a beneficial owner exchanges one or more REMIC Certificates for the related RCR Certificate or Certificates in the manner described under “Description of the Certificates—Combination and Recombination” in this prospectus supplement, the exchange will not be taxable. Likewise, if a beneficial owner exchanges one or more RCR Certificates for the related REMIC Certificate or Certificates in the manner described in that discussion, the exchange will not be a taxable exchange. In each of these cases, the beneficial owner will be treated as continuing to own after the exchange the same combination of interests in the related REMIC Certificates (or the same interest in the related REMIC Certificate) that it owned immediately prior to the exchange.

Taxation of Beneficial Owners of Certificates of the Group 5, Group 6 and Group 7 Classes

Group 5 Classes. A beneficial owner of a Certificate of a Group 5 Class will be treated as owning, pursuant to section 1286 of the Code, “stripped bonds” to the extent of its share of principal payments and “stripped coupons” to the extent of its share of interest payments. Fannie Mae intends to treat each Certificate of a Group 5 Class as a single debt instrument representing rights to future cashflows from the Group 5 Mortgage Loans for purposes of information reporting. You should consult your own tax advisor as to the proper treatment of a Certificate of a Group 5 Class in this regard.

Under section 1286 of the Code, a beneficial owner of a Certificate of a Group 5 Class must treat the Certificate as a debt instrument originally issued on the date the owner acquires it and as having OID equal to the *excess*, if any, of its “stated redemption price at maturity” *over* the price paid by the owner to acquire it. For information reporting purposes, we intend to treat all amounts to be distributed on each Certificate of a Group 5 Class as included in the stated redemption price at maturity and, as a result, each Certificate of a Group 5 Class will be treated as if issued with OID.

The beneficial owner of a Certificate of a Group 5 Class must include in its ordinary income for federal income tax purposes, generally in advance of receipt of the cash attributable to that income, the sum of the “daily portions” of OID on its Certificate for each day during its taxable year on which it held that Certificate. The daily portions of OID are determined as follows:

- first, the portion of OID that accrued during each “accrual period” is calculated;
- then, the OID accruing during an accrual period is allocated ratably to each day during the period to determine the daily portion of OID.

Final regulations issued by the Treasury Department relating to the tax treatment of debt instruments with OID (the “OID Regulations”) provide that a holder of a debt instrument may use an accrual period of any length, up to one year, as long as each distribution of principal or interest occurs

on either the final day or the first day of an accrual period. We intend to report OID based on accrual periods of one month. Each of these accrual periods will begin on a Distribution Date and end on the day before the next Distribution Date.

Although the matter is not entirely clear, a beneficial owner of a Certificate of a Group 5 Class should determine the amount of OID accruing during any accrual period with respect to that Certificate using the method described in section 1272(a)(6) of the Code. Under section 1272(a)(6), the portion of OID treated as accruing with respect to a Certificate of a Group 5 Class for any accrual period equals the *excess*, if any, of

- the sum of (A) the present values of all the distributions remaining to be made on that Certificate, if any, as of the end of the accrual period; and (B) the distributions made on that Certificate during the accrual period of amounts included in the stated redemption price at maturity;

over

- the sum of the present values of all the distributions remaining to be made on that Certificate as of the beginning of the accrual period.

The present values of the remaining distributions with respect to a Certificate of a Group 5 Class are calculated based on the following:

- an assumption that the Group 5 Mortgage Loans prepay at a specified rate (the “Prepayment Assumption”),
- the yield to maturity of the Certificate giving effect to the Prepayment Assumption, and
- events (including actual prepayments) that have occurred prior to the end of the accrual period.

Each beneficial owner of a Certificate of a Group 5 Class determines its yield to maturity based on its purchase price. For a particular beneficial owner of a Certificate of a Group 5 Class, it is not clear whether the Prepayment Assumption used for calculating OID would be one determined at the time that Certificate is acquired or would be the original Prepayment Assumption for that Certificate. For information reporting purposes, we will use the original yield to maturity of that Certificate, calculated based on the original Prepayment Assumption. You should consult your own tax advisor regarding the proper method for accruing OID on a Certificate of a Group 5 Class.

The Code requires that the Prepayment Assumption be determined in the manner prescribed in Treasury Regulations. To date, no such regulations have been promulgated. For information reporting purposes, we will assume a Prepayment Assumption equal to 15% CPR. We make no representation, however, that the Group 5 Mortgage Loans will prepay at that rate or any other rate. You must make your own decision as to the appropriate prepayment assumption to be used in deciding whether or not to purchase a Certificate of a Group 5 Class.

Group 6 and Group 7 Classes. Interest paid on a Certificate of the Group 6 or the Group 7 Class is taxable as ordinary interest income. A beneficial owner of a Certificate of the Group 6 or the Group 7 Class must report this income when it accrues or is paid, consistent with the beneficial owner’s method of accounting.

A beneficial owner that acquires a Certificate of the Group 6 or the Group 7 Class for less than its principal amount generally has market discount in the amount of the difference between the principal amount and the beneficial owner’s basis in that Certificate. In general, three consequences arise if a beneficial owner acquires an interest in a Certificate of the Group 6 or the Group 7 Class with market discount. First, the beneficial owner must treat any principal payment with respect to that Certificate as ordinary income to the extent of the market discount that accrued while the beneficial owner held an interest in that Certificate. Second, the beneficial owner must treat gain on the disposition or retirement of that Certificate as ordinary income under the circumstances discussed below under “—*Sales and Other Dispositions of Certificates of the Group 5, Group 6 and Group 7 Classes.*” Third, if the beneficial owner incurs or continues indebtedness to acquire that Certificate the beneficial owner

may be required to defer the deduction of all or a portion of the interest on the indebtedness until the corresponding amount of market discount is included in income. Alternatively, a beneficial owner may elect to include market discount in income on a current basis as it accrues, in which case the three consequences discussed above will not apply. If a beneficial owner makes this election, the beneficial owner must also apply the election to all debt instruments acquired by the beneficial owner on or after the beginning of the first taxable year to which the election applies. A beneficial owner may revoke the election only with the consent of the IRS.

A beneficial owner of a Certificate of the Group 6 or Group 7 Class must determine the amount of accrued market discount for a period using a straight-line method, based on the maturity of that Certificate, unless the beneficial owner elects to determine accrued market discount using a constant yield method. The IRS has authority to provide regulations for determining the accrual of market discount in the case of debt instruments that provide for more than one principal payment, but has not yet issued such regulations. In addition, the legislative history to the Tax Reform Act of 1986 states that market discount on certain types of debt instruments may be treated as accruing in proportion to remaining accruals of OID, if any, or if none, in proportion to remaining distributions of interest. You should consult your own tax advisors regarding the method a beneficial owner should use to determine accrued market discount.

Notwithstanding the above rules, market discount on a Certificate of the Group 6 or Group 7 Class is considered to be zero if the discount is less than 0.25% of the principal balance of that Certificate multiplied by the number of complete years from the date the beneficial owner acquires that Certificate to the maturity of that Certificate (“*de minimis* market discount”). The IRS has authority to provide regulations to adjust the computation of *de minimis* market discount in the case of debt instruments that provide for more than one principal payment, but has not yet issued such regulations. The IRS could assert, nonetheless, that *de minimis* market discount should be calculated using the remaining weighted average life of that Certificate rather than its final maturity. You should consult your own tax advisors regarding the ability to compute *de minimis* market discount based on the final maturity of a Certificate of the Group 6 or Group 7 Class.

If a beneficial owner acquires a Certificate of the Group 6 or Group 7 Class for more than its principal amount, the beneficial owner generally will have premium with respect to that Certificate in the amount of the excess. In that event, the beneficial owner may elect to treat such premium as “amortizable bond premium.” If the election is made, a beneficial owner must also apply the election to all debt instruments the interest on which is not excludible from gross income (“fully taxable bonds”) held by the beneficial owner at the beginning of the first taxable year to which the election applies and to all fully taxable bonds thereafter acquired by the beneficial owner. A beneficial owner may revoke the election only with the consent of the IRS.

If a beneficial owner makes this election, the beneficial owner reduces the amount of any interest payment that must be included in the beneficial owner’s income by the portion of the premium allocable to the period based on the yield to maturity of that Certificate. Correspondingly, a beneficial owner must reduce its basis in that Certificate by the amount of premium applied to reduce any interest income. The amount of premium to be allocated among the interest payments on a Certificate of the Group 6 or Group 7 Class is determined by reference to an equivalent fixed rate debt instrument constructed as of the date the beneficial owner acquires an interest in that Certificate.

If a beneficial owner does not elect to amortize premium, (i) the beneficial owner must include the full amount of each interest payment in income, and (ii) the premium must be allocated to the principal distributions on that Certificate and, when each principal distribution is received, a loss equal to the premium allocated to that distribution will be recognized. Any tax benefit from premium not previously recognized will be taken into account in computing gain or loss upon the sale or disposition of that Certificate. See “—*Sales and Other Dispositions of Certificates of the Group 5, Group 6 and Group 7 Classes.*”

A beneficial owner may elect to include in income its entire return on a Certificate of the Group 6 or Group 7 Class (*i.e.*, the *excess* of all remaining payments to be received on the Group 6 or Group 7

Certificate over the amount of the beneficial owner's basis in that Certificate) based on the compounding of interest at a constant yield. Such an election for a Certificate of the Group 6 or Group 7 Class with amortizable bond premium (or market discount) will result in a deemed election to amortize premium for all the beneficial owner's debt instruments with amortizable bond premium (or to accrue market discount currently for all the beneficial owner's debt instruments with market discount) as discussed above.

Expenses of the Trust. Each beneficial owner of a Certificate of the Group 5, Group 6 and Group 7 Classes will be required to include in income its allocable share of the expenses paid by the Trust, with respect to the related FHA/VA Loans. Each beneficial owner of a Certificate of the Group 5, Group 6 and Group 7 Classes can deduct its allocable share of such expenses as provided in section 162 or section 212 of the Code, consistent with its method of accounting. Fannie Mae intends to allocate expenses to beneficial owners in each monthly period in proportion to the respective amounts of income (including any OID) accrued for each Class of Certificates. A beneficial owner's ability to deduct its share of these expenses is limited under section 67 of the Code in the case of (i) estates and trusts, and (ii) individuals owning an interest in a Certificate of the Group 5, Group 6 and Group 7 Classes directly or through an investment in a "pass-through entity" (other than in connection with such individual's trade or business). Pass-through entities include partnerships, S corporations, grantor trusts and non-publicly offered regulated investment companies, but do not include estates, non-grantor trusts, cooperatives, real estate investment trusts and publicly offered regulated investment companies. Generally, such a beneficial owner can deduct its share of these costs only to the extent that these costs, when aggregated with certain of the beneficial owner's other miscellaneous itemized deductions, exceed 2% of the beneficial owner's adjusted gross income. For this purpose, an estate or nongrantor trust computes adjusted gross income in the same manner as in the case of an individual, except that deductions for administrative expenses of the estate or trust that would not have been incurred if the property were not held in the trust or estate are treated as allowable in arriving at adjusted gross income. In addition, section 68 of the Code may provide for certain limitations on certain itemized deductions otherwise allowable for a beneficial owner who is an individual. Further, a beneficial owner may not be able to deduct any portion of these costs in computing its alternative minimum tax liability.

Sales and Other Dispositions of Certificates of the Group 5, Group 6 and Group 7 Classes. Upon the sale, exchange or other disposition of a Certificate of the Group 5, Group 6 and Group 7 Classes, a beneficial owner generally will recognize gain or loss equal to the difference between the amount realized upon the disposition and the beneficial owner's adjusted basis in that Certificate. The adjusted basis of a Certificate of the Group 5, Group 6 and Group 7 Classes generally will equal the cost of that Certificate to the beneficial owner, increased by any amounts of OID and market discount included in the beneficial owner's gross income with respect to that Certificate, and reduced by distributions on that Certificate previously received by the beneficial owner as principal (or as amounts constituting stated redemption price at maturity in the case of a Certificate of a Group 5 Class) and by any premium that has reduced the beneficial owner's interest income with respect to that Certificate. Any such gain or loss generally will be capital gain or loss, except (i) as provided in section 582(c) of the Code (which generally applies to banks) or (ii) to the extent any gain represents OID or accrued market discount not previously included in income (to which extent such gain would be treated as ordinary income). Any capital gain (or loss) recognized upon the sale, exchange or other disposition of a Certificate of the Group 5, Group 6 or Group 7 Classes will be long-term capital gain (or loss) if at the time of disposition the beneficial owner held that Certificate for more than one year. The ability to deduct capital losses is subject to limitations.

Special Tax Attributes. A Certificate of the Group 5, Group 6 and Group 7 Classes may not constitute:

- a "real estate asset" within the meaning of section 856(c)(5)(B) of the Code,
- a "qualified mortgage" within the meaning of section 860G(a)(3) of the Code or a "permitted investment" within the meaning of section 860G(a)(5) of the Code, or

- an asset described in section 7701(a)(19)(c)(ix) of the Code.

In addition, distributions of interest may not constitute income described in section 856(c)(3)(B) of the Code with respect to a real estate investment trust. As a result, Certificates of the Group 5, Group 6 and Group 7 Classes may not be a suitable investment for real estate investment trusts and generally will not be a suitable investment for REMICs.

Modifications of FHA/VA Loans. FHA/VA Loans that are in default (or FHA/VA Loans for which a default is reasonably foreseeable) may be modified. If a modification is a “significant modification” under section 1001 of the Code, the Trust will be deemed to have exchanged the old unmodified FHA/VA Loan for the new modified FHA/VA Loan. Gain or loss may be recognized by beneficial owners of the Certificates of the Group 5 Classes, the Group 6 Class, or Group 7 Class, as applicable, upon such exchange. Information will be made available to assist Holders in determining their share of any gain or loss due to a significant modification of an FHA/VA Loan or to enable Holders to make such information available to beneficial owners or other financial intermediaries for which Holders hold Certificates as nominees.

Information Reporting and Backup Withholding. Within a reasonable time after the end of each calendar year, we will furnish or make available to each Holder of a Certificate of the Group 5, Group 6 and Group 7 Classes that received a distribution on that Certificate during that year a statement setting forth such information as is required by the Code or Treasury Regulations and such other information as we deem necessary or desirable to assist Holders in preparing their federal income tax returns, or to enable Holders to make such information available to beneficial owners or other financial intermediaries for which the Holders hold Certificates as nominees.

Payments of interest and principal, as well as payments of proceeds from the sale of Certificates of the Group 5, Group 6 and Group 7 Classes, may be subject to the “backup withholding tax” under section 3406 of the Code if recipients of the payments fail to furnish to the payor certain information, including their taxpayer identification numbers, or otherwise fail to establish an exemption from this tax. Any amounts deducted and withheld from a payment to a recipient would be allowed as a credit against the recipient’s federal income tax. The IRS may impose certain penalties on a recipient of payments required to supply information who does not do so in the proper manner.

Foreign Investors. Additional rules apply to a beneficial owner of a Certificate of the Group 5, Group 6 and Group 7 Classes that is not a U.S. Person (a “Non-U.S. Person”). The term “U.S. Person” means:

- a citizen or resident of the United States,
- a corporation, partnership or other entity created or organized in or under the laws of the United States or any of its political subdivisions,
- an estate the income of which is subject to U.S. federal income tax regardless of the source of its income, or
- a trust if a court within the United States can exercise primary supervision over its administration and at least one U.S. Person has the authority to control all substantial decisions of the trust.

Payments on a Certificate of the Group 5, Group 6 and Group 7 Classes to, or on behalf of, a beneficial owner that is a Non-U.S. Person generally will be exempt from U.S. federal income and withholding taxes, provided the following conditions are satisfied:

- the beneficial owner is not subject to U.S. tax as a result of a connection to the United States other than ownership of that Certificate,
- the beneficial owner signs a statement under penalties of perjury that certifies that the beneficial owner is a Non-U.S. Person, and provides for the name and address of the beneficial owner, and

- the last U.S. Person in the chain of payment to the beneficial owner receives the statement from the beneficial owner or a financial institution holding on its behalf and does not have actual knowledge that the statement is false.

You should be aware that the IRS might take the position that this exemption does not apply to a beneficial owner that also owns 10% or more of the voting stock of Fannie Mae, or to a beneficial owner that is a “controlled foreign corporation” described in section 881(c)(3)(C) of the Code.

PLAN OF DISTRIBUTION

General. We are obligated to deliver the Certificates to Bear, Stearns & Co. Inc. (the “Dealer”) in exchange for the Underlying REMIC Certificates, the Group 4 SMBS and the Group 5, Group 6 and Group 7 Mortgage Loans. The Dealer proposes to offer the Certificates directly to the public from time to time in negotiated transactions at varying prices to be determined at the time of sale. The Dealer may effect these transactions to or through other dealers.

Increase in Certificates. Before the Settlement Date, we and the Dealer may agree to offer Group 4 Classes in addition to those contemplated as of the date of this prospectus supplement. In this event, we will increase the related Group 4 SMBS in principal balance, but we expect that all these additional Group 4 SMBS, will have the same characteristics as described under “Description of the Certificates—The Group 4 SMBS.” The proportion that the original principal balance of each Group 4 Class bears to the aggregate original principal balance of all Group 4 Classes will remain the same.

LEGAL MATTERS

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

Exhibit A

Underlying REMIC Certificates

Underlying REMIC Trust	Class	Date of Issue	CUSIP Number	Interest Rate	Interest Type(1)	Final Distribution Date	Principal Type(1)	Original Principal Balance of Class	April 2002 Class Factor	Principal Balance in the Lower Tier REMIC	Approximate Weighted Average WAM (in months)	Approximate Weighted Average WALA (in months)	Underlying Security Type	Class Group
2001-15	TD	March 2001	31359SPK0	6.0%	FTX	December 2028	SEQ	\$601,762,000	0.82904636	\$96,772,094	320	32	MBS	2
2001-72	FC	November 2001	31392BFT8	(2)	FLT	December 2031	SUP	48,564,333	1.0000000	48,564,333	352	6	MBS	3

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

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

Certain Assumed Characteristics of the Group 5, Group 6 and Group 7 Mortgage Loans
(As of April 1, 2002)

Group 5—Fixed Rate

<u>Issue Date Unpaid Principal Balance</u>	<u>Weighted Average Net Mortgage Rate</u>	<u>Weighted Average Mortgage Rate</u>	<u>Weighted Average Term to Maturity ("WAM") (in months)</u>	<u>Weighted Average Loan Age ("WALA") (in months)</u>	<u>Weighted Average Original Term (in months)</u>
\$ 233,256.75	3.39000%	4.00000%	316	44	360
72,543.96	5.24000	5.85000	325	35	360
412,662.63	5.36475	5.99129	300	43	343
34,321.52	5.49000	6.10000	317	43	360
85,550.18	5.58000	6.25000	319	41	360
77,324.65	5.64000	6.25000	328	32	360
172,618.48	5.74182	6.38273	325	35	360
3,437,656.26	5.84260	6.50000	300	42	342
431,484.37	5.94890	6.61890	325	35	360
654,753.87	6.07345	6.73749	321	39	360
78,220.50	6.14000	6.75000	321	39	360
1,277,993.06	6.21002	6.87500	314	44	358
16,131,137.34	6.35212	7.00000	314	43	357
588,912.22	6.45500	7.12500	313	41	354
11,330,777.69	6.58000	7.25000	316	44	360
1,336,438.12	6.64000	7.25000	321	39	360
10,086,758.97	6.71486	7.37522	320	40	360
99,815,913.32	6.84248	7.50004	299	60	359
3,086,796.22	6.95500	7.62500	319	38	357
65,020.06	10.89000	11.50000	151	209	360
278,700.63	11.81509	12.45848	148	211	359
68,756.44	12.67618	13.34618	148	212	360
63,644.03	13.58000	14.25000	150	210	360
11,629,276.91	7.07829	7.74671	309	50	359
6,241,168.17	7.14000	7.75000	334	26	360
10,233,483.19	7.22633	7.87500	322	38	360
78,560,782.71	7.34570	8.00000	296	62	358
1,077,808.37	7.45500	8.12500	320	35	355
8,864,002.84	7.58000	8.25000	314	44	358
7,342,011.58	7.63961	8.25019	336	24	360
10,527,162.49	7.73416	8.37556	324	36	360
59,080,064.47	7.84914	8.50000	293	65	358
897,043.70	7.95500	8.62500	320	46	366
3,496,022.78	8.07876	8.74762	317	43	360
7,609,161.82	8.14000	8.75000	333	25	358
6,461,090.06	8.24211	8.87583	327	29	356
12,368,694.65	8.36335	8.99994	317	41	358

Issue Date Unpaid Principal Balance	Weighted Average Net Mortgage Rate	Weighted Average Mortgage Rate	Weighted Average Remaining Term to Maturity ("WAM") (in months)	Weighted Average Loan Age ("WALA") (in months)	Weighted Average Original Term (in months)
\$ 172,216.67	8.45500%	9.12500%	301	33	334
1,101,441.25	8.58000	9.25000	339	21	360
600,863.29	8.64000	9.25000	338	22	360
1,744,572.07	8.74803	9.37500	323	22	345
2,759,959.86	8.85743	9.50000	297	59	356
67,581.60	9.26500	9.87500	338	22	360
403,523.47	9.34971	10.00000	222	138	360
77,189.00	9.89000	10.50000	202	158	360

Group 6—ARMs (1 Year CMT)

Issue Date Unpaid Principal Balance	Weighted Average Net Mortgage Rate	Weighted Average Mortgage Rate	WAM (in months)	WALA (in months)	Weighted Average Original Term (in months)	Weighted Average Net Mortgage Rate Life Cap	Initial Mortgage Interest Rate Periodic Cap	Subsequent Mortgage Interest Rate Periodic Cap	Weighted Average Next Interest Adjustment Date (in months)
\$31,581,595.99	6.67206%	7.32163%	296	64	360	10.72731%	5.00000%	1.00000%	6

Group 7—ARMs (1 Year CMT)

Issue Date Unpaid Principal Balance	Weighted Average Net Mortgage Rate	Weighted Average Mortgage Rate	WAM (in months)	WALA (in months)	Weighted Average Original Term (in months)	Weighted Average Net Mortgage Rate Life Cap	Initial Mortgage Interest Rate Periodic Cap	Subsequent Mortgage Interest Rate Periodic Cap	Weighted Average Next Interest Adjustment Date (in months)
\$18,849,680.45	6.75840%	7.41749%	273	87	360	10.73744%	5.00000%	1.00000%	8

Available Recombination (1)

Trust Certificates		RCR Certificates						
Classes	Original Principal Balances	RCR Class	Original Principal Balance	Interest Rate	Interest Type (2)	Principal Type (2)	CUSIP Number	Final Distribution Date
Recombination 1								
F	\$46,008,315	FD	\$48,564,333	(3)	FLT	SC/PT	31392CS21	December 2031
FM	2,556,018							

(1) Trust Certificates and RCR Certificates 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) For a description of this interest rate, see “Description of the Certificates—Distributions of Interest” in this prospectus supplement.

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

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

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\$626,904,065
(Approximate)



Guaranteed
Pass-Through Certificates
Fannie Mae Trust 2002-26

**(The Group 2, 3, 4, 5, 6, 7 and
Residual Classes Only)**

PROSPECTUS SUPPLEMENT

Bear, Stearns & Co. Inc.

March 11, 2002