

**\$563,716,596**



**FannieMae®**

**Guaranteed REMIC Pass-Through Certificates  
Fannie Mae REMIC Trust 2002-65**

**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

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

The mortgage loans underlying the Fannie Mae MBS and 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
HA.....	1	\$100,000,000	SEQ	5.00%	FIX	31392EF21	January 2012
HB.....	1	40,000,000	SEQ	4.75	FIX	31392EF39	June 2014
HI.....	1	2,000,000(1)	NTL	5.00	FIX/IO	31392EF47	June 2014
HC.....	1	70,000,000	SEQ	5.00	FIX	31392EF54	October 2017
FA.....	2	102,000,000	PT	(2)	FLT	31392EF62	October 2017
SA.....	2	102,000,000(1)	NTL	(2)	INV/IO	31392EF70	October 2017
FB.....	3	30,000,000	PT	(2)	FLT	31392EF88	July 2032
SB.....	3	30,000,000(1)	NTL	(2)	INV/IO	31392EF96	July 2032
TP.....	4	92,450,484	SC/PAC	7.00	FIX	31392EG20	March 2031
TA.....	4	104,790,701	SC/SUP	(3)	ARB	31392EG38	March 2031
TS.....	4	104,790,701(1)	NTL	(4)	DRB/IO	31392EG46	March 2031
FC.....	5	24,475,411	PT	(2)	FLT	31392EG53	June 2026
SC.....	5	24,475,411(1)	NTL	(2)	INV/IO	31392EG61	June 2026
R.....		0	NPR	0	NPR	31392EG79	July 2032
RL.....		0	NPR	0	NPR	31392EG87	July 2032

- (1) Notional balances. These classes are interest only classes.
- (2) Based on LIBOR.
- (3) The TA Class will bear interest during the first 12 interest accrual periods at the annual rate of 3.5%. For the 13th through the 24th interest accrual periods, the TA Class will bear interest at the annual rate of 5.0%. Thereafter, the TA Class will bear interest at the annual rate of 7.0%.
- (4) The TS Class will bear interest during the first 12 interest accrual periods at the annual rate of 3.5%. For the 13th through the 24th interest accrual periods, the TS Class will bear interest at the annual rate of 2.0%. Thereafter, the TS Class will bear no interest.

The dealer will offer the certificates from time to time in negotiated transactions at varying prices. We expect the settlement date to be September 30, 2002.

**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.

**Salomon Smith Barney**

The date of this Prospectus Supplement is August 15, 2002.

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## AVAILABLE INFORMATION

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

- our Prospectus for Fannie Mae Guaranteed REMIC Pass-Through Certificates dated May 1, 2002 (the “REMIC Prospectus”);
- our Prospectus for Fannie Mae Guaranteed Mortgage Pass-Through Certificates (Single-Family Residential Mortgage Loans) dated May 1, 2002 (the “MBS Prospectus”);
- our Information Statement dated April 1, 2002 and its supplements (the “Information Statement”);
- if you are purchasing any Group 3 or Group 5 Class or the R or RL Class, our Prospectus for Fannie Mae Stripped Mortgage-Backed Securities dated May 1, 2002 (the “SMBS Prospectus”); and
- if you are purchasing any Group 4 Class or the R or RL Class, the disclosure documents relating to the applicable underlying REMIC and RCR certificates (the “Underlying REMIC Disclosure Documents”).

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

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

In addition, the Disclosure Documents, together with the class factors, are available on our corporate web site at [www.fanniemae.com](http://www.fanniemae.com) and our business to business web site at [www.efanniemae.com](http://www.efanniemae.com).

You also can obtain copies of the Disclosure Documents, except the Underlying REMIC Disclosure Documents, by writing or calling the dealer at:

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

## REFERENCE SHEET

This reference sheet is not a summary of the transaction and does not contain complete information about the certificates. You should purchase the certificates only after reading this prospectus supplement and each of the additional disclosure documents listed on page S-3.

### Assets Underlying Each Group of Classes

<u>Group</u>	<u>Assets</u>
1	Group 1 MBS
2	Group 2 MBS
3	Group 3 SMBS
4	Class 2001-59-B RCR Certificate Class 2002-50-SC RCR Certificate Class 2002-50-FH REMIC Certificate Class 2002-50-LC RCR Certificate Class 2002-50-LE RCR Certificate
5	Group 5 SMBS

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

	<u>Approximate Principal Balance</u>	<u>Original Term to Maturity (in months)</u>	<u>Approximate Weighted Average Remaining Term to Maturity (in months)</u>	<u>Approximate Weighted Average Loan Age (in months)</u>	<u>Approximate Weighted Average Coupon</u>
Group 1 MBS	\$210,000,000	180	168	10	5.620%
Group 2 MBS	\$102,000,000	180	60	118	7.960%
Group 3 SMBS*	\$ 30,000,000	360	354	6	6.574%
Group 5 SMBS**	\$ 24,475,411	360	269	76	8.033%

\* The Group 3 SMBS will represent ownership of (i) interest payments at a pass-through rate of 6.0% on an initial notional principal amount of \$45,000,000 and (ii) principal payments on an initial principal amount of \$30,000,000 of MBS. See “Description of the Certificates—The SMBS—Group 3 SMBS” in this prospectus supplement.

\*\* The Group 5 SMBS will represent ownership of (i) interest payments at a pass-through rate of 7.5% on an initial notional principal amount of \$26,107,106 and (ii) principal payments on an initial principal amount of \$24,475,411 of MBS. See “Description of the Certificates—The SMBS—Group 5 SMBS” in this prospectus supplement.

The actual remaining terms to maturity, weighted average loan ages, interest rates of most of the mortgage loans will differ from the weighted averages shown above, perhaps significantly.

### Characteristics of the Underlying REMIC and RCR Certificates

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

### Class Factors

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

## Settlement Date

We expect to issue the certificates on September 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, which will electronically track ownership of the certificates and payments on them. We will issue physical certificates in registered, certificated form.

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

<u>Fed Book-Entry</u>	<u>Physical</u>
All classes of certificates other than R and RL Classes	R and RL Classes

## Interest Rates

During each interest accrual period, the fixed rate classes, ascending rate class and descending rate class will bear interest at the applicable annual interest rates listed or described on the cover of this prospectus supplement.

During the initial interest accrual period, the floating rate and inverse floating rate classes will bear interest at the initial interest rates listed below. During subsequent interest accrual periods, the floating rate and inverse floating rate classes will bear interest based on the formulas indicated below, but always subject to the specified maximum and minimum interest rates:

<u>Class</u>	<u>Initial Interest Rate</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate (1)</u>
FA .....	2.08%	7.50%	0.30%	LIBOR + 30 basis points
SA .....	5.42%	7.20%	0.00%	7.2% - LIBOR
FB .....	2.79%	9.00%	1.00%	LIBOR + 100 basis points
SB .....	6.21%	8.00%	0.00%	8.0% - LIBOR
FC .....	2.19%	8.00%	0.40%	LIBOR + 40 basis points
SC .....	5.81%	7.60%	0.00%	7.6% - LIBOR

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

## 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>	
HI .....	5% of the HB Class
SA .....	100% of the FA Class
SB .....	100% of the FB Class
TS .....	100% of the TA Class
SC .....	100% of the FC Class

## Distributions of Principal

### *Group 1 Principal Distribution Amount*

To the HA, HB and HC Classes, in that order, to zero.

### *Group 2 Principal Distribution Amount*

To the FA Class to zero.

### *Group 3 Principal Distribution Amount*

To the FB Class to zero.

### *Group 4 Principal Distribution Amount*

1. To the TP Class to its Planned Balance.
2. To the TA Class to zero.
3. to the TP Class to zero.

### *Group 5 Principal Distribution Amount*

To the FC Class to zero.

## Weighted Average Lives (years) \*

<u>Group 1 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>205%</u>	<u>300%</u>	<u>500%</u>
HA .....	5.1	2.7	1.9	1.6	1.1
HB and HI .....	10.4	6.7	4.8	3.8	2.6
HC .....	13.4	10.8	9.0	7.6	5.4
<u>Group 2 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>200%</u>	<u>500%</u>	<u>700%</u>	<u>900%</u>
FA and SA .....	9.3	2.2	1.6	1.3	1.0
<u>Group 3 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>100%</u>	<u>183%</u>	<u>300%</u>	<u>500%</u>
FB and SB .....	20.6	11.1	7.8	5.3	3.5
<u>Group 4 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>200%</u>	<u>700%</u>	<u>775%</u>	<u>1200%</u>
TP .....	12.4	2.2	2.2	2.1	1.4
TA and TS .....	23.5	8.5	1.4	1.1	0.5
<u>Group 5 Classes</u>	<u>PSA Prepayment Assumption</u>				
	<u>0%</u>	<u>200%</u>	<u>645%</u>	<u>900%</u>	<u>1200%</u>
FC and SC .....	16.2	6.1	2.0	1.3	0.8

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

## ADDITIONAL RISK FACTORS

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

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

*Payments on the Group 4 Classes also will be affected by the payment priorities governing Group 4 Underlying REMIC Certificates.* If you invest in any Group 4 Class, the rate at which you receive payments also will be affected by the priority sequence governing principal payments on the related underlying REMIC and RCR certificates.

You may obtain additional information about the Group 4 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.

*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 pre-

mium, you could lose money on your investment if prepayments occur at a rapid rate.

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

*Weighted average lives and yields on the certificates are affected by actual characteristics of the underlying mortgage loans.* We have assumed that the mortgage loans underlying the Trust MBS and the SMBS have certain characteristics. However, the actual mortgage loans probably will have different characteristics from those we assumed. As a result, your yields could be lower than you expect, even if the mortgage loans prepay at the indicated constant prepayment rates. In addition, slight differences between the assumed mortgage loan characteristics and the actual mortgage loans could affect the weighted average lives of the classes of certificates.

*Level of floating rate index affects yields on certain certificates.* The yield on any floating rate or inverse floating rate certificate will be affected by the level of its interest rate index. If the level of the index differs from the level you expect, then your actual yield may be lower than you expect.

*Delay classes have lower yields and market values.* Since certain classes do not receive interest immediately following each interest accrual period, these classes have lower yields and lower market values than they would if there were no such delay.

*Reinvestment of certificate payments may not achieve same yields as certificates.* The rate of principal payments of the certificates is uncertain. You may be unable to reinvest the payments on the certificates at the same yields provided by the certificates.

*Unpredictable timing of last payment affects yields on certificates.* The actual final pay-



ment of your class is likely to occur earlier, and could occur much earlier, than the final distribution date listed on the cover page of this prospectus supplement. If you assume that the actual final payment will occur on the final distribution date specified, your yield could be lower than you expect.

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

*Uncertain market for the certificates could make them difficult to sell and cause their values*

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

## DESCRIPTION OF THE CERTIFICATES

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

### General

*Structure.* We will create the Fannie Mae REMIC Trust specified on the cover of this prospectus supplement (the “Trust”) and a separate trust (the “Lower Tier REMIC”) pursuant to a trust agreement (the “Trust Agreement”) dated as of September 1, 2002 (the “Issue Date”). We will issue the Guaranteed REMIC Pass-Through Certificates (the “Certificates”) pursuant to the Trust Agreement. We will execute the Trust Agreement in our corporate capacity and as trustee (the “Trustee”).

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

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

The assets of the Lower Tier REMIC will consist of

- two groups of Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the “Group 1 MBS” and “Group 2 MBS” and, together, the “Trust MBS”), and
- two groups of Fannie Mae Stripped Mortgage-Backed Securities (the “Group 3 SMBS” and “Group 5 SMBS” and, together, the “SMBS”), and



- certain previously issued REMIC and RCR Certificates (the “Group 4 Underlying REMIC Certificates” or 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 (together with the Trust MBS and the Fannie Mae Guaranteed Mortgage Pass-Through Certificates underlying the SMBS, the “MBS”).

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

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

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

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

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

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

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

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

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

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

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

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

*Class Factors.* On or shortly after the eleventh calendar day of each month, we will publish a factor (carried to eight decimal places) for each Class of Certificates. When the applicable class 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.

*No Optional Termination.* We have no option to effect an early termination of the Lower Tier REMIC or the Trust. 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 SMBS and the Underlying REMIC Certificates.* Holders of the SMBS and the Underlying REMIC Certificates may be asked to vote on issues arising under the related trust indenture or trust agreement, as applicable. If so, the Trustee will vote the related SMBS or Underlying REMIC Certificates, as applicable, as instructed by Holders of Certificates of the Classes backed by the related SMBS or Underlying REMIC Certificates. The Trustee must receive instructions from Holders of Certificates having principal balances totaling at least 51% of the aggregate principal balance of the related Classes. In the absence of such instructions, the Trustee will vote in a manner consistent, in its sole judgment, with the best interests of Certificateholders.

## The Trust MBS

The following table contains certain information about the Trust MBS. The Trust MBS included in each specified Group will have the aggregate unpaid principal balance and Pass-Through Rate shown below and the general characteristics described in the MBS Prospectus. The Trust MBS provides that principal and interest on the related Mortgage Loans are passed through monthly. The Mortgage Loans underlying the Trust MBS are conventional fixed rate, fully amortizing mortgage loans secured by first mortgages or deeds of trust on single-family residential properties. These Mortgage Loans have original maturities of up to 15 years. See “Mortgage Loan Pools” and “Yield Considerations, Maturity and Prepayment Assumptions” in the MBS Prospectus. We expect the characteristics of the Trust MBS and the related Mortgage Loans as of the Issue Date to be as follows:

### Group 1 MBS

Aggregate Unpaid Principal Balance .....	\$210,000,000
MBS Pass-Through Rate .....	5.00%
Range of WACs (annual percentages) .....	5.25% to 7.50%
Range of WAMs .....	121 months to 180 months
Approximate Weighted Average WAM .....	168 months
Approximate Weighted Average WALA (weighted average loan age) .....	10 months

### Group 2 MBS

Aggregate Unpaid Principal Balance .....	\$102,000,000
MBS Pass-Through Rate .....	7.50%
Range of WACs (annual percentages) .....	7.75% to 10.00%
Approximate Weighted Average WAM .....	60 months
Approximate Weighted Average WALA .....	118 months

## The SMBS

### *General*

The general characteristics of the SMBS are described in the SMBS Prospectus. The SMBS provide that certain payments on the related MBS are passed through monthly. The general characteristics of the MBS are described in the MBS Prospectus. Each MBS evidences beneficial ownership interests in a pool of conventional fixed rate, fully amortizing mortgage loans secured by first mortgages or deed of trust on single-family residential properties, as described under “Mortgage Loan Pools” and “Yield Considerations, Maturity and Prepayment Assumptions” in the MBS Prospectus.

### *Group 3 SMBS*

The Group 3 SMBS represent ownership of:

- interest payments at a pass-through rate of 6.0% on an initial notional principal amount of \$45,000,000, and
- principal payments on an initial principal amount of \$30,000,000 of MBS.

We expect the characteristics of the Mortgage Loans underlying the Group 3 SMBS as of the Issue Date to be as follows:

MBS Pass-Through Rate.....	6.00%
Range of WACs (annual percentages) .....	6.25% to 8.50%
Approximate Weighted Average WAM.....	354 months
Approximate Weighted Average WALA.....	6 months

### *Group 5 SMBS*

The Group 5 SMBS represent ownership of:

- interest payments at a pass-through rate of 7.5% on an initial notional principal amount of \$26,107,106, and
- principal payments on an initial principal amount of \$24,475,411 of MBS.

We expect the characteristics of the Mortgage Loans underlying the Group 5 SMBS as of the Issue Date to be as follows:

MBS Pass-Through Rate.....	7.50%
Range of WACs (annual percentages) .....	7.75% to 10.00%
Approximate Weighted Average WAM.....	269 months
Approximate Weighted Average WALA.....	76 months

## The Underlying REMIC Certificates

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

Each MBS evidences beneficial ownership interests in a pool of conventional fixed-rate, fully amortizing 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 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.

## Final Data Statement

After issuing the Certificates, we will prepare a Final Data Statement containing certain information, including the principal balances (or notional principal balances) of the Underlying REMIC Certificates as of the Issue Date and, with respect to the Trust MBS and the 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 each of the Trust MBS and the 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 Trust MBS and the 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>
<b>Group 1 Classes</b>	
Fixed Rate	HA, HB, HI and HC
Interest Only	HI
<b>Group 2 Classes</b>	
Floating Rate	FA
Inverse Floating Rate	SA
Interest Only	SA
<b>Group 3 Classes</b>	
Floating Rate	FB
Inverse Floating Rate	SB
Interest Only	SB
<b>Group 4 Classes</b>	
Fixed Rate	TP
Ascending Rate	TA
Descending Rate	TS
Interest Only	TS
<b>Group 5 Classes</b>	
Floating Rate	FC
Inverse Floating Rate	SC
Interest Only	SC
<b>No Payment Residual</b>	R and RL

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

*General.* We will pay interest on the Certificates at the applicable annual interest rates specified on the cover or described in this prospectus supplement. We calculate interest based on an assumed 360-day year consisting of twelve 30-day months. We pay interest monthly 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.

*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 the TA and TS 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.

*Notional Classes.* The Notional Classes will not have principal balances. During each Interest Accrual Period, the Notional Classes will bear interest on their notional principal balances at their applicable interest rates. The notional principal balances of the Notional Classes will be calculated as specified under "Reference Sheet—Notional Classes" in this prospectus supplement.

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

*Floating Rate and Inverse Floating Rate Classes.* During each Interest Accrual Period, the Floating Rate and Inverse Floating Rate Classes will bear interest at rates determined as described under "Reference Sheet—Interest Rates" in this prospectus supplement.

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

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

## Calculation of LIBOR

On each Index Determination Date, we will calculate LIBOR for the related Interest Accrual Period. We will calculate LIBOR on the basis of the "BBA Method," as described in the REMIC Prospectus under "Description of Certificates—Indexes for Floating Rate Classes and Inverse Floating Rate Classes—*LIBOR*."

If we are unable to calculate LIBOR on the initial Index Determination Date, LIBOR for the following Interest Accrual Period will be equal to 1.78% for the FA and SA Classes and 1.79% for the FB, SB, FC and SC Classes.

## Distributions of Principal

### *Categories of Classes*

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

<u>Principal Type*</u>	<u>Classes</u>
<b>Group 1 Classes</b>	
Sequential Pay	HA, HB and HC
Notional	HI
<b>Group 2 Classes</b>	
Pass-Through	FA
Notional	SA
<b>Group 3 Classes</b>	
Pass-Through	FB
Notional	SB
<b>Group 4 Classes</b>	
Structured Collateral/PAC	TP
Structured Collateral/Support	TA
Notional	TS
<b>Group 5 Classes</b>	
Pass-Through	FC
Notional	SC
<b>No Payment Residual</b>	R and RL

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

### *Principal Distribution Amount*

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

- the principal then paid on the Group 1 MBS (the “Group 1 Principal Distribution Amount”),
- the principal then paid on the Group 2 MBS (the “Group 2 Principal Distribution Amount”),
- the principal then paid on the Group 3 SMBS (the “Group 3 Principal Distribution Amount”),
- the principal then paid on the Group 4 Underlying REMIC Certificates (the “Group 4 Principal Distribution Amount”), and
- the principal then paid on the Group 5 SMBS (the “Group 5 Principal Distribution Amount”).

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

### *Group 1 Principal Distribution Amount*

On each Distribution Date, we will pay the Group 1 Principal Distribution Amount as principal of the HA, HB and HC Classes, in that order, until their principal balances are reduced to zero.

} Sequential Pay  
Classes

### *Group 2 Principal Distribution Amount*

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

} Pass-Through  
Class



### *Group 3 Principal Distribution Amount*

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

### *Group 4 Principal Distribution Amount*

On each Distribution Date, we will pay the Group 4 Principal Distribution Amount as principal of the Group 4 Classes in the following priority:

- (i) to the TP Class, until its principal balance is reduced to its Planned Balance for that Distribution Date; } Structured Collateral / PAC Class
- (ii) to the TA Class, until its principal balance is reduced to zero; and } Structured Collateral / Support Class
- (iii) to the TP Class, without regard to its Planned Balance and until its principal balance is reduced to zero. } Structured Collateral / PAC Class

### *Group 5 Principal Distribution Amount*

On each Distribution Date, we will pay the Group 5 Principal Distribution Amount to the FC Class, until its principal balance is reduced to zero. } Pass-Through Class

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

- the Mortgage Loans underlying the Trust MBS and the SMBS have the original terms to maturity, remaining terms to maturity, WALAs and interest rates specified under “Reference Sheet—Assumed Characteristics of the Mortgage Loans Underlying the Trust MBS and the SMBS” in this prospectus supplement;
- the Mortgage Loans prepay at the constant percentages of PSA specified in the related table;
- the settlement date for the sale of the Certificates is September 30, 2002; and
- each Distribution Date occurs on the 25th day of a month.

*Prepayment Assumptions.* Prepayments of mortgage loans commonly are measured relative to a prepayment standard or model. The model used in this prospectus supplement 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.

*Structuring Range.* The Principal Balance Schedules are found beginning on page B-1 of this prospectus supplement. The Principal Balance Schedules have been prepared on the basis of the



Pricing Assumptions and the assumption that the related Mortgage Loans will prepay at a constant PSA rate within the Structuring Range set forth below.

<u>Principal Balance Schedule Reference</u>	<u>Related Class</u>	<u>Structuring Range</u>
Planned Balances	TP	(1)

(1) The Planned Balances for the TP Class have been structured between 200% and 775% PSA but will have the Initial Effective Range shown below.

**We cannot assure you that the balance of the TP Class will conform on any Distribution Date to the specified balance in the Principal Balance Schedules. As a result, we cannot assure you that payments of principal of the TP Class will begin or end on the Distribution Dates specified in the Principal Balance Schedules.** We will distribute any excess of principal payments over the amount needed to reduce the TP Class to its scheduled balance on a Distribution Date. Accordingly, the ability to reduce the TP Class to its scheduled balance will not be improved by the averaging of high and low principal payments from month to month. In addition, even if the related Mortgage Loans prepay at rates falling within the Structuring Range, principal distributions may be insufficient to reduce the TP Class to its scheduled balance if the prepayments do not occur at a *constant* PSA rate. Moreover, because of the diverse remaining terms to maturity of the related Mortgage Loans, which may include recently originated Mortgage Loans, the TP Class may not be reduced to its scheduled balance, even if prepayments occur at a *constant* rate within the Structuring Range specified above.

*Initial Effective Range.* The Effective Range for the TP Class is the range of prepayment rates (measured by *constant* PSA rates) which would reduce that Class to its scheduled balance on each Distribution Date. The Initial Effective Range shown in the table below is based upon the assumed characteristics of the related Mortgage Loans specified in the Pricing Assumptions.

<u>Class</u>	<u>Initial Effective Range</u>
TP	Between 200% and 765% PSA

The actual Effective Range at any time will be based upon the actual characteristics of the related Mortgage Loans at that time, which are likely to vary (and may vary considerably) from the Pricing Assumptions. The actual Effective Range calculated on the basis of the actual characteristics are likely to differ from the Initial Effective Range. As a result, the TP Class might not be reduced to its scheduled balance even if prepayments were to occur at a *constant* PSA rate within the Initial Effective Range. This is so particularly if the rate were at the lower or higher end of that range. In addition, even if prepayments occur at rates falling within the actual Effective Range, principal distributions may be insufficient to reduce the TP Class to its scheduled balance if such prepayments do not occur at a *constant* PSA rate. It is highly unlikely that the related Mortgage Loans will prepay at any *constant* PSA rate. In general, the actual Effective Range may narrow, widen or shift upward or downward to reflect actual prepayment experience over time. The stability in principal payment of the TP Class will be supported in part by the Support Class. When the Support Class is retired, the TP Class, if still outstanding, may no longer have an Effective Range and will be more sensitive to prepayments.

## Yield Tables

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

- determining the monthly discount rates that, when applied to the assumed streams of cash flows to be paid on the applicable Classes, would cause the discounted present values of the

assumed streams of cash flows to equal the assumed aggregate purchase prices of those Classes, and

- converting the monthly rates to corporate bond equivalent rates.

These calculations do not take into account variations in the interest rates at which you could reinvest distributions on the Certificates. Accordingly, these calculations do not illustrate the return on any investment in the Certificates when reinvestment rates are taken into account.

We cannot assure you that

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

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

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

***The HI and TS Classes.*** The yields to investors in the HI and TS Classes 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 HI and TS Classes would be 0% if prepayments of the related Mortgage Loans were to occur at the constant rates shown in the table below:

<u>Classes</u>	<u>% PSA</u>
HI .....	243%
TS .....	1,102%

**For the HI and TS Classes, if the actual prepayment rate of the related Mortgage Loans were to exceed the level specified for as little as one month while equaling that level for the remaining months, the investors in the HI and TS Classes, as applicable 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 prices of the HI and TS Classes (expressed in each case as a percentage of the original principal balance) are as follows:

<u>Classes</u>	<u>Price*</u>
HI .....	21.375%
TS .....	1.875%

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

### Sensitivity of the HI Class to Prepayments

	PSA Prepayment Assumption				
	50%	100%	205%	300%	500%
Pre-Tax Yields to Maturity . . .	17.4%	14.0%	4.2%	(6.7)%	(31.6)%

### Sensitivity of the TS Class to Prepayments

	PSA Prepayment Assumption				
	50%	200%	700%	775%	1200%
Pre-Tax Yields to Maturity . . .	187.1%	186.5%	99.7%	83.5%	(25.9)%

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

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

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

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

Class	Price
SA .....	7.34375%
SB .....	12.1400%
SC .....	7.7500%

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

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

<b>LIBOR</b>	<b>PSA Prepayment Assumption</b>				
	<b>50%</b>	<b>200%</b>	<b>500%</b>	<b>700%</b>	<b>900%</b>
0.78%.....	67.0%	55.1%	29.2%	9.9%	(11.6)%
1.78%.....	48.9%	37.8%	13.5%	(4.6)%	(24.8)%
3.78%.....	12.1%	2.5%	(18.4)%	(34.0)%	(51.4)%
5.78%.....	(30.9)%	(38.7)%	(55.6)%	(68.1)%	(82.1)%
7.20%.....	*	*	*	*	*

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

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

<b>LIBOR</b>	<b>PSA Prepayment Assumption</b>				
	<b>50%</b>	<b>100%</b>	<b>183%</b>	<b>300%</b>	<b>500%</b>
0.79%.....	62.6%	59.9%	55.4%	49.0%	37.7%
1.79%.....	52.6%	50.0%	45.5%	39.0%	27.5%
3.79%.....	33.3%	30.6%	26.0%	19.3%	7.5%
5.79%.....	14.5%	11.6%	6.9%	(0.1)%	(12.5)%
8.00%.....	*	*	*	*	*

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

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

<b>LIBOR</b>	<b>PSA Prepayment Assumption</b>				
	<b>50%</b>	<b>200%</b>	<b>645%</b>	<b>900%</b>	<b>1200%</b>
0.79% .....	97.6%	84.3%	39.8%	9.5%	(34.1)%
1.79% .....	81.1%	68.4%	26.0%	(2.7)%	(44.0)%
3.79% .....	49.4%	37.9%	(0.1)%	(26.0)%	(63.0)%
5.79% .....	19.1%	8.9%	(25.0)%	(48.0)%	(81.4)%
7.60% .....	*	*	*	*	*

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

**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 1 and Group 4 Classes,
- in the case of the Group 4 Classes, the payment of principal of certain Classes in accordance with the Principal Balance Schedules, and
- in the case of the Group 4 Classes, the priority sequence affecting principal payments on the Underlying REMIC Certificates, and

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

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

### Decrement Tables

The following tables indicate the percentages of original principal balances of the specified Classes that would be outstanding after each date shown at various constant PSA rates and the corresponding weighted average lives of those 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>Group</u>	<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>
1	Group 1 MBS	180 months	180 months	7.50%
2	Group 2 MBS	180 months	180 months	10.00%
3	Group 3 SMBS	360 months	358 months	8.50%
4	Group 4 Underlying REMIC Certificates	360 months	349 months	9.50%
5	Group 5 SMBS	360 months	285 months	10.00%

It is unlikely

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

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

## Percent of Original Principal Balances Outstanding

Date	HA Class					HB and HI† Classes					HC Class					FA and SA† Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	205%	300%	500%	0%	100%	205%	300%	500%	0%	100%	205%	300%	500%	0%	200%	500%	700%	900%
Initial Percent . . . . .	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
September 2003 . . . . .	92	83	76	70	57	100	100	100	100	100	100	100	100	100	100	97	73	58	48	38
September 2004 . . . . .	84	63	46	32	4	100	100	100	100	100	100	100	100	100	100	94	50	32	22	14
September 2005 . . . . .	74	43	19	0	0	100	100	100	99	13	100	100	100	100	100	90	31	15	9	4
September 2006 . . . . .	65	24	0	0	0	100	100	88	34	0	100	100	100	100	70	86	14	6	3	1
September 2007 . . . . .	54	6	0	0	0	100	100	38	0	0	100	100	100	91	45	81	0	0	0	0
September 2008 . . . . .	43	0	0	0	0	100	74	0	0	0	100	100	97	68	29	76	0	0	0	0
September 2009 . . . . .	30	0	0	0	0	100	35	0	0	0	100	100	77	50	18	71	0	0	0	0
September 2010 . . . . .	17	0	0	0	0	100	0	0	0	0	100	99	59	36	11	65	0	0	0	0
September 2011 . . . . .	3	0	0	0	0	100	0	0	0	0	100	80	44	25	7	58	0	0	0	0
September 2012 . . . . .	0	0	0	0	0	68	0	0	0	0	100	62	32	17	4	51	0	0	0	0
September 2013 . . . . .	0	0	0	0	0	26	0	0	0	0	100	45	22	11	2	42	0	0	0	0
September 2014 . . . . .	0	0	0	0	0	0	0	0	0	0	89	29	13	6	1	33	0	0	0	0
September 2015 . . . . .	0	0	0	0	0	0	0	0	0	0	62	14	6	3	*	23	0	0	0	0
September 2016 . . . . .	0	0	0	0	0	0	0	0	0	0	32	0	0	0	0	12	0	0	0	0
September 2017 . . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)** . . . . .	5.1	2.7	1.9	1.6	1.1	10.4	6.7	4.8	3.8	2.6	13.4	10.8	9.0	7.6	5.4	9.3	2.2	1.6	1.3	1.0

Date	FB and SB† Classes					TP Class					TA and TS† Classes					FC and SC† Classes				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	183%	300%	500%	0%	200%	700%	775%	1200%	0%	200%	700%	775%	1200%	0%	200%	645%	900%	1200%
Initial Percent . . . . .	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
September 2003 . . . . .	99	96	94	91	86	98	77	77	77	77	100	100	54	47	8	99	87	60	45	28
September 2004 . . . . .	98	91	85	77	64	96	51	51	51	16	100	100	21	12	0	98	75	36	20	8
September 2005 . . . . .	97	84	74	62	44	93	27	27	27	0	100	99	8	*	0	96	64	22	9	2
September 2006 . . . . .	96	78	65	50	31	91	9	9	8	0	100	97	5	0	0	95	55	13	4	1
September 2007 . . . . .	95	72	57	41	21	88	0	0	0	0	100	89	3	0	0	93	48	8	2	*
September 2008 . . . . .	94	66	50	33	15	85	0	0	0	0	100	74	0	0	0	92	41	5	1	*
September 2009 . . . . .	93	61	44	26	10	81	0	0	0	0	100	62	0	0	0	90	35	3	*	*
September 2010 . . . . .	92	57	38	21	7	78	0	0	0	0	100	50	0	0	0	87	30	2	*	*
September 2011 . . . . .	90	52	33	17	5	73	0	0	0	0	100	40	0	0	0	85	25	1	*	*
September 2012 . . . . .	88	48	29	14	3	69	0	0	0	0	100	32	0	0	0	82	21	1	*	*
September 2013 . . . . .	87	44	25	11	2	64	0	0	0	0	100	24	0	0	0	79	18	*	*	*
September 2014 . . . . .	85	40	22	9	1	59	0	0	0	0	100	17	0	0	0	76	15	*	*	*
September 2015 . . . . .	83	36	19	7	1	53	0	0	0	0	100	11	0	0	0	73	12	*	*	*
September 2016 . . . . .	80	33	16	5	1	46	0	0	0	0	100	5	0	0	0	69	10	*	*	*
September 2017 . . . . .	78	30	14	4	*	39	0	0	0	0	100	0	0	0	0	64	8	*	*	0
September 2018 . . . . .	75	27	12	3	*	32	0	0	0	0	100	0	0	0	0	59	6	*	*	0
September 2019 . . . . .	72	24	10	3	*	23	0	0	0	0	100	0	0	0	0	54	5	*	*	0
September 2020 . . . . .	69	21	8	2	*	14	0	0	0	0	100	0	0	0	0	48	4	*	*	0
September 2021 . . . . .	65	19	7	2	*	4	0	0	0	0	100	0	0	0	0	42	3	*	*	0
September 2022 . . . . .	61	16	6	1	*	0	0	0	0	0	94	0	0	0	0	34	2	*	*	0
September 2023 . . . . .	57	14	5	1	*	0	0	0	0	0	83	0	0	0	0	26	1	*	*	0
September 2024 . . . . .	53	12	4	1	*	0	0	0	0	0	71	0	0	0	0	18	*	*	0	0
September 2025 . . . . .	48	10	3	*	*	0	0	0	0	0	58	0	0	0	0	8	0	0	0	0
September 2026 . . . . .	42	8	2	*	*	0	0	0	0	0	44	0	0	0	0	0	0	0	0	0
September 2027 . . . . .	37	7	2	*	*	0	0	0	0	0	29	0	0	0	0	0	0	0	0	0
September 2028 . . . . .	30	5	1	*	*	0	0	0	0	0	12	0	0	0	0	0	0	0	0	0
September 2029 . . . . .	23	3	1	*	*	0	0	0	0	0	3	0	0	0	0	0	0	0	0	0
September 2030 . . . . .	16	2	*	*	*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September 2031 . . . . .	7	1	*	*	*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September 2032 . . . . .	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)** . . . . .	20.6	11.1	7.8	5.3	3.5	12.4	2.2	2.2	2.1	1.4	23.5	8.5	1.4	1.1	0.5	16.2	6.1	2.0	1.3	0.8

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

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

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



## Characteristics of the R 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.

A Residual Certificate will be subject to certain transfer restrictions. We will not permit transfer of record or beneficial ownership of a Residual Certificate to a “disqualified organization.” In addition, we will not permit transfer of record or beneficial ownership of a Residual 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 a Residual 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 a Residual 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 amended the Regulations to provide additional requirements that a transferor must satisfy to avail itself of the safe harbor regarding the presumed lack of improper knowledge. For transfers occurring on or after August 19, 2002, a transferor of a Residual Certificate is presumed not to have improper knowledge if, in addition to meeting the two conditions discussed in the REMIC Prospectus, both (i) the transferee represents that it will not cause income from the Residual Certificate to be attributed to a foreign permanent establishment or fixed base of the transferee or another taxpayer and (ii) the transfer satisfies either the “asset test” or the “formula test.” The representation described in (i) will be included in the affidavit discussed above. 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.

A transfer satisfies the asset test if (i) 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), (ii) the transferee is an “eligible corporation” and the transferee agrees in writing that any subsequent transfer of the Residual Certificate will be to an eligible corporation and will comply with the safe harbor and satisfy the asset test, and (iii) the facts and circumstances known to the transferor do not reasonably indicate that the



taxes associated with the Residual Certificate will not be paid. A transfer satisfies the formula test 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 Regulations contain additional details regarding their application and you should consult your own tax adviser regarding the application of the Regulations to a 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 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 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 and the TA Class will be issued with original issue discount (“OID”), and certain other Classes of 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 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>Group</u>	<u>Prepayment Assumption</u>
1	205% PSA
2	500% PSA
3	183% PSA
4	700% PSA
5	645% PSA

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

### **Taxation of Beneficial Owners of Residual Certificates**

For purposes of determining the portion of the taxable income of the Trust (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 August 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.

### **PLAN OF DISTRIBUTION**

*General.* We are obligated to deliver the Certificates to Salomon Smith Barney Inc. (the “Dealer”) in exchange for the Trust MBS, the SMBS and 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.

*Increase in Certificates.* Before the Settlement Date, we and the Dealer may agree to offer Group 1, 2, 3 or 5 Classes in addition to those contemplated as of the date of this prospectus supplement. In this event, we will increase the related Trust MBS or SMBS, as applicable, in principal balance, but we expect that all these additional Trust MBS or SMBS, as applicable, will have the same characteristics as described under “Description of the Certificates—The Trust MBS” and “—The SMBS” in this prospectus supplement. The proportion that the original principal balance of each Group 1, 2, 3 or 5 Class bears to the aggregate original principal balance of all Group 1, 2, 3 or 5 Classes, respectively, will remain the same. In addition, the dollar amounts shown in the Principal Balance Schedules will be increased to correspond to the increase of the principal balances of the related Class.

### **LEGAL MATTERS**

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

## Group 4 Underlying REMIC Certificates

Underlying Trust	Class	Date of Issue	CUSIP Number	Interest Rate	Interest Type (1)	Final Distribution Date	Principal Type (1)	Original Principal Balance or Notional Balance of Class	September 2002 Class Factor	Principal Balance or Notional Balance in the REMIC	Approximate Weighted Average WAC	Approximate Weighted Average WALR (in months)	Underlying Security Type	Class Group
2001-059	B	October 2001	313921F94	7.0%	FIX	March 2031	SEQ	\$1,000,000,000	0.59547198	\$40,492,094	7.585%	328	MBS	4
2002-050	SC	July 2002	31392DC67	(2)	INV/IO	December 2029	NTL(3)	485,218,840	0.90339811	48,181,227	7.538	340	MBS	4
2002-050	FH	July 2002	31392DB35	(2)	FLT	December 2029	SC/PT(3)	485,218,840	0.90339811	48,181,227	7.538	340	MBS	4
2002-050	LC	July 2002	31392DC34	6.0	FIX	December 2029	SC/PT(3)	291,906,323	0.90339811	72,271,848	7.538	340	MBS	4
2002-050	LE	July 2002	31392DC59	7.0	FIX	December 2029	SC/PT(3)	486,510,539	0.90339811	36,296,016	7.538	340	MBS	4

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

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

(3) The classes are backed indirectly by other REMIC and RCR certificates that are certificates of Sequential Pay classes of REMIC certificates.

## Principal Balance Schedule

### *TP Class Planned Balances*

<u>Distribution Date</u>	<u>Planned Balance</u>	<u>Distribution Date</u>	<u>Planned Balance</u>	<u>Distribution Date</u>	<u>Planned Balance</u>
Initial Balance .....	\$92,450,484.00	June 2004 .....	\$52,828,270.12	March 2006 .....	\$15,060,333.49
October 2002 .....	90,916,726.38	July 2004 .....	50,828,471.44	April 2006 .....	13,575,739.98
November 2002 .....	89,336,264.83	August 2004 .....	48,849,959.66	May 2006 .....	12,165,373.56
December 2002 .....	87,710,415.03	September 2004 .....	46,892,502.24	June 2006 .....	11,029,341.97
January 2003 .....	86,040,106.66	October 2004 .....	44,955,869.07	July 2006 .....	10,002,147.93
February 2003 .....	84,326,396.78	November 2004 .....	43,039,832.50	August 2006 .....	9,025,473.73
March 2003 .....	82,570,430.68	December 2004 .....	41,144,167.28	September 2006 .....	8,096,695.91
April 2003 .....	80,773,757.86	January 2005 .....	39,268,650.53	October 2006 .....	7,213,326.11
May 2003 .....	78,938,176.66	February 2005 .....	37,413,061.72	November 2006 .....	6,373,004.03
June 2003 .....	77,067,335.07	March 2005 .....	35,577,182.65	December 2006 .....	5,573,490.93
July 2003 .....	75,163,585.12	April 2005 .....	33,760,797.45	January 2007 .....	4,812,663.32
August 2003 .....	73,228,254.48	May 2005 .....	31,963,692.48	February 2007 .....	4,088,507.07
September 2003 .....	71,262,998.54	June 2005 .....	30,185,656.40	March 2007 .....	3,399,111.76
October 2003 .....	69,269,090.68	July 2005 .....	28,426,480.07	April 2007 .....	2,742,665.35
November 2003 .....	67,248,061.01	August 2005 .....	26,685,956.57	May 2007 .....	2,117,449.13
December 2003 .....	65,201,272.66	September 2005 .....	24,963,881.16	June 2007 .....	1,521,832.89
January 2004 .....	63,131,172.48	October 2005 .....	23,260,051.26	July 2007 .....	954,270.40
February 2004 .....	61,044,714.33	November 2005 .....	21,574,266.43	August 2007 .....	413,295.05
March 2004 .....	58,957,750.39	December 2005 .....	19,906,328.34	September 2007 and thereafter .....	0.00
April 2004 .....	56,892,670.78	January 2006 .....	18,256,040.74		
May 2004 .....	54,849,590.72	February 2006 .....	16,623,209.46		

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.

**\$563,716,596**



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

**Fannie Mae REMIC Trust 2002-65**

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**Salomon Smith Barney**

**Prospectus Supplement  
August 15, 2002**