

\$196,570,700



**Guaranteed REMIC Pass-Through Certificates
Fannie Mae REMIC Trust 2000-40**

The Certificates

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

Payments to Certificateholders

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

- interest accrued on the balance of your certificate, 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.

<i>Class</i>	<i>Group</i>	<i>Original Class Balance</i>	<i>Principal Type</i>	<i>Interest Rate</i>	<i>Interest Type</i>	<i>CUSIP Number</i>	<i>Final Distribution Date</i>
F	1	\$104,668,000	SC/SEQ	(1)	FLT	31358STD3	December 2022
FA	1	52,521,000	SC/SEQ	(1)	FLT	31358STE1	July 2030
FB	2	8,365,278	SC/PT	(1)	FLT	31358STF8	June 2029
FC	2	522,830	SC/PT	(1)	FLT	31358STG6	June 2029
S	3	15,832,362	SC/PT	(1)	INV	31358STH4	February 2024
EB(2) ...	4	3,403,729	SC/PT	(3)	PO	31358STJ0	June 2023
EA(2) ...	4	11,257,501	SC/PT	(3)	PO	31358STK7	June 2023
SJ(2) ...	4	11,257,501(4)	NTL	(1)	INV/IO	31358STL5	June 2023
SK(2) ...	4	3,403,729(4)	NTL	(1)	INV/IO	31358STM3	June 2023
R		0	NPR	0	NPR	31358STN1	July 2030
RL		0	NPR	0	NPR	31358STP6	July 2030

(1) Based on LIBOR.

(2) Exchangeable classes.

(3) Principal only classes.

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

The Fannie Mae Guaranty

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

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 SM, SN, EC, SI, SA and SL Classes are the RCR classes, as further described in this prospectus supplement.

The Trust and its Assets

The trust will indirectly own underlying REMIC certificates backed directly or indirectly by Fannie Mae MBS.

The dealer will offer the certificates from time to time in negotiated transactions at varying prices. We expect the settlement date to be October 30, 2000.

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

Carefully consider the risk factors starting on page S-7 of this prospectus supplement and on page 10 of the REMIC prospectus. Unless you understand and are able to tolerate these risks, you should not invest in the certificates.

You should read the REMIC prospectus as well as this prospectus supplement.

The certificates, together with interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any agency or instrumentality thereof other than Fannie Mae.

The certificates are exempt from registration under the Securities Act of 1933 and are "exempted securities" under the Securities Exchange Act of 1934.

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AVAILABLE INFORMATION

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

- our Prospectus for Guaranteed REMIC Pass-Through Certificates dated September 18, 1998 (the “REMIC Prospectus”);
- our Prospectus for Guaranteed Mortgage Pass-Through Certificates dated October 1, 1999 (the “MBS Prospectus”);
- our Information Statement dated March 30, 2000 and its supplements (the “Information Statement”); and
- the disclosure documents relating to the underlying REMIC certificates (the “Underlying REMIC Disclosure Documents”).

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

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

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

You also can obtain the Disclosure Documents, 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>
1	Class 2000-23-PF RCR Certificate
2	Class 1999-25-FC REMIC Certificate Class 1999-25-FG REMIC Certificate
3	Class 1996-15-J REMIC Certificate Class 1996-15-JM REMIC Certificate
4	Class 1996-69-PH REMIC Certificate Class 1996-69-SH REMIC Certificate

Characteristics of the Underlying REMIC Certificates

Exhibit A describes the underlying REMIC certificates, including certain information about the related mortgage loans. To learn more about the underlying REMIC certificates, you should obtain the current principal factors and disclosure documents for the underlying REMIC certificates from us as described on page S-3.

Class Factors

The class factors are numbers that, when multiplied by the initial principal balance of a certificate, can be used to calculate the current principal balance of that certificate (after taking into account distributions in the same month). We publish the class factors on or shortly after the 11th day of each month.

Settlement Date

We expect to issue the certificates on October 30, 2000.

Distribution Dates

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

Book-Entry and Physical Certificates

We issue book-entry certificates through the U.S. Federal Reserve Banks, which will electronically track ownership of the certificates and payments on them. We will issue physical certificates in registered, certificated form.

We will issue the classes of certificates in the following forms:

<u>Fed Book-Entry</u>	<u>Physical</u>
All classes other than the R and RL 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 all of the available combinations of the certificates eligible for exchange and the related RCR certificates.

Interest Rates

During the initial interest accrual period, the floating rate and inverse floating rate classes will bear interest at the initial interest rates listed below, except that the initial interest rates listed for all classes other than the FB and FC Classes are assumed rates. During subsequent interest accrual periods, the floating rate and inverse floating rate classes will bear interest based on the formulas indicated below, but always subject to the specified maximum and minimum interest rates:

<u>Class</u>	<u>Initial Interest Rate</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate (1)</u>
F	7.12188% (2)	9.00000%	0.50%	LIBOR + 50 basis points
FA	7.12188% (2)	9.00000%	0.50%	LIBOR + 50 basis points
FB	7.61875%	8.50000%	1.00%	LIBOR + 100 basis points
FC	7.61875%	8.00000%	0.00%	(3)
S	3.99485% (2)	18.41648%	0.00%	$18.41648\% - (2.166629 \times \text{LIBOR})$
SJ	2.04065% (2)	18.13922%	0.00%	$18.13922\% - (2.418564 \times \text{LIBOR})$
SK	10.00000% (2)	10.00000%	0.00%	$69.99373\% - (7.999164 \times \text{LIBOR})$
SM	2.04065% (2)	18.13922%	0.00%	$18.13922\% - (2.418564 \times \text{LIBOR})$
SN	10.00000% (2)	10.00000%	0.00%	$69.99373\% - (7.999164 \times \text{LIBOR})$
SI	3.88848% (2)	16.24963%	0.00%	$16.24963\% - (1.857074 \times \text{LIBOR})$
SA	3.88848% (2)	16.24963%	0.00%	$16.24963\% - (1.857074 \times \text{LIBOR})$
SL	1.56690% (2)	13.92805%	0.00%	$13.92805\% - (1.857074 \times \text{LIBOR})$

- (1) We will establish LIBOR on the basis of the “BBA Method” in the case of the F, FA, FB and FC Classes, and on the basis of the “LIBO Method” in the case of all other floating rate and inverse floating rate classes.
- (2) Assumed initial interest rates. We will calculate the actual initial interest rates for these classes on October 23, 2000, using the applicable formulas.
- (3) The applicable formula for calculating the interest rate for the FC Class each month will be as follows:

<u>If LIBOR is</u>	<u>Applicable Formula</u>
Less than or equal to 7.0%	LIBOR + 100 basis points
Greater than 7.0%	$120\% - (16 \times \text{LIBOR})$

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

Notional Classes

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

<u>Class</u>	
SJ	100% of the EA Class
SK	100% of the EB Class
SI	100% of the EA and EB Classes

Distributions of Principal

Group 1 Principal Distribution Amount

To the F and FA Classes, in that order, to zero.

Group 2 Principal Distribution Amount

To the FB and FC Classes, pro rata, to zero.

Group 3 Principal Distribution Amount

To the S Class to zero.

Group 4 Principal Distribution Amount

To the EB and EA Classes, pro rata, to zero.

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

Weighted Average Lives (years) *

	PSA Prepayment Assumption					
<u>Group 1 Classes</u>	<u>0%</u>	<u>100%</u>	<u>250%</u>	<u>348%</u>	<u>500%</u>	<u>600%</u>
F.....	15.2	4.3	3.4	3.4	3.0	2.6
FA.....	23.9	11.1	9.6	9.6	7.6	6.3
	PSA Prepayment Assumption					
<u>Group 2 Classes</u>	<u>0%</u>	<u>100%</u>	<u>145%</u>	<u>250%</u>	<u>500%</u>	
FB and FC.....	27.8	22.5	18.9	1.7	0.4	
	PSA Prepayment Assumption					
<u>Group 3 Class</u>	<u>0%</u>	<u>100%</u>	<u>154%</u>	<u>250%</u>	<u>500%</u>	
S.....	22.0	16.4	11.8	4.1	0.7	
	PSA Prepayment Assumption					
<u>Group 4 Classes</u>	<u>0%</u>	<u>100%</u>	<u>160%</u>	<u>250%</u>	<u>500%</u>	
EB, EA, SJ, SK, SM, SN, EC, SI, SA and SL.....	21.6	16.6	12.2	3.8	0.6	

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

ADDITIONAL RISK FACTORS

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

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

Principal payments on the certificates will also be affected by payment priorities governing the underlying REMIC certificates. The rate at which you receive principal payments also will be affected by the priority sequences governing principal payments on the related underlying REMIC certificates.

As described in the related disclosure documents, the underlying REMIC certificates may be subsequent in payment priority to certain other classes issued from the related underlying REMIC trusts. As a result, those other classes may receive principal before principal is paid on the underlying REMIC certificates, possibly for long periods.

In particular, certain of the underlying REMIC certificates are Support classes and certain of the underlying REMIC certificates are backed by other REMIC certificates that are Support classes. Support classes are entitled to receive principal payments on any distribution date only if scheduled payments have been made on certain other classes in the related underlying REMIC trusts. Accordingly, these underlying REMIC certificates may receive no principal payments for extended periods or may receive principal payments that vary widely from period to period.

In addition, one of the underlying REMIC certificates has a principal balance schedule and, as a result, may receive principal payments at a rate faster or slower than would otherwise have

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

- such class has adhered to its principal balance schedule,
- any related support classes remain outstanding, or
- such class otherwise has performed as originally anticipated.

You may obtain additional information about the underlying REMIC certificates by reviewing our 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.

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 bought your certificates at a premium and principal payments are faster than you expected, or
- if you bought your certificates at a discount and principal payments are slower than you expected.

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

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

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.

Unpredictable timing of last payment affects yields on certificates. The actual final payment of your class is likely to occur earlier, and could occur much earlier, than the final distribution date listed on the cover page. If you assumed the actual final payment will occur on the final distribution date specified, your yield could be lower than you expect.

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

ties are subject to legal investment laws and regulations, or to review by regulatory authorities, may be unable to buy certain certificates. You should get legal advice to determine whether you may purchase the certificates.

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

DESCRIPTION OF THE CERTIFICATES

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

General

Structure. We will create the Fannie Mae REMIC Trust specified on the cover (the “Trust”) and a separate trust (the “Lower Tier REMIC”) pursuant to a trust agreement dated as of October 1, 2000. We will issue the Guaranteed REMIC Pass-Through Certificates (“REMIC Certificates”) pursuant to that trust agreement. We will issue the Combinable and Recombinable REMIC Certificates (the “RCR Certificates” and, together with the REMIC Certificates, the “Certificates”) pursuant to a separate trust agreement dated as of October 1, 2000 (together with the trust agreement relating to the REMIC Certificates, the “Trust Agreement”). We will execute the Trust Agreement in our corporate capacity and as trustee (the “Trustee”). In general, the term “Classes” includes the Classes of REMIC Certificates and RCR Certificates.

The Trust and the Lower Tier REMIC each will constitute a “real estate mortgage investment conduit” (“REMIC”) under the Internal Revenue Code of 1986, as amended (the “Code”).

- The REMIC Certificates (except the R and RL Classes) will be “regular interests” in the Trust.
- The R Class will be the “residual interest” in the Trust.
- The interests in the Lower Tier REMIC other than the RL Class (the “Lower Tier Regular Interests”) will be the “regular interests” in the Lower Tier REMIC.
- The RL Class will be the “residual interest” in the Lower Tier REMIC.

The assets of the Trust will consist of the Lower Tier Regular Interests. The assets of the Lower Tier REMIC will consist of

- certain previously issued REMIC and recombining REMIC certificates (the “Group 1 Underlying RCR Certificate,” “Group 2 Underlying REMIC Certificates,” “Group 3 Underlying REMIC Certificates” and “Group 4 Underlying REMIC Certificates” 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.

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

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

Fannie Mae Guaranty. We guarantee that we will distribute to Certificateholders:

- required installments of principal and interest on the Certificates on time, and
- the principal balance of each Class of Certificates no later than its Final Distribution Date, whether or not we have received sufficient payments on the MBS.

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

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

Our guaranty obligations with respect to the Underlying REMIC Certificates are described in the Underlying REMIC Disclosure Documents. Our guarantees are not backed by the full faith and credit of the United States. See “Description of Certificates—The Fannie Mae Guaranty” in the REMIC Prospectus, “Description of Certificates—The Fannie Mae Guaranty” in the MBS Prospectus, and “Description of the Certificates—General—Fannie Mae Guaranty” in the related Underlying REMIC Disclosure Documents.

Characteristics of Certificates. We will issue the Certificates (except the R and RL Classes) in book-entry form on the book-entry system of the U.S. Federal Reserve Banks. Entities whose names appear on the book-entry records of a Federal Reserve Bank as having had Certificates deposited in their accounts are “Holders” or “Certificateholders.” A Holder is not necessarily the beneficial owner of a Certificate. Beneficial owners ordinarily will hold Certificates through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. See “Description of Certificates—Denominations and Form” in the REMIC Prospectus.

We will issue the R and RL Certificates in fully registered, certificated form. The “Holder” or “Certificateholder” of the R or RL Certificate is its registered owner. The R or RL Certificate can be transferred at the corporate trust office of the Transfer Agent, or at the office of the Transfer Agent in New York, New York. State Street Bank and Trust Company in Boston, Massachusetts (“State Street”) will be the initial Transfer Agent. We may impose a service charge for any registration of transfer of the R or RL Certificate and may require payment to cover any tax or other governmental charge. See also “Characteristics of the R and RL Classes.”

The Holder of the R Class will receive the proceeds of any remaining assets of the Trust, and the Holder of the RL Class will receive the proceeds of any remaining assets of the Lower Tier REMIC, in each case only by presenting and surrendering the related Certificate at the office of the Paying Agent. State Street will be the initial Paying Agent.

Authorized Denominations. We will issue the Certificates, other than the R and RL Certificates, in minimum denominations of \$1,000 and whole dollar increments. We will issue the R and RL Classes as single Certificates with no principal balances.

Distribution Dates. We will make monthly payments on the Group 1, Group 2, Group 3 and Group 4 Classes on the 25th day of each month (or, if the 25th is not a business day, on the first business day after the 25th). We refer to that date as the “Distribution Date.” We will make the first payments to Certificateholders in the month after we issue the Certificates.

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

Class Factors. On or shortly after the eleventh calendar day of each month, we will publish a factor (carried to eight decimal places) for each Class of Certificates. When the factor is multiplied by the original principal balance (or notional principal balance) of a Certificate of that 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 Termination. We will not terminate the Lower Tier REMIC or the Trust by exercising our right to repurchase the Mortgage Loans underlying any MBS unless

- only one Mortgage Loan remains in the related Pool, or
- the principal balance of the Pool is less than one percent of its original level.

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

Voting the Underlying REMIC Certificates. Holders of certificates of the Underlying REMIC Trusts may be asked to vote on issues arising under the applicable trust agreement. If so, the Trustee will vote the related Underlying REMIC Certificates as instructed by Holders of Certificates of the Classes backed by such Underlying REMIC Certificates. The Trustee must receive instructions from Holders of Certificates having principal balances totaling at least 51% of the aggregate principal balance of all such Classes outstanding. 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 EB, EA, SJ and SK Classes of REMIC Certificates for a proportionate interest in the related Combinable and Recombinable REMIC Certificates (“RCR Certificates”) in the combinations shown on Schedule 1. You also may exchange all or a portion of the RCR Certificates for the related REMIC Certificates in the same manner. This process may occur repeatedly.

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

The Classes of REMIC Certificates and RCR Certificates that are outstanding at any given time, and the outstanding principal balances (or notional principal balances) of these Classes, will depend upon any related distributions of principal, as well as any exchanges that occur. The principal balances and/or notional principal balances of the REMIC Certificates and RCR Certificates involved in any exchange will bear the same relationship as that borne by the original principal balances and/or original notional principal balances of the related Classes.

Procedures. If a Certificateholder wishes to exchange Certificates, the Certificateholder must notify our Structured Transactions Department through one of our “REMIC Dealer Group” dealers in writing or by telefax no later than two business days before the proposed exchange date. The exchange date can be any business day other than the first or last business day of the month subject to our approval. The notice must include the outstanding principal balance of both the Certificates to be

exchanged and the Certificates to be received, and the proposed exchange date. After receiving the Holder's notice, we will telephone the dealer with delivery and wire payment instructions. Notice becomes irrevocable on the second business day before the proposed exchange date.

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

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

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

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

The Underlying REMIC Certificates

The Underlying REMIC Certificates represent beneficial ownership interests in the related Underlying REMIC Trusts. The assets of these trusts evidence direct or indirect beneficial ownership interests in certain MBS having the general characteristics set forth 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, as described under "The Mortgage Pools" and "Yield Considerations" in the MBS Prospectus. Distributions on the Underlying REMIC Certificates will be passed through monthly, beginning in the month after we issue the Certificates. The general characteristics of the Underlying REMIC Certificates are described in the related Underlying REMIC Disclosure Documents.

See Exhibit A for additional information about the Underlying REMIC Certificates.

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

Final Data Statement

After issuing the Certificates, we will prepare a Final Data Statement containing certain information, including the principal balances of the Underlying REMIC Certificates as of the Issue Date. You may obtain the Final Data Statement by telephoning us at 1-800-237-8627 or

202-752-6547. The contents of the Final Data Statement and other data specific to the Certificates are available in electronic form by calling us at 1-800-752-6440 or 202-752-6000.

Distributions of Interest

Categories of Classes

For the purpose of interest payments, the Classes will be categorized as follows:

<u>Interest Type*</u>	<u>Classes</u>
Group 1 Classes	
Floating Rate	F and FA
Group 2 Classes	
Floating Rate	FB and FC
Group 3 Class	
Inverse Floating Rate	S
Group 4 Classes	
Inverse Floating Rate	SJ and SK
Interest Only	SJ and SK
Principal Only	EB and EA
RCR**	SM, SN, EC, SI, SA and SL
No Payment Residual	R and RL

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

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

General. We will pay interest on the interest-bearing Certificates at the applicable annual interest rates shown on the cover or described in this prospectus supplement. We calculate interest based on a 360-day year consisting of twelve 30-day months. We pay interest monthly 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 such Distribution Date.

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

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

<u>Classes</u>	<u>Interest Accrual Periods</u>
All interest-bearing Classes other than the FB and FC Classes (collectively, the “No-Delay Classes”)	One month period beginning on the 25th day of the month preceding the month in which the Distribution Date occurs
The FB and FC Classes (collectively, the “Delay Classes”)	Calendar month preceding the month in which the Distribution Date occurs

See “Additional Risk Factors” in this Prospectus Supplement.

The Dealer will treat the EB, EA and EC Classes as No-Delay Classes 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 indicated under “Reference Sheet—Notional Classes.”

We use the notional principal balance of a Notional Class to determine interest payments on that Class. Although a Notional Class will not have a principal balance and will not be entitled to any principal payments, we will publish a class factor for that Class. References in this prospectus supplement to the principal balances of the Certificates generally shall refer also to the notional principal balances of the Notional Classes.

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

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

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

Calculation of LIBOR

On each Index Determination Date, we will calculate LIBOR for the related Interest Accrual Period.

We will calculate LIBOR on the basis of the “BBA Method” in the case of the F, FA, FB and FC Classes, and on the basis of the “LIBO Method” in the case of all other Floating Rate and Inverse Floating Rate Classes, 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 LIBOR as determined for that Interest Accrual Period for the related Underlying REMIC Certificates.

Distributions of Principal

Categories of Classes

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

<u>Principal Type*</u>	<u>Classes</u>
Group 1 Classes	
Structured Collateral/Sequential Pay	F and FA
Group 2 Classes	
Structured Collateral/Pass-Through	FB and FC
Group 3 Class	
Structured Collateral/Pass-Through	S
Group 4 Classes	
Structured Collateral/Pass-Through	EB and EA
Notional	SJ and SK
RCR**	SM, SN, EC, SI, SA and SL
No Payment Residual	R and RL

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

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

Principal Distribution Amount

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

- the principal then paid on the Group 1 Underlying RCR Certificate (the “Group 1 Principal Distribution Amount”),
- the principal then paid on the Group 2 Underlying REMIC Certificates (the “Group 2 Principal Distribution Amount”),
- the principal then paid on the Group 3 Underlying REMIC Certificates (the “Group 3 Principal Distribution Amount”), and
- the principal then paid on the Group 4 Underlying REMIC Certificates (the “Group 4 Principal Distribution Amount”).

The portion of each class of Underlying REMIC Certificates held by the Lower Tier REMIC will be set forth in Exhibit A.

Group 1 Principal Distribution Amount

On each Distribution Date, we will pay the Group 1 Principal Distribution Amount, sequentially, as principal of the F and FA Classes, in that order, until their principal balances are reduced to zero. } Structured Collateral / Sequential Pay Classes

Group 2 Principal Distribution Amount

On each Distribution Date, we will pay the Group 2 Principal Distribution Amount, concurrently, as principal of the FB and FC Classes, pro rata (or 94.1176457352% and 5.8823542648%, respectively), until their principal balances are reduced to zero. } Structured Collateral / Pass-Through Classes

Group 3 Principal Distribution Amount

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

Group 4 Principal Distribution Amount

On each Distribution Date, we will pay the Group 4 Principal Distribution Amount, concurrently, as principal of the EB and EA Classes, pro rata (or 23.2158488749% and 76.7841511251%, respectively), until their principal balances are reduced to zero. } Structured Collateral / Pass-Through Classes

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

Structuring Assumptions

Pricing Assumptions. Except where otherwise noted, the information in the tables in this Prospectus Supplement has been prepared based on the actual characteristics of each Pool of Mortgage Loans underlying the Underlying REMIC Certificates, the priority sequences affecting the principal payments on the Underlying REMIC Certificates and the following assumptions (such characteristics and assumptions, collectively, the “Pricing Assumptions”):

- the Mortgage Loans prepay at the constant percentages of PSA specified in the related table;
- the settlement date for the sale of the Certificates is October 30, 2000;
- each Distribution Date occurs on the 25th day of a month; and

- the Fannie Mae repurchase option is not exercised.

Prepayment Assumptions. Prepayments of mortgage loans commonly are measured relative to a prepayment standard or model. The model used here is The Bond Market Association's standard prepayment model ("PSA"). To assume a specified rate of PSA is to assume a specified rate of prepayment each month of the then-outstanding principal balance of a pool of new mortgage loans computed as described under "Description of Certificates—Prepayment Models" in the REMIC Prospectus. It is highly unlikely that prepayments will occur at any *constant* PSA rate or at any other constant rate.

Yield Tables

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

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

We cannot assure you that

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

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

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

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

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

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

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

<u>Class</u>	<u>Price*</u>
FC	48.00%
S	72.00%
SJ	9.65%
SK	37.00%
SM	68.75%
SN	96.00%
SI	16.00%
SA	75.00%
SL	66.40%

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

Sensitivity of the FC 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>145%</u>	<u>250%</u>	<u>500%</u>
4.61875%	12.6%	12.9%	13.5%	69.8%	370.6%
6.61875%	16.6%	16.8%	17.3%	74.1%	377.0%
7.50000%	3.0%	3.3%	4.0%	57.9%	352.8%

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>154%</u>	<u>250%</u>	<u>500%</u>
4.65625%	12.4%	12.7%	13.8%	21.2%	69.9%
6.65625%	6.7%	7.0%	8.0%	15.0%	63.7%
8.50006%	1.8%	2.1%	2.9%	9.4%	58.0%

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>160%</u>	<u>250%</u>	<u>500%</u>
4.65625%	79.7%	79.7%	79.3%	49.5%	*
6.65625%	21.6%	21.2%	18.7%	(5.8)%	*
7.50000% and above...	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>160%</u>	<u>250%</u>	<u>500%</u>
7.50000% and below...	28.4%	28.1%	26.1%	1.1%	*
8.65625%	(8.6)%	(10.5)%	(15.1)%	(39.3)%	*
8.76000%	*	*	*	*	*

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

**Sensitivity of the SM 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>160%</u>	<u>250%</u>	<u>500%</u>
4.65625%	11.0%	11.2%	12.2%	21.9%	98.2%
6.65625%	4.6%	4.8%	5.8%	14.7%	90.8%
7.50000%	2.0%	2.3%	3.2%	11.7%	87.6%

**Sensitivity of the SN 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>160%</u>	<u>250%</u>	<u>500%</u>
7.50000%	10.7%	10.7%	10.8%	11.7%	18.5%
8.65625%	1.0%	1.1%	1.2%	2.1%	9.7%
8.75013%	0.3%	0.3%	0.4%	1.3%	9.0%

**Sensitivity of the SI 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>160%</u>	<u>250%</u>	<u>500%</u>
4.65625%	51.6%	51.5%	50.6%	23.3%	*
6.65625%	25.2%	24.9%	22.7%	(2.1)%	*
8.65625%	(13.3)%	(15.3)%	(20.0)%	(44.8)%	*
8.75013%	*	*	*	*	*

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

**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>160%</u>	<u>250%</u>	<u>500%</u>
4.65625%	10.9%	11.1%	11.8%	18.9%	74.1%
6.65625%	6.2%	6.4%	7.2%	13.9%	69.0%
8.65625%	1.8%	2.0%	2.7%	8.9%	64.0%
8.75013%	1.6%	1.8%	2.4%	8.7%	63.8%

**Sensitivity of the SL 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>160%</u>	<u>250%</u>	<u>500%</u>
4.65625%	9.1%	9.4%	10.5%	21.1%	106.6%
6.65625%	4.2%	4.5%	5.5%	15.4%	100.6%
7.50000%	2.2%	2.5%	3.5%	13.0%	98.0%

The Principal Only Classes. The EB, EA and EC Classes will not bear interest. As indicated in the tables below, a low rate of principal payments (including prepayments) on the related Mortgage Loans will have a negative effect on the yields to investors in the EB, EA and EC Classes.

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

<u>Class</u>	<u>Price</u>
EB	59.0%
EA	59.0%
EC	59.0%

Sensitivity of the EB Class to Prepayments

	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>160%</u>	<u>250%</u>	<u>500%</u>
Pre-Tax Yields to Maturity	2.8%	3.2%	4.5%	17.8%	137.4%

Sensitivity of the EA Class to Prepayments

	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>160%</u>	<u>250%</u>	<u>500%</u>
Pre-Tax Yields to Maturity	2.8%	3.2%	4.5%	17.8%	137.4%

Sensitivity of the EC Class to Prepayments

	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>160%</u>	<u>250%</u>	<u>500%</u>
Pre-Tax Yields to Maturity	2.8%	3.2%	4.5%	17.8%	137.4%

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

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

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

- the timing of changes in the rate of principal payments,
- the priority sequence of payments of principal of the Group 1 Classes, and
- the priority sequences affecting distributions on the related Underlying REMIC Certificates.

See “Distributions of Principal” in this Prospectus Supplement and “Description of the Certificates—Distributions of Principal” in the Underlying REMIC Disclosure Documents.

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

Decrement Tables

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

<u>Mortgage Loans Relating to Trust Assets Specified Below</u>	<u>Original Terms to Maturity</u>	<u>Remaining Terms to Maturity</u>	<u>Interest Rates</u>
Group 1 Underlying RCR Certificate	360 months	356 months	11.00%
Group 2 Underlying REMIC Certificates	360 months	343 months	8.50%
Group 3 Underlying REMIC Certificates	360 months	(1)	9.00%
Group 4 Underlying REMIC Certificates	360 months	272 months	9.50%

(1) With respect to the Group 3 Underlying REMIC Certificates, we assumed that the Mortgage Loans backing the REMIC trusts specified below have the following remaining terms to maturity:

	<u>Remaining Terms to Maturity</u>
REMIC Trust 1994-27	280 months
REMIC Trust 1994-56	281 months

It is likely

- that all of the underlying Mortgage Loans will have the interest rates, CAGEs or remaining terms to maturity assumed or
- that the underlying Mortgage Loans will prepay at any *constant* PSA level.

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

Percent of Original Principal Balances Outstanding

Date	F Class						FA Class						FB and FC Classes				
	PSA Prepayment Assumption						PSA Prepayment Assumption						PSA Prepayment Assumption				
	0%	100%	250%	348%	500%	600%	0%	100%	250%	348%	500%	600%	0%	100%	145%	250%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
October 2001	100	96	95	95	95	95	100	100	100	100	100	100	100	100	100	66	0
October 2002	98	82	75	75	75	75	100	100	100	100	100	100	100	100	100	35	0
October 2003	97	66	56	56	51	32	100	100	100	100	100	100	100	100	100	13	0
October 2004	95	52	37	37	20	2	100	100	100	100	100	100	100	100	100	5	0
October 2005	94	39	21	21	0	0	100	100	100	100	97	66	100	100	100	1	0
October 2006	92	26	5	5	0	0	100	100	100	100	67	42	100	100	100	0	0
October 2007	89	14	0	0	0	0	100	100	82	82	46	26	100	100	100	0	0
October 2008	87	3	0	0	0	0	100	100	61	61	32	17	100	100	100	0	0
October 2009	84	0	0	0	0	0	100	85	45	45	22	10	100	100	100	0	0
October 2010	81	0	0	0	0	0	100	64	33	33	15	7	100	100	100	0	0
October 2011	78	0	0	0	0	0	100	45	25	25	10	4	100	100	100	0	0
October 2012	74	0	0	0	0	0	100	27	18	18	7	3	100	100	98	0	0
October 2013	70	0	0	0	0	0	100	13	13	13	5	2	100	100	94	0	0
October 2014	65	0	0	0	0	0	100	9	9	9	3	1	100	100	89	0	0
October 2015	60	0	0	0	0	0	100	6	6	6	2	1	100	100	80	0	0
October 2016	54	0	0	0	0	0	100	4	4	4	1	*	100	100	71	0	0
October 2017	47	0	0	0	0	0	100	3	3	3	1	*	100	100	62	0	0
October 2018	40	0	0	0	0	0	100	2	2	2	1	*	100	98	54	0	0
October 2019	32	0	0	0	0	0	100	1	1	1	*	*	100	92	46	0	0
October 2020	22	0	0	0	0	0	100	*	*	*	*	*	100	79	39	0	0
October 2021	12	0	0	0	0	0	100	0	0	0	*	*	100	67	32	0	0
October 2022	1	0	0	0	0	0	100	0	0	0	*	*	100	55	26	0	0
October 2023	0	0	0	0	0	0	77	0	0	0	*	*	100	43	20	0	0
October 2024	0	0	0	0	0	0	48	0	0	0	*	*	100	32	14	0	0
October 2025	0	0	0	0	0	0	17	0	0	0	*	*	100	21	9	0	0
October 2026	0	0	0	0	0	0	0	0	0	0	*	*	100	12	5	0	0
October 2027	0	0	0	0	0	0	0	0	0	0	*	*	93	3	1	0	0
October 2028	0	0	0	0	0	0	0	0	0	0	*	*	37	*	*	0	0
October 2029	0	0	0	0	0	0	0	0	0	0	*	*	0	0	0	0	0
October 2030	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	15.2	4.3	3.4	3.4	3.0	2.6	23.9	11.1	9.6	9.6	7.6	6.3	27.8	22.5	18.9	1.7	0.4

Date	S Class					EB, EA, SJ†, SK†, SM, SN, EC, SI†, SA and SL Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	154%	250%	500%	0%	100%	160%	250%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100
October 2001	100	100	100	73	30	100	100	100	78	7
October 2002	100	100	100	57	0	100	100	100	61	0
October 2003	100	100	98	56	0	100	100	100	48	0
October 2004	100	100	92	49	0	100	100	100	38	0
October 2005	100	100	86	38	0	100	100	98	29	0
October 2006	100	100	78	28	0	100	100	92	22	0
October 2007	100	100	70	21	0	100	100	86	17	0
October 2008	100	100	62	15	0	100	100	79	13	0
October 2009	100	100	56	10	0	100	100	72	9	0
October 2010	99	99	56	7	0	100	100	64	6	0
October 2011	99	99	56	4	0	100	100	57	4	0
October 2012	99	87	56	2	0	100	100	50	3	0
October 2013	99	76	51	*	0	100	92	43	1	0
October 2014	99	63	43	0	0	100	80	36	*	0
October 2015	99	56	36	0	0	100	69	29	0	0
October 2016	99	56	29	0	0	100	57	23	0	0
October 2017	99	53	23	0	0	100	45	18	0	0
October 2018	99	41	17	0	0	100	33	12	0	0
October 2019	98	30	11	0	0	100	21	7	0	0
October 2020	98	18	6	0	0	100	10	3	0	0
October 2021	88	7	1	0	0	79	1	0	0	0
October 2022	56	0	0	0	0	33	0	0	0	0
October 2023	16	0	0	0	0	0	0	0	0	0
October 2024	0	0	0	0	0	0	0	0	0	0
October 2025	0	0	0	0	0	0	0	0	0	0
October 2026	0	0	0	0	0	0	0	0	0	0
October 2027	0	0	0	0	0	0	0	0	0	0
October 2028	0	0	0	0	0	0	0	0	0	0
October 2029	0	0	0	0	0	0	0	0	0	0
October 2030	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	22.0	16.4	11.8	4.1	0.7	21.6	16.6	12.2	3.8	0.6

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

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

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

Characteristics of the R and RL Classes

The R and RL Classes will not have principal balances and will not bear interest. If any assets of the Trust remain after the principal balances of all Classes are reduced to zero, we will pay the Holder of the R Class the proceeds from those assets. If any assets of the Lower Tier REMIC remain after the principal balances of the Lower Tier Regular Interests are reduced to zero, we will pay the proceeds of those assets to the Holder of the RL Class. Fannie Mae does not expect that any material assets will remain in either case.

The R and RL Classes will be subject to certain transfer restrictions. We will not permit transfer of record or beneficial ownership of an R or RL Certificate to a “disqualified organization.” In addition, we will not permit transfer of record or beneficial ownership of an R or RL Certificate to any person that is not a “U.S. Person” without our written consent. Any transferee of an R or RL Certificate must execute and deliver an affidavit and an Internal Revenue Service Form W-9 on which the transferee provides its taxpayer identification number. See “Description of Certificates—Special Characteristics of Residual Certificates” and “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Residual Certificates*” in the REMIC Prospectus. 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” to a U.S. Person will be disregarded for all federal tax purposes unless no significant purpose of the transfer is to impede the assessment or collection of tax. The R 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 Holder of the R Class will be considered to be the holder of the “residual interest” in the REMIC constituted by the Trust, and the Holder of the RL Class will be considered to be the holder of the “residual interest” in the REMIC constituted by the Lower Tier REMIC. See “Certain Federal Income Tax Consequences” in the REMIC Prospectus. Pursuant to the Trust Agreement, we will be obligated to provide to these Holders (i) information necessary to enable them to prepare their federal income tax returns and (ii) any reports regarding the R or RL Class that may be required under the Code.

CERTAIN ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES

The Certificates and payments on the Certificates are not generally exempt from taxation. Therefore, you should consider the tax consequences of holding a Certificate before you acquire one. The following tax discussion supplements the discussion under the caption “Certain Federal Income Tax Consequences” in the REMIC Prospectus. When read together, the two discussions describe the current federal income tax treatment of beneficial owners of Certificates. These two tax discussions do

not purport to deal with all federal tax consequences applicable to all categories of beneficial owners, some of which may be subject to special rules. In addition, these discussions may not apply to your particular circumstances for one of the reasons explained in the REMIC Prospectus. You should consult your own tax advisors regarding the federal income tax consequences of holding and disposing of Certificates as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

REMIC Elections and Special Tax Attributes

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

Because the Lower Tier REMIC and the Trust will qualify as REMICs, the REMIC Certificates and any related RCR Certificates generally will be treated as “regular or residual interests in a REMIC” for domestic building and loan associations, as “real estate assets” for real estate investment trusts, and, except for the R and RL Classes, as “qualified mortgages” for other REMICs. See “Certain Federal Income Tax Consequences—*REMIC Election and Special Tax Attributes*” in the REMIC Prospectus.

Taxation of Beneficial Owners of Regular Certificates

The Notional Classes, the Principal Only Classes and the S and FC Classes will be issued with original issue discount (“OID”), and certain other Classes of REMIC Certificates may be issued with OID. If a Class is issued with OID, a beneficial owner of a Certificate of that Class generally must recognize some taxable income in advance of the receipt on the cash attributable to that income. See “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Regular Certificates—Treatment of Original Issue Discount*” in the REMIC Prospectus. In addition, certain Classes of REMIC Certificates may be treated as having been issued at a premium. See “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Regular Certificates—Regular Certificates Purchased at a Premium*” in the REMIC Prospectus.

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

<u>Certificate Group</u>	<u>PSA Prepayment Assumption</u>
1	348%
2	145%
3	154%
4	160%

See “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Regular Certificates—Treatment of Original Issue Discount—Daily Portions of Original Issue Discount*” in the REMIC Prospectus. No representation is made as to whether the Mortgage Loans underlying the MBS will prepay at any of those rates or any other rate. See “Description of the Certificates—Weighted Average Lives of the Certificates” in this prospectus supplement and “Description of Certificates—Weighted Average Life and Final Distribution Date” in the REMIC Prospectus.

Taxation of Beneficial Owners of Residual Certificates

For purposes of determining the portion of the taxable income of the Trust (or the Lower Tier REMIC) that generally will not be treated as excess inclusions, the rate to be used is 6.98% (which is 120% of the “federal long-term rate”). See “Certain Federal Income Tax Consequences—*Taxation of*

Beneficial Owners of Residual Certificates—Treatment of Excess Inclusions” and “—Foreign Investors—Residual Certificates” in the REMIC Prospectus.

Taxation of Beneficial Owners of RCR Certificates

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

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

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

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

PLAN OF DISTRIBUTION

We are obligated to deliver the Certificates to Bear, Stearns & Co. Inc. (the “Dealer”) in exchange for the Underlying REMIC Certificates. 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.

LEGAL MATTERS

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

Underlying REMIC Certificates

Underlying REMIC	Class	Date of Issue	CUSIP Number	Interest Rate	Interest Type (1)	Final Distribution Date	Principal Type (1)	Original Principal or Notional Balance of Class	October 2000 Class Factor	Principal or Notional Balance in the Lower Tier REMIC WAC Issue Date	Approximate Weighted Average WAC (in months)	Approximate Weighted Average CAGE (in months)	Underlying Security Type	Class Group	
2000-23	PF	June 2000	31359X7E3	(2)	FLT	July 2030	PAC	\$157,189,000	1.000000000	\$157,189,000.00	9.000%	349	10	MBS	1
1999-25	FC	May 1999	31359VV59	(2)	FLT	June 2029	SUP	35,924,000	0.987754550	4,938,772.75	6.698	322	31	MBS	2
1999-25	FG	May 1999	31359VX57	(2)	FLT	June 2029	SUP	33,428,250	0.987333880	3,949,335.52	6.746	329	25	MBS	2
1996-15	J	April 1996	31359L5X9	(3)	PO	February 2024	SC/PT	15,857,582	0.998409640	15,832,362.74	7.080	264	81	MBS	3
1996-15	JM	April 1996	31359L5Y7	(2)	INV/IO	February 2024	NTL	34,357,490	0.998409640	34,302,849.22	7.080	264	81	MBS	3
1996-69	PH	December 1996	31359NGG0	(3)	PO	June 2023	SC/PT	31,006,288	0.472847020	14,661,230.88	7.528	253	90	MBS	4
1996-69	SH	December 1996	31359NGH8	(2)	INV/IO	June 2023	NTL	31,006,288	0.472847020	14,661,230.88	7.528	253	90	MBS	4

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

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

(3) These Classes are Principal Only Classes and bear no interest.

Available Recombinations (1)

REMIC Certificates		RCR Certificates						
Classes	Original Principal or Notional Principal Balance	RCR Classes	Original Principal Balance	Interest Rate	Interest Type (2)	Principal Type (2)	CUSIP Number	Final Distribution Date
Recombination 1								
SJ	\$11,257,501 (3)	SM	\$11,257,501	(4)	INV	SC/PT	31358STQ4	June 2023
EA	11,257,501							
Recombination 2								
SK	3,403,729 (3)	SN	3,403,729	(4)	INV	SC/PT	31358STR2	June 2023
EB	3,403,729							
Recombination 3								
EA	11,257,501	EC	14,661,230	(5)	PO	SC/PT	31358STS0	June 2023
EB	3,403,729							
Recombination 4								
SJ	11,257,501 (3)	SI	14,661,230 (3)	(4)	INV/IO	NTL	31358STT8	June 2023
SK	3,403,729 (3)							
Recombination 5								
SJ	11,257,501 (3)	SA	14,661,230	(4)	INV	SC/PT	31358STU5	June 2023
SK	3,403,729 (3)							
EA	11,257,501							
EB	3,403,729							
Recombination 6								
EA	11,257,501	SL	14,661,230	(4)	INV	SC/PT	31358STV3	June 2023
EB	3,403,729							
SJ	11,257,501 (3)							

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

(2) See “Description of Certificates—Class Definitions and Abbreviations” in the REMIC Prospectus and “Description of the Certificates—Distributions of Interest” and “—Distributions of Principal”.

(3) Notional Principal Balance.

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

(5) Principal Only Class.

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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\$196,570,700



**Guaranteed REMIC
Pass-Through Certificates
Fannie Mae REMIC Trust 2000-40**

PROSPECTUS SUPPLEMENT

Bear, Stearns & Co. Inc.

October 3, 2000
