

Supplement
(To Prospectus Supplement dated August 22, 2002)

\$1,204,865,451



Guaranteed Pass-Through Certificates
Fannie Mae Trust 2002-66

This is a supplement to the prospectus supplement dated August 22, 2002 (the "Prospectus Supplement"). If we use a capitalized term in this supplement without defining it, you will find the definition of that term in the Prospectus Supplement.

Notwithstanding anything set forth in the Prospectus Supplement:

- The actual original class balances of the Group 1 and Group 5 Classes of Trust Certificates are as set forth opposite their respective class designations:

<u>Class</u>	<u>Group</u>	<u>Original Class Balance</u>
A1	1	\$626,779,908
X1	1	630,636,898 (1)
P1	1	3,856,990
A3	5	109,219,031

(1) Notional balance. This Class is an Interest Only Class.

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

Carefully consider the risk factors starting on page S-9 of the 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.

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

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

The date of this Supplement is September 27, 2002

\$1,209,925,139 (Approximate)



Guaranteed Pass-Through Certificates Fannie Mae Trust 2002-66

The Certificates

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

Payments to Certificateholders

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

- interest accrued on the balance of your certificate (except in the case of the accrual class), and
- principal to the extent available for payment on your class.

We may pay principal in amounts 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
- two groups of single-family mortgage loans insured by the FHA or partially guaranteed by the VA, one group bearing fixed rates of interest and the other group bearing adjustable rates of interest, and each having the characteristics described in this prospectus supplement.

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

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 AB, AL, AH, AK, AI, FD, FG and SG Classes are the RCR classes, as further described in this prospectus supplement.

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

Class	Group	Original Class Balance(1)	Principal Type	Interest Rate	Interest Type	CUSIP Number	Final Distribution Date
A1	1	\$628,646,688	PT	6.5%	FIX	31392ET83	(2)
X1	1	633,787,528 (3)	NTL	(4)	WAC/IO	31392ET91	(2)
P1	1	5,140,840	PT	(5)	PO	31392EU24	(2)
AE(6) ..	2	127,483,000	SEQ	5.0	FIX	31392EU32	May 2030
AG(6) ..	2	7,493,000	SEQ	5.0	FIX	31392EU40	December 2030
IB(6) ...	2	681,181 (3)	NTL	5.5	FIX/IO	31392EU57	December 2030
NI(6) ...	2	11,589,363 (3)	NTL	5.5	FIX/IO	31392EU65	May 2030
VL	2	8,624,000	SEQ/AD	5.5	FIX	31392EU73	September 2013
VM	2	4,806,000	SEQ/AD	5.5	FIX	31392EU81	October 2017
ZM	2	10,594,000	SEQ	5.5	FIX/Z	31392EU99	October 2032
FC(6) ...	3	149,013,577	PT	(7)	FLT	31392EV23	September 2032
GS(6) ..	3	149,013,577 (3)	NTL	(7)	INV/IO	31392EV31	September 2032
MS(6) ..	3	149,013,577 (3)	NTL	(7)	INV/IO	31392EV49	September 2032
NS(6) ..	3	149,013,577 (3)	NTL	(7)	INV/IO	31392EV56	September 2032
SC(6) ...	3	149,013,577 (3)	NTL	(7)	INV/IO	31392EV64	September 2032
A2	4	155,940,460	PT	6.5	FIX	31392EW89	August 2032
X2	4	156,995,945 (3)	NTL	(4)	WAC/IO	31392EW97	August 2032
P2	4	1,055,485	PT	(5)	PO	31392EX21	July 2032
A3	5	111,128,089	PT	(4)	WAC	31392EX39	(8)
R	2	0	NPR	0	NPR	31392EX47	October 2032
RL	2	0	NPR	0	NPR	31392EX54	October 2032
RS	3	0	NPR	0	NPR	31392EX62	October 2032
RD	4	0	NPR	0	NPR	31392EX96	October 2032

- (1) Approximate. May vary by plus or minus 5%.
- (2) The assumed maturity date for each of the A1, X1 and P1 Classes is February 2029. However, we will **not** guarantee payment in full of the principal balances of the A1, X1 and P1 Classes on their assumed maturity dates. We will guarantee payment in full of the principal balances of the Group 1 Classes on their Final Distribution Date of August 2042.
- (3) Notional balances. These classes are interest only classes.

- (4) These classes will bear interest as described in this prospectus supplement.
- (5) Principal only classes.
- (6) Exchangeable classes.
- (7) Based on LIBOR.
- (8) The assumed maturity date for the A3 Class is September 2027. However, we will **not** guarantee payment in full of the principal balance of the A3 Class on its assumed maturity date. We will guarantee payment in full of the principal balance of the A3 Class on its Final Distribution Date of April 2042.

Carefully consider the risk factors starting on page S-9 of this prospectus supplement and on page 10 of the REMIC prospectus. Unless you understand and are able to tolerate these risks, you should not invest in the certificates.

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

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

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

Bear, Stearns & Co. Inc.

August 22, 2002

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AVAILABLE INFORMATION

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

- our Information Statement dated April 1, 2002 and its supplements (the “Information Statement”);
- if you are purchasing any Group 2, Group 3 or Group 4 Class or the R, RL, RS or RD Class, our Prospectus for Fannie Mae Guaranteed REMIC Pass-Through Certificates dated May 1, 2002 (the “REMIC Prospectus”);
- if you are purchasing any Group 2, Group 3 or Group 4 Class or the R, RL, RS or RD Class, our Prospectus for Fannie Mae Guaranteed Mortgage Pass-Through Certificates (Single-Family Residential Mortgage Loans) dated May 1, 2002 (the “MBS Prospectus”);
- if you are purchasing any Group 3 Class or the RS Class, our Prospectus for Fannie Mae Stripped Mortgage-Backed Securities dated May 1, 2002 (the “SMBS Prospectus”);
- if you are purchasing any Group 1 or Group 5 Class, the portions of the REMIC Prospectus under the headings “Fannie Mae,” “Additional Information About Fannie Mae,” “Risk Factors,” and “Description of Certificates—Class Definitions and Abbreviations,” “Legal Investment Considerations,” “Legal Opinion” and “ERISA Considerations.”

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 and our business to business web site at www.efanniemae.com.

You also can obtain copies of the 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-4.

Assets Underlying Each Group of Classes

<u>Group</u>	<u>Assets</u>
1	Group 1 Mortgage Loans
2	Group 2 MBS
3	Group 3 SMBS
4	Group 4 MBS
5	Group 5 Mortgage Loans

Certain Characteristics of the Group 1 and Group 5 Mortgage Loans

Each of the Group 1 and Group 5 Mortgage Loans was originated in accordance with the underwriting guidelines of the FHA or VA. Each Group 1 and Group 5 Mortgage Loan was included in a Ginnie Mae pool and was subsequently repurchased after a delinquency was not cured for at least 90 days or after a period of four consecutive months during which the loan remained at least 30 days delinquent. The mortgage loans are now reperforming as and to the extent described in the section of this prospectus supplement entitled “Description of the Certificates—The Group 1 and Group 5 Mortgage Loans (FHA/VA Loans).”

The tables appearing in Exhibit A set forth certain summary information regarding the assumed characteristics of the Group 1 and Group 5 Mortgage Loans.

Assumed Characteristics of the Mortgage Loans Underlying the Trust MBS and the Group 3 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 2 MBS	\$159,000,000	360	330	22	6.150%
Group 3 SMBS(1)	\$149,013,577	360	354	5	6.622%
Group 4 MBS	\$156,995,945	(2)	(2)	(2)	(2)

(1) 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 \$223,520,366 and (ii) principal payments on an initial principal amount of \$149,013,577 of MBS. See “Description of the Certificates—The Group 3 SMBS” in this prospectus supplement.

(2) See Exhibit B to this prospectus supplement.

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

Class Factors

The class factors are numbers that, when multiplied by the initial principal balance or notional balance of a certificate, can be used to calculate the current principal balance or notional balance of that certificate (after taking into account principal payments in the same month). We will publish the class factors for the Group 2, Group 3 and Group 4 Classes on or shortly after the 11th day of each month and for the Group 1 and Group 5 Classes on or shortly after the 23rd 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 and DTC, as applicable, which will electronically track ownership of the certificates and payments on them. We will issue physical certificates in registered, certificated form.

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

<u>Fed Book-Entry</u>	<u>DTC Book-Entry</u>	<u>Physical</u>
All Group 2, Group 3 and Group 4 Classes and the RCR Classes	The Group 1 and Group 5 Classes	R, RL, RS and RD 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 the available combinations of the certificates eligible for exchange and the related RCR certificates.

Interest Rates

During each interest accrual period, the fixed rate classes will bear interest at the applicable annual interest rates listed on the cover of this prospectus supplement or on Schedule 1, as applicable.

During each interest accrual period, the X1, X2 and A3 Classes will bear interest at the rates described in 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>
FC	2.34%	9.00%	0.50%	LIBOR + 50 basis points
GS	1.00%	1.00%	0.00%	8% – LIBOR
MS	0.40%	0.40%	0.00%	8.4% – LIBOR
NS	0.10%	0.10%	0.00%	8.5% – LIBOR
SC	5.16%	7.00%	0.00%	7% – LIBOR
FD	2.44%	9.00%	0.60%	LIBOR + 60 basis points
FG	2.84%	9.00%	1.00%	LIBOR + 100 basis points
SG	6.16%	8.00%	0.00%	8% – LIBOR

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

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

Notional Classes

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

<u>Class</u>	
X1	100% of the A1 and P1 Classes
NI	9.0909090909% of the AE Class
IB	9.0909090909% of the AG Class
AI	9.0909090909% of the AE and AG Classes
MS	100% of the FC Class
NS	100% of the FC Class
SG	100% of the FC Class
GS	100% of the FC Class
SC	100% of the FC Class
X2	100% of the A2 and P2 Classes

Distributions of Principal

Group 1 Principal Distribution Amount

The P1 Principal Distribution Amount to the P1 Class to zero.

The Group 1 Non-Discount Principal Distribution Amount and the Non-P1 Principal Distribution Amount to the A1 Class to zero.

For a description of the P1 Principal Distribution Amount, the Group 1 Non-Discount Principal Distribution Amount and the Non-P1 Principal Distribution Amount, see “Description of the Certificates—Certain Definitions Relating to Payments on the Group 1 and Group 5 Classes” in this prospectus supplement.

Group 2 Principal Distribution Amount

Group 2 Cash Flow Distribution Amount

To the AE and AG Classes, in that order, to zero.

Remaining Group 2 Cash Flow Distribution Amount and ZM Accrual Amount

To the VL, VM and ZM Classes, in that order, to zero.

Group 3 Principal Distribution Amount

To the FC Class to zero.

Group 4 Principal Distribution Amount

The P2 Principal Distribution Amount to the P2 Class to zero.

The Non-P2 Principal Distribution Amount to the A2 Class to zero.

For a description of the P2 Principal Distribution Amount and the Non-P2 Principal Distribution Amount, see “Description of the Certificates—Distributions of Principal—Group 4 Principal Distribution Amount” in this prospectus supplement.

Group 5 Principal Distribution Amount

To the A3 Class to zero.

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

Weighted Average Lives (years) *

		CPR Prepayment Assumption				
Group 1 Classes		0%	10%	15%	30%	45%
A1		17.1	7.4	5.4	2.7	1.7
X1		17.1	7.4	5.4	2.7	1.7
P1		17.0	7.4	5.4	2.7	1.7
		PSA Prepayment Assumption				
Group 2 Classes		0%	100%	250%	350%	500%
AE, NI and AB		18.4	7.2	3.4	2.5	1.7
AG, IB and AL		27.9	18.2	9.6	7.0	4.8
VL		6.0	6.0	6.0	5.4	4.4
VM		13.0	13.0	10.9	8.4	6.1
ZM		29.1	23.0	15.7	12.4	9.0
AH, AK and AI		19.0	7.8	3.8	2.7	1.9
		PSA Prepayment Assumption				
Group 3 Classes		0%	250%	495%	750%	900%
FC, GS, MS, NS, SC, FD, FG and SG		20.7	6.3	3.5	2.5	2.1
		VECTOR Prepayment Assumption				
Group 4 Classes		0%	75%	125%	200%	350%
A2		20.2	6.4	4.0	2.5	1.3
X2		20.2	6.4	4.0	2.5	1.3
P2		19.6	6.4	4.0	2.5	1.4
		CPR Prepayment Assumption (1)				
Group 5 Class		0%	10%	20%	30%	50%
A3		14.8	6.8	3.8	2.5	1.4

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

(1) Assumes the exercise of the servicer’s 5% optional clean-up call for the Group 5 Mortgage Loans.

ADDITIONAL RISK FACTORS

General

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

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

Yields may be lower than expected due to unexpected rate of principal payments. The actual yield on your certificates probably will be lower than you expect:

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

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

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

Weighted average lives and yields on the certificates are affected by actual characteristics of the underlying mortgage loans. We have assumed that the mortgage loans have certain characteristics. However, the actual mortgage loans probably will have different characteristics from those we assumed. As a result, your yields

could be lower than you expect, even if the mortgage loans prepay at the indicated constant prepayment rates. In addition, slight differences between the assumed mortgage loan characteristics and the actual mortgage loans could affect the weighted average lives of the related classes of certificates.

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

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

Delay classes have lower yields and market values. Since certain classes do not receive 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.

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.

Additional Risk Factors Affecting the Group 4 Classes

Exercise of the optional clean-up call on the mortgage loans underlying the Group 4 MBS will result in the payment in full of the Group 4 Classes. If the servicer exercises its option to purchase the mortgage loans underlying the Group 4 MBS as described in this prospectus supplement, it would have the same effect as a prepayment in full of all those mortgage loans.

The X2 Class is especially sensitive to prepayments. If you buy certificates of the X2 Class and a disproportionately high rate of prepayments occurs on the mortgage loans underlying the Group 4 MBS with MBS pass-through rates above 6.50% relative to Group 4 MBS with MBS pass-through rates below that rate, the yield on your certificates will decrease and may be lower than you expect.

Additional Risk Factors Affecting the Group 1 and Group 5 Classes

The X1 and A3 Classes are especially sensitive to prepayments. If you buy certificates of the X1 Class and a disproportionately high rate of prepayments occurs on Group 1 Mortgage Loans with net mortgage rates above 6.50% relative to Group 1 Mortgage Loans with net mortgage rates below that rate, the yield on your certificates will decrease and may be lower than you expect.

If you buy certificates of the A3 Class and a disproportionately high rate of prepayments occurs on Group 5 Mortgage Loans with net mortgage rates above the current rate for the A3 Class relative to Group 5 Mortgage Loans

with net mortgage rates below that rate, the yield on your certificates will decrease and may be lower than you expect.

The rates of prepayment of the Group 1 and Group 5 Mortgage Loans will be affected by additional FHA and VA considerations. In addition to the factors described above, the rates of prepayment of the Group 1 and Group 5 Mortgage Loans are likely to vary considerably from time to time as a result of the liquidation of foreclosed mortgage loans and the receipt of FHA insurance payments and VA guarantee payments, as well as because borrowers generally may prepay their loans at any time without penalty. Prepayment rates also may be influenced by changes in FHA or VA program guidelines. In addition, both the FHA and VA have historically permitted borrowers to sell a mortgaged property without requiring the buyer to assume the mortgage and, at times, without verifying the buyer's creditworthiness. In this manner, property sales by borrowers can affect the rate of prepayment.

The weighted average lives of the Group 1 and Group 5 Classes may be extended if the servicer takes certain actions. The servicer has the right under certain circumstances to recast the amortization schedule (based on a 30-year term) and/or extend the scheduled date of final payment on Group 1 or Group 5 Mortgage Loans (but not beyond August 2042 in the case of the Group 1 Mortgage Loans; and April 2042 in the case of the Group 5 Mortgage Loans). To the extent that the servicer recasts the amortization schedule or extends the term of a Group 1 or Group 5 Mortgage Loan, the weighted average lives of the Group 1 Classes or Group 5 Class, as applicable, could be extended.

Exercise of the optional clean-up calls on the Group 1 and/or Group 5 Mortgage Loans will result in the payment in full of the Group 1 and/or Group 5 Classes. If the servicer exercises its options to purchase the Group 1 and/or Group 5 Mortgage Loans, as described in this prospectus supplement, it would have the same effect as a prepayment in full of all the Group 1 Mortgage Loans and/or Group 5 Mortgage Loans, as applicable.

Repurchases of certain Group 1 and Group 5 Mortgage Loans will have the same effect as borrower prepayments. Under the lim-

ited circumstances described in this prospectus supplement, we have the option to repurchase from the trust any Group 1 or Group 5 Mortgage Loan whose interest rate has been reduced. Any repurchase of Group 1 or Group 5 Mortgage Loans will have the same effect on the Group 1 or Group 5 Classes, as applicable, as borrower prepayments of those loans.

The Group 1 and Group 5 Mortgage Loans have experienced significant delinquency rates. Approximately 40.24% of the Group 1 Mortgage Loans and approximately 50.05% of the Group 5 Mortgage Loans were 60 or more days contractually delinquent as of the issue date. Under the limited circumstances described in this prospectus supplement, EMC Mortgage Corporation

will be required to repurchase from the trust delinquent Group 1 and Group 5 Mortgage Loans. Any repurchase of loans will have the same effect on the Group 1 and 5 Classes, as applicable, as borrower prepayments of those loans.

Concentration of mortgaged properties securing the Group 5 Mortgage Loans could affect delinquency rates. As of the issue date, approximately 12.66% of the Group 5 Mortgage Loans, are secured by mortgaged properties located in California. If the California residential real estate market experiences an overall decline in property values, the rate of loan delinquencies in California probably will increase and may increase substantially.

DESCRIPTION OF THE CERTIFICATES

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

General

Structure. We will create the Fannie Mae Trust specified on the cover of this prospectus supplement (the “Trust”) pursuant to a trust agreement dated as of September 1, 2002 (the “Issue Date”). We will issue the Guaranteed Pass-Through Certificates (the “Trust Certificates”) pursuant to that trust agreement. We will issue the Combinable and Recombinable Certificates (the “RCR Certificates” and, together with the Trust Certificates, the “Certificates”) pursuant to a separate trust agreement dated as of the Issue Date (together with the trust agreement relating to the Trust Certificates, the “Trust Agreement”). We will execute the Trust Agreement in our corporate capacity and as trustee (the “Trustee”). In general, the term “Classes” includes the Classes of Trust Certificates and RCR Certificates.

The assets of the Trust will consist of

- certain fixed-rate mortgage loans that are insured by the Federal Housing Administration (“FHA”) or partially guaranteed by the U.S. Department of Veterans Affairs (“VA”) and that, as a result of past delinquency, have been repurchased from Ginnie Mae pools (the “Group 1 Mortgage Loans”),
- two groups of Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the “Group 2 MBS” and “Group 4 MBS” and, together, the “Trust MBS”),
- certain Fannie Mae Stripped Mortgage-Backed Securities (the “Group 3 SMBS”), and
- certain adjustable-rate mortgage loans that are insured by the FHA or partially guaranteed by the VA and that, as a result of past delinquency, have been repurchased from Ginnie Mae pools (the “Group 5 Mortgage Loans” and, together with the Group 1 Mortgage Loans, the “FHA/VA Loans”).

The Group 3 SMBS represent beneficial ownership interests in certain interest and principal distributions on certain Fannie Mae Guaranteed Mortgage Pass-Through Certificates (together with the Trust MBS, 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 having the characteristics described in this prospectus supplement.

The Trust will include the “Lower Tier REMIC,” “REMIC 2,” “REMIC 3” and “REMIC 4.” We will designate the Lower Tier REMIC, REMIC 2, REMIC 3 and REMIC 4 as “real estate mortgage investment conduits” (each, a “REMIC” under the Internal Revenue Code of 1986, as amended (the “Code”)). The FHA/VA Loans will not be included in any REMIC.

The following chart contains information about the assets, the “regular interests” and the “residual interests” of each REMIC:

<u>REMIC Designation</u>	<u>Assets</u>	<u>Regular Interests</u>	<u>Residual Interest</u>
Lower Tier REMIC	Group 2 MBS	Interests in the Lower Tier REMIC other than the RL Class (the “Lower Tier Regular Interests”)	RL Class
REMIC 2	Lower Tier Regular Interests	Group 2 Classes	R Class
REMIC 3	Group 3 SMBS	Group 3 Classes	RS Class
REMIC 4	Group 4 MBS	Group 4 Classes	RD Class

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

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

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

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

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

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

The Group 1 and Group 5 Classes will be represented by one or more certificates (the “DTC Certificates”) to be registered at all times in the name of the nominee of The Depository Trust Company (“DTC”), a New York-chartered limited purpose trust company, or any successor depository selected or approved by Fannie Mae. We refer to the nominee of DTC as the “Holder” or “Certificateholder” of the DTC Certificates. DTC will maintain the DTC Certificates through its book-entry facilities.

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

We will issue the R, RL, RS and RD Certificates in fully registered, certificated form. The “Holder” or “Certificateholder” of the R, RL, RS or RD Certificate is its registered owner. The R, RL, RS or RD 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, RL, RS or RD Certificate and may require payment to cover any tax or other governmental charge. See also “—Characteristics of the R, RL, RS and RD Classes” below.

The Holder of the RL Class will receive the proceeds of any remaining assets of the Lower Tier REMIC, the Holder of the R Class will receive the proceeds of any remaining assets of REMIC 2, the Holder of the RS Class will receive the proceeds of any remaining assets of REMIC 3 and the Holder of the RD Class will receive the proceeds of any remaining assets of REMIC 4, 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, RL, RS and RD Classes, in minimum denominations of \$1,000 and whole dollar increments. We will issue the R, RL, RS and RD Classes as single Certificates with no principal balances.

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

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

Class Factors. On or shortly after the 11th calendar day of each month in the case of the Group 2, Group 3 and Group 4 Classes, and on or shortly after the 23rd calendar day of each month in the case of the Group 1 and Group 5 Classes, we will publish a factor (carried to eight decimal places) for each related Class of Certificates. When the factor is multiplied by the original principal balance (or notional principal balance) of a Certificate of 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 (as well as any addition to principal in the case of the Accrual Classes).

Optional Repurchases of the Mortgage Loans Underlying the Group 4 MBS and of the Group 1 and Group 5 Mortgage Loans. The servicer may purchase the Mortgage Loans underlying the Group 4 MBS as well as the Group 1 and Group 5 Mortgage Loans from the Trust under the circumstances described in this prospectus supplement under “Additional Trust Agreement Provisions Relating to the Group 1, Group 4 and Group 5 Classes—Termination.”

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

Combination and Recombination

General. You are permitted to exchange all or a portion of the AE, AG, IB, NI, FC, GS, MS, NS and SC Classes of Trust Certificates for a proportionate interest in the related Combinable and Recombinable 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 Trust Certificates in the same manner. This process may occur repeatedly.

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

The Classes of Trust Certificates and RCR Certificates that are outstanding at any given time, and the outstanding principal balances (or notional principal balances) of these Classes, will depend upon any related distributions of principal, as well as any exchanges that occur. Trust Certificates and RCR Certificates in any combination may only be exchanged in the proportions shown on Schedule 1.

Procedures. If a Certificateholder wishes to exchange Certificates, the Certificateholder must notify our Structured Transactions Department through one of our “REMIC Dealer Group” dealers in writing or by telefax no later than two business days before the proposed exchange date. The exchange date can be any business day other than the first or last business day of the month subject to our approval. The notice must include the outstanding principal balance of both the Certificates to be exchanged and the Certificates to be received, and the proposed exchange date. After receiving the Holder’s notice, we will telephone the dealer with delivery and wire payment instructions. Notice becomes irrevocable on the second business day before the proposed exchange date.

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

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

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

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

Book-Entry Procedures

General. The Fed Book-Entry Certificates will be issued and maintained only on the book-entry system of the Federal Reserve Banks. The Fed Book-Entry Certificates may be held of record only by entities eligible to maintain book-entry accounts with the Federal Reserve Banks. Beneficial owners ordinarily will hold Fed Book-Entry Certificates through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. A Holder that is not the beneficial owner of a Fed Book-Entry Certificate, and each other financial intermediary in the chain to the beneficial owner, will have to establish and maintain accounts for their respective customers. A beneficial

owner's rights with respect to the Federal Reserve Banks and Fannie Mae may be exercised only through the Holder of such Certificate. Neither the Federal Reserve Banks nor Fannie Mae will have any direct obligation to a beneficial owner of a Fed Book-Entry Certificate that is not the Holder of that Certificate. The Federal Reserve Banks will act only upon the instructions of the Holder in recording transfers of a Fed Book-Entry Certificate. See "Description of Certificates—Denominations and Form" in the REMIC Prospectus.

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

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

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

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

The Group 1 and Group 5 Mortgage Loans (FHA/VA Loans)

General

We expect that the Trust will include approximately, 7,524 Group 1 Mortgage Loans and 1,256 Group 5 Mortgage Loans, having aggregate principal balances of approximately \$633,787,529 and \$111,128,089, respectively, as of the Issue Date. These aggregate amounts may vary by plus or minus 5%. Fannie Mae and EMC Mortgage Corporation, as seller (the "Seller") and servicer (in such capacity, together with its subservicers, the "Servicer"), will be parties to a sale and servicing agreement dated as of the Issue Date (the "Sale and Servicing Agreement").

The Group 1 Mortgage Loans are first lien, single-family, fully amortizing, fixed-rate mortgage loans and the Group 5 Mortgage Loans are first lien, single-family, fully amortizing, adjustable-rate mortgage loans. All of the Group 1 and Group 5 Mortgage Loans are insured by the FHA or partially guaranteed by the VA. Each FHA/VA Loan is evidenced by a promissory note or similar evidence of indebtedness (a "Mortgage Note") that is secured by a first mortgage or deed of trust on a single-family residential property. Each Mortgage Note requires the borrower to make monthly payments of principal and interest. We refer to the property that secures repayment of an FHA/VA Loan as the "Mortgaged Property."

The FHA/VA Loans generally have terms not more than 30 years in length, although the Servicer has the right under certain circumstances to extend their terms (but not beyond August 2042 in the case of the Group 1 Mortgage Loans, and April 2042 in the case of the Group 5 Mortgage Loans).

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

The information shown on Exhibit A summarizes certain assumed characteristics of the Group 1 and Group 5 Mortgage Loans as of the Issue Date. The information in the tables is presented in aggregated form, on the basis of the characteristics specified in the tables, and does not reflect actual or assumed characteristics of any individual Group 1 or Group 5 Mortgage Loan. The information in the tables does not give effect to prepayments received on the Group 1 or Group 5 Mortgage Loans on or after the Issue Date.

Each of the FHA/VA Loans was originated in accordance with the underwriting guidelines of the FHA or VA, as the case may be, and was eligible to be included in a Ginnie Mae pool at the time of origination as permitted by Ginnie Mae’s rules. Each of the FHA/VA Loans was pooled with Ginnie Mae and was subsequently repurchased after a delinquency was not cured for at least 90 days, or after a period of four consecutive months during which the loan remained at least 30 days delinquent.

The tables below show the contractual delinquency of the Group 1 and Group 5 Mortgage Loans as of the Issue Date. An FHA/VA Loan is “contractually delinquent” as of the Issue Date if delinquencies that occurred at any time during the term of the related loan have not been cured.

<u>Contractually Delinquent</u>	<u>Loan Group 1</u>
Less than 30 Days	16.36%
30– 59 Days	43.40
60– 89 Days	24.92
90–119 Days	11.80
120–149 Days	3.15
150 Days	0.36
<u>Contractually Delinquent</u>	<u>Loan Group 5</u>
Less than 30 Days	14.54%
30– 59 Days	35.41
60– 89 Days	29.11
90–119 Days	14.93
120–149 Days	3.17
150–179 Days	0.49
180–209 Days	0.31
210–239 Days	0.80
240–269 Days	0.30
270–299 Days	0.18
300–329 Days	0.09
330–359 Days	0.10
360–419 Days	0.20
420–449 Days	0.09
450–479 Days	0.12
480–539 Days	0.07
540 Days	0.10

As of the Issue Date, no Group 1 Mortgage Loan was more than 150 days contractually delinquent and no Group 5 Mortgage Loan was more than 540 days contractually delinquent. Neither the Servicer nor Fannie Mae has the right to repurchase an FHA/VA Loan from the Trust based upon the Issue Date contractual delinquency of that loan. However, if at any time the aggregate principal balance of the FHA/VA Loans which are 90 days or more delinquent (“90+ Delinquent Loans”) exceeds 49.00% of the aggregate principal balance of the FHA/VA Loans taken as a whole, the Seller is required to repurchase sufficient 90+ Delinquent Loans to cause the percentage of 90+ Delinquent Loans to be less than or equal to 49.00% (but not less than 45.00%).

The Group 1 Mortgage Loans

The Group 1 Mortgage Loans are fixed-rate mortgage loans. The following tables set forth certain information, as of the Issue Date, as to the Group 1 Mortgage Loans. References to “Aggregate Principal Balance Outstanding” mean the aggregate of the Stated Principal Balances of the Group 1 Mortgage Loans as of the Issue Date. The sum of the columns in the following tables may not equal the totals due to rounding.

Issue Date Principal Balances (1)

Issue Date Mortgage Loan Principal Balances	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Loan Group 1
\$ 1–\$ 50,000	1,481	\$ 51,092,707	8.06%
\$ 50,001–\$100,000	3,715	275,639,936	43.49
\$100,001–\$150,000	1,864	224,844,947	35.48
\$150,001–\$200,000	394	66,959,856	10.57
\$200,001–\$250,000	65	13,909,044	2.19
\$250,001–\$300,000	4	1,024,873	0.16
\$300,001–\$350,000	1	316,166	0.05
Total	<u>7,524</u>	<u>\$633,787,529</u>	<u>100.00%</u>

(1) As of the Issue Date, the average principal balance of the Group 1 Mortgage Loans is expected to be approximately \$84,235.

Mortgage Interest Rates (1)

Mortgage Interest Rates (%)	Number of Mortgage Loans	Aggregate Principal Balance Outstanding	Percent of Loan Group 1
7.000 or Less	1,505	\$145,137,629	22.90%
7.001– 7.500	2,531	230,898,993	36.43
7.501– 8.000	1,488	125,330,230	19.77
8.001– 8.500	1,041	80,717,573	12.74
8.501– 9.000	449	31,030,854	4.90
9.001– 9.500	232	11,482,908	1.81
9.501–10.000	119	4,184,823	0.66
10.001–10.500	86	2,982,952	0.47
10.501–11.000	20	676,176	0.11
11.001 or Greater	53	1,345,391	0.21
Total	<u>7,524</u>	<u>\$633,787,529</u>	<u>100.00%</u>

(1) As of the Issue Date, the weighted average mortgage interest rate of the Group 1 Mortgage Loans is expected to be approximately 7.664%.

Net Mortgage Rates (1)

<u>Net Mortgage Interest Rates (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Loan Group 1</u>
6.500 or Less	1,509	\$145,366,780	22.94%
6.501- 7.000	2,538	231,249,441	36.49
7.001- 7.500	1,478	124,801,048	19.69
7.501- 8.000	1,041	80,699,882	12.73
8.001- 8.500	448	30,998,128	4.89
8.501- 9.000	232	11,482,908	1.81
9.001- 9.500	119	4,184,823	0.66
9.501-10.000	86	2,982,952	0.47
10.001-10.500	20	676,176	0.11
10.501 or Greater	53	1,345,391	0.21
Total	<u>7,524</u>	<u>\$633,787,529</u>	<u>100.00%</u>

(1) As of the Issue Date, the weighted average Net Mortgage Rate of the Group 1 Mortgage Loans is expected to be approximately 7.058%.

Original Terms to Stated Maturity (1)

<u>Original Terms to Stated Maturity (Months)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Loan Group 1</u>
60 or Less	1	\$ 2,761	*
61-120	1	3,556	*
121-180	182	8,440,836	1.33%
181-240	63	4,586,423	0.72
241-300	38	2,310,263	0.36
301-360	<u>7,239</u>	<u>618,443,689</u>	<u>97.58</u>
Total	<u>7,524</u>	<u>\$633,787,529</u>	<u>100.00%</u>

(1) As of the Issue Date, the weighted average original term to stated maturity of the Group 1 Mortgage Loans is expected to be approximately 356 months.

* Less than 0.01% of Loan Group 1.

Remaining Terms to Stated Maturity (1)

<u>Remaining Terms to Stated Maturity (Months)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Loan Group 1</u>
60 or Less	75	\$ 499,219	0.08%
61-120	150	3,830,801	0.60
121-180	281	12,792,721	2.02
181-240	370	18,236,127	2.88
241-300	1,466	99,666,832	15.73
301-360	<u>5,182</u>	<u>498,761,830</u>	<u>78.70</u>
Total	<u>7,524</u>	<u>\$633,787,529</u>	<u>100.00%</u>

(1) As of the Issue Date, the weighted average remaining term to stated maturity of the Group 1 Mortgage Loans is expected to be approximately 313 months.

Geographic Distribution

<u>State</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Loan Group 1</u>
Texas	839	\$ 60,030,819	9.47%
California	386	45,922,798	7.25
Maryland	316	33,551,285	5.29
Michigan	556	32,743,013	5.17
Illinois	314	31,245,742	4.93
Florida	377	29,951,792	4.73
Pennsylvania	342	26,204,911	4.13
Georgia	266	24,501,456	3.87
North Carolina	255	23,465,678	3.70
Ohio	317	22,807,428	3.60
Virginia	232	22,836,859	3.60
Indiana	410	22,343,925	3.53
New York	193	20,451,594	3.23
Arizona	254	19,913,902	3.14
Other (36 States)	<u>2,467</u>	<u>217,816,327</u>	<u>34.37</u>
Total	<u>7,524</u>	<u>\$633,787,529</u>	<u>100.00%</u>

The Group 5 Mortgage Loans

Each Group 5 Mortgage Loan has a Mortgage Interest Rate which is subject to adjustment on the dates (each such date, an “Interest Adjustment Date”) specified in the related Mortgage Note to equal the sum of the index, which is the weekly average yield on United States Treasury securities adjusted to a constant maturity of one year (“1 Year CMT”), plus a fixed percentage amount specified in the Mortgage Note (the “Interest Rate Margin”), subject to the limitations described in this paragraph. Generally, the index value used will be the value most recently published thirty days prior to the applicable Interest Adjustment Date. The Mortgage Interest Rate on each Group 5 Mortgage Loan will not increase or decrease by more than 1% (the “Mortgage Interest Rate Periodic Cap”) on any Interest Adjustment Date. The Mortgage Interest Rate on each Group 5 Mortgage Loan will not exceed a specified maximum mortgage interest rate over the life of that loan (the “Mortgage Interest Rate Life Cap”) or be less than a minimum Mortgage Interest Rate over the life of that loan equal to its Interest Rate Margin.

The following tables set forth certain information, as of the Issue Date, as to the Group 5 Mortgage Loans. References to “Aggregate Principal Balance Outstanding” mean the aggregate of the Stated Principal Balances of the Group 5 Mortgage Loans as of the Issue Date. The sum of the percentage columns in the following tables may not equal 100% due to rounding.

Issue Date Principal Balances (1)

<u>Issue Date Mortgage Loan Principal Balances</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Loan Group 5</u>
\$ 1 – \$ 50,000	128	\$ 5,306,530	4.78%
\$ 50,001 – \$100,000	721	54,461,676	49.01
\$100,001 – \$150,000	357	42,528,200	38.27
\$150,001 – \$200,000	43	7,206,280	6.48
\$200,001 – \$250,000	5	1,083,242	0.97
\$250,001 – \$300,000	2	542,161	0.49
Total.....	<u>1,256</u>	<u>\$111,128,089</u>	<u>100.00%</u>

(1) As of the Issue Date, the average principal balance of the Group 5 Mortgage Loans is expected to be approximately \$88,478.

Mortgage Interest Rates (1)

<u>Mortgage Interest Rates (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Loan Group 5</u>
7.000 or Less	658	\$ 61,011,453	54.90%
7.001 – 7.500	240	19,368,130	17.43
7.501 – 8.000	341	29,083,810	26.17
8.001 – 8.500	17	1,664,695	1.50
Total.....	<u>1,256</u>	<u>\$111,128,089</u>	<u>100.00%</u>

(1) As of the Issue Date, the weighted average Mortgage Interest Rate of the Group 5 Mortgage Loans is expected to be approximately 6.927%.

Net Mortgage Rates (1)

<u>Net Mortgage Rates (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Loan Group 5</u>
6.500 or Less	698	\$ 63,946,599	57.54%
6.501 – 7.000	245	20,547,341	18.49
7.001 – 7.500	299	25,307,427	22.77
7.501 – 8.000	14	1,326,721	1.19
Total.....	<u>1,256</u>	<u>\$111,128,089</u>	<u>100.00%</u>

(1) As of the Issue Date, the weighted average Net Mortgage Rate of the Group 5 Mortgage Loans is expected to be approximately 6.311%.

Original Terms to Stated Maturity

<u>Original Terms to Stated Maturity (Months)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Loan Group 5</u>
121 – 180	2	\$ 184,682	0.17%
181 – 240	1	140,984	0.13
301 – 360	1253	110,802,422	99.71
Total.....	<u>1,256</u>	<u>\$111,128,089</u>	<u>100.00%</u>

Remaining Terms to Stated Maturity (1)

<u>Remaining Terms to Stated Maturity (Months)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Loan Group 5</u>
121 – 180	13	\$ 593,776	0.53%
181 – 240	43	2,715,159	2.44
241 – 300	687	55,996,169	50.39
301 – 360	513	51,822,984	46.63
Total.....	<u>1,256</u>	<u>\$111,128,089</u>	<u>100.00%</u>

(1) As of the Issue Date, the weighted average remaining term to stated maturity of the Group 5 Mortgage Loans is expected to be approximately 299 months.

Mortgage Interest Rate Life Caps (1)

<u>Mortgage Interest Rate Life Caps (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Loan Group 5</u>
9.500 – 9.999	6	\$ 361,308	0.33%
10.000 – 10.499	62	5,257,874	4.73
10.500 – 10.999	202	18,231,969	16.41
11.000 – 11.499	297	25,827,023	23.24
11.500 – 11.999	302	27,524,501	24.77
12.000 or Greater	387	33,925,414	30.53
Total.....	<u>1,256</u>	<u>\$111,128,089</u>	<u>100.00%</u>

(1) As of the Issue Date, the weighted average Mortgage Interest Rate Life Cap of the Group 5 Mortgage Loans is expected to be approximately 11.437%.

Next Interest Adjustment Dates

<u>Next Interest Adjustment Dates</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Loan Group 5</u>
October 2002	381	\$ 34,687,463	31.21%
January 2003	311	27,273,871	24.54
April 2003	238	20,167,815	18.15
July 2003.....	326	28,998,939	26.10
Total.....	<u>1,256</u>	<u>\$111,128,089</u>	<u>100.00%</u>

Interest Rate Margins (1)

<u>Mortgage Interest Rate Margins (%)</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Loan Group 5</u>
2.000 – 2.499	220	\$ 16,992,076	15.29%
2.500 – 2.999	999	90,645,801	81.57
3.000 – 3.499	37	3,490,211	3.14
Total	<u>1,256</u>	<u>\$111,128,089</u>	<u>100.00%</u>

(1) As of the Issue Date, the weighted average Interest Rate Margin of the Group 5 Mortgage Loans is expected to be approximately 2.593%.

Mortgage Interest Rate Periodic Cap

<u>Mortgage Interest Rate Periodic Cap (%)</u>	<u>Number of Mortgage Loans</u>	<u>Principal Balance Outstanding</u>	<u>Percent of Loan Group 5</u>
1.000	1,256	\$111,128,089	100.00%
Total	<u>1,256</u>	<u>\$111,128,089</u>	<u>100.00%</u>

Geographic Distribution of Mortgaged Properties

<u>State</u>	<u>Number of Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Loan Group 5</u>
California	139	\$ 14,068,078	12.66%
Maryland	106	10,461,330	9.41
Illinois	93	9,472,024	8.52
Florida	105	7,311,170	6.58
Pennsylvania	68	5,593,864	5.03
Georgia	65	4,933,651	4.44
New Jersey	46	4,783,673	4.30
North Carolina	48	4,381,861	3.94
Virginia	50	4,295,561	3.87
Other (38 States)	536	45,826,875	41.24
Total	<u>1,256</u>	<u>\$111,128,089</u>	<u>100.00%</u>

Fannie Mae Mortgage Purchase Program

General. We summarize below certain aspects of our program for purchasing residential mortgage loans for inclusion in a given pool. We may grant exceptions to the requirements of the program for a particular transaction. In several instances, the characteristics of the Group 1 and Group 5 Mortgage Loans do not match the criteria described below. For more specific details regarding the Group 1 and Group 5 Mortgage Loans, see “The Group 1 and Group 5 Mortgage Loans (FHA/VA Loans)” above.

The mortgage loans we purchase must meet standards required by the law under which we were chartered, which we refer to as the Charter Act. These standards require that the mortgage loans be, in our judgment, of a quality, type and class consistent with the purchase standards imposed by private institutional mortgage investors. Consistent with those requirements, and with the purposes for which we were chartered, we establish eligibility criteria and policies for the mortgage loans we purchase, for the sellers from whom we purchase loans, and for the servicers who service our mortgage loans.

Selling and Servicing Guides

Our eligibility criteria and policies, summarized below, are set forth in our Selling and Servicing Guides and updates and amendments to these Guides. We amend our Guides and our eligibility criteria and policies from time to time. This means it is possible that not all the mortgage loans in a particular pool will be subject to the same eligibility standards. It also means that the standards described in the Guides may not be the same as the standards that applied when loans in a particular pool were originated. We may also waive or modify our eligibility and loan underwriting requirements or policies when we purchase mortgage loans.

Mortgage Loan Eligibility Standards—Government Insured Loans

Dollar Limitations. The Charter Act sets no maximum dollar limitations on the loans that we can purchase if the loans are FHA-insured or VA-guaranteed.

The maximum loan amount for FHA-insured single-family mortgage loans is established by statute. As of January 2002, the basic maximum loan amount for most FHA-insured single-family mortgage loans is \$144,336 for a one-unit dwelling, \$184,752 for a two-unit dwelling, \$223,296 for a three-unit dwelling, and \$277,512 for a four-unit dwelling. In high-cost areas, as designated by HUD/FHA, the maximum loan amount may be increased up to \$261,609 for a one-unit dwelling, \$334,863 for a two-unit dwelling, \$404,724 for a three-unit dwelling, and \$502,990 for a four-unit dwelling. In addition, the maximum loan amount for FHA-insured mortgages secured by property located in Alaska, Guam, Hawaii and the Virgin Islands may be adjusted up to 150% of HUD/FHA's high-cost area limits. We purchase FHA-insured mortgages up to the maximum original principal amount that the FHA will insure for the area in which the property is located.

The VA does not establish a maximum loan amount for VA-guaranteed loans secured by single-family one- to four-unit properties. We will purchase VA mortgages up to our current maximum original principal amount for conventional loans secured by similar one- to four-unit properties.

Loan-to-Value Ratios. The maximum loan-to-value ratio for FHA-insured and VA-guaranteed mortgage loans we purchase is the maximum established by the FHA or VA for the particular program under which the mortgage was insured or guaranteed.

Underwriting Guidelines. FHA-insured and VA-guaranteed mortgage loans that we purchase must be originated in accordance with the applicable requirements and underwriting standards of the agency providing the insurance or guaranty. Each FHA-insured or VA-guaranteed loan that we purchase must have in effect a valid mortgage insurance certificate or loan guaranty certificate. In the case of VA loans, the unguaranteed portion of the VA loan amount cannot be greater than 75% of the purchase price of the property or 75% of the VA's valuation estimate, whichever is less.

The Trust MBS

The Group 2 MBS

The following table contains certain information about the Group 2 MBS. The Group 2 MBS will have the aggregate unpaid principal balance and Pass-Through Rate shown below and the general characteristics described in the MBS Prospectus. The Group 2 MBS provide that principal and interest on the related mortgage loans are passed through monthly. The mortgage loans underlying the Group 2 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 generally have original maturities of up to 30 years. See "Mortgage Loan Pools" and "Yield Considerations, Maturity and

Prepayment Assumptions” in the MBS Prospectus. We expect the characteristics of the Group 2 MBS and the related mortgage loans as of the Issue Date to be as follows:

Aggregate Unpaid Principal Balance	\$159,000,000
MBS Pass-Through Rate	5.50%
Range of WACs (annual percentages)	5.75% to 8.00%
Range of WAMs	241 months to 360 months
Approximate Weighted Average WAM	330 months
Approximate Weighted Average WALA (weighted average loan age)	22 months

The Group 4 MBS

Exhibit B to this prospectus supplement contains certain information about the Group 4 MBS. The Group 4 MBS will have the general characteristics described in the MBS Prospectus. The Group 4 MBS provide that principal and interest on the related Mortgage Loans are passed through monthly. The Mortgage Loans underlying the Group 4 MBS are conventional, fixed-rate, fully amortizing mortgage loans secured by first mortgages or deeds of trust on single-family residential properties. All of these Mortgage Loans (by aggregate unpaid principal balance as of the Issue Date) have original maturities of up to 30 years.

The Group 3 SMBS

The general characteristics of the Group 3 SMBS are described in the SMBS Prospectus. The Group 3 SMBS provide that certain principal and interest 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.

The Group 3 SMBS represent ownership of

- interest payments at a pass-through rate of 6.0% on an initial notional principal amount of \$223,520,366, and
- principal payments on an initial principal amount of \$149,013,577 of MBS.

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

Range of WACs (annual percentages)	6.25% to 8.50%
Approximate Weighted Average WAM	354 months
Approximate Weighted Average WALA	5 months

Final Data Statement

After issuing the Certificates, we will prepare a Final Data Statement containing certain information, including the pool number, the current WAC (or original WAC, if the current WAC is not available) and the current WAM (or Adjusted WAM, if the current WAM is not available) of the mortgage loans underlying the Trust MBS and the Group 3 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 Group 3 SMBS as of the Issue Date. You may obtain the Final Data Statement by telephoning us at 1-800-237-8627 or 202-752-6547. The contents of the Final Data Statement and other data specific to the Certificates are available in electronic form by calling us at 1-800-752-6440 or 202-752-6000.

Distributions of Interest

Categories of Classes

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

<u>Interest Type*</u>	<u>Classes</u>
Group 1 Classes	
Fixed Rate	A1
Weighted Average Coupon	X1
Interest Only	X1
Principal Only	P1
Group 2 Classes	
Fixed Rate	AE, AG, IB, NI, VL, VM and ZM
Accrual	ZM
Interest Only	IB and NI
RCR**	AB, AL, AH, AK and AI
Group 3 Classes	
Floating Rate	FC
Inverse Floating Rate	GS, MS, NS and SC
Interest Only	GS, MS, NS and SC
RCR**	FD, FG and SG
Group 4 Classes	
Fixed Rate	A2
Weighted Average Coupon	X2
Interest Only	X2
Principal Only	P2
Group 5 Class	
Weighted Average Coupon	A3
No Payment Residual	R, RL, RS and RD

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

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

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

Interest to be paid on each Certificate (or added to principal, in the case of the Accrual Class) on a Distribution Date will consist of one month’s interest on the outstanding balance of that Certificate immediately prior to that Distribution Date. For a description of the Accrual Class, see “—*Accrual Class*” below.

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

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

<u>Classes</u>	<u>Interest Accrual Periods</u>
All Fixed Rate and Weighted Average Coupon Classes (collectively, the “Delay Classes”)	Calendar month preceding the month in which the Distribution Date occurs
All Floating Rate and Inverse Floating Rate Classes	One-month period beginning on the 25th day of the month preceding the month in which the Distribution Date occurs

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

The Dealer will treat the P1 and P2 Classes as Delay Classes for the sole purpose of facilitating trading.

Accrual Class. The ZM Class is an Accrual Class. Interest will accrue on the Accrual Class at the applicable annual rate specified on the cover of this prospectus supplement. However, we will not pay any interest on the Accrual Class. Instead, interest accrued on the Accrual Class will be added as principal to its principal balance on each Distribution Date. We will pay principal on the Accrual Class as described under “—Distributions of Principal” below.

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

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

Weighted Average Coupon Classes. During the initial Interest Accrual Period, we expect the X1 Class to bear interest at the approximate annual rate of 0.61093%. During each subsequent Interest Accrual Period, the X1 Class will bear interest at an annual rate equal to the *excess*, if any, of the weighted average of the Net Mortgage Rates of the Group 1 Mortgage Loans during that period, weighted on the basis of their Stated Principal Balances as of the beginning of that period, *over* 6.50%.

A disproportionately high rate of prepayments of Group 1 Mortgage Loans with Net Mortgage Rates above 6.50% relative to Group 1 Mortgage Loans with Net Mortgage Rates below that rate will have the effect of reducing the rate at which interest accrues on the X1 Class during each related Interest Accrual Period. As of the Issue Date, the Mortgage Interest Rates of the Group 1 Mortgage Loans ranged from 5.125% to 14.000%, with a weighted average of 7.664%, weighted on the basis of their Stated Principal Balances as of the Issue Date. As of the Issue Date, the combined servicing and guaranty fee rates for the Group 1 Mortgage Loans ranged from 0.600% to 0.660%, with a weighted average of 0.606%, weighted on the basis of their outstanding principal balances as of the Issue Date.

During the initial Interest Accrual Period, we expect the X2 Class to bear interest at the approximate annual rate of 0.55357%. During each subsequent Interest Accrual Period, the X2 Class will bear interest at an annual rate equal to the weighted average of the *excess*, if any of the MBS pass-through rate of each Group 4 MBS, weighted on the basis of their outstanding principal balances as of the beginning of that period, *over* 6.50%. As of the Issue Date, the MBS pass-through rates of the

Group 4 MBS ranged from 6.000% to 9.500%, with a weighted average of 7.0099%, weighted on the basis of their outstanding principal balances as of the Issue Date.

As a result of the calculations in the preceding paragraph, a disproportionately high rate of prepayments of Mortgage Loans backing Group 4 MBS with MBS Pass-Through Rates above the sum of the current interest rate for the X2 Class plus 6.50% relative to Group 4 MBS with MBS Pass-Through Rates below that sum will have the effect of reducing the rate at which interest accrues on the X2 Class during the related Interest Accrual Period.

During the initial Interest Accrual Period, we expect the A3 Class to bear interest at the approximate annual rate of 6.31080%. During each subsequent Interest Accrual Period, the A3 Class will bear interest at an annual rate equal to the weighted average of the Net Mortgage Rates of the Group 5 Mortgage Loans during that period, weighted on the basis of their Stated Principal Balances as of the beginning of that period.

A disproportionately high rate of prepayments of Group 5 Mortgage Loans with Net Mortgage Rates above the current interest rate for the A3 Class relative to Group 5 Mortgage Loans with Net Mortgage Rates below that rate will have the effect of reducing the rate at which interest accrues on the A3 Class during each related Interest Accrual Period. As of the Issue Date, the Mortgage Interest Rates of the Group 5 Mortgage Loans ranged from 4.625% to 8.250%, with a weighted average of 6.927%, and the Interest Rate Margins of the Group 5 Mortgage Loans ranged from 2.000% to 3.000%, with a weighted average of 2.593%, in each case weighted on the basis of their Stated Principal Balances as of the Issue Date. As of the Issue Date, the combined servicing and guaranty fee rate for the Group 5 Mortgage Loans ranged from 0.600% to 0.660%, with a weighted average of 0.616%, weighted on the basis of their outstanding principal balances as of the Issue Date.

Our determination of the interest rates for the X1, X2 and A3 Classes for the related Interest Accrual Period will be final and binding in the absence of manifest error. You may obtain each such interest rate by telephoning us at 1-800-237-8627 or 202-752-6547.

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 1.84%.

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	
Pass-Through	A1 and P1
Notional	X1
Group 2 Classes	
Sequential Pay	AE, AG, VL, VM and ZM
Notional	IB and NI
Accretion Directed	VL and VM
RCR**	AB, AL, AH, AK and AI
Group 3 Classes	
Pass-Through	FC
Notional	GS, MS, NS and SC
RCR**	FD, FG and SG
Group 4 Classes	
Pass-Through	A2 and P2
Notional	X2
Group 5 Class	
Pass-Through	A3
No Payment Residual	R, RL, RS and RD

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

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

Principal Distribution Amount

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

- an aggregate amount (the “Group 1 Principal Distribution Amount”) equal to the sum of the P1 Principal Distribution Amount, the Non-P1 Principal Distribution Amount, and the Group 1 Non-Discount Principal Distribution Amount (each as defined under “—Certain Definitions Relating to Payments on the Group 1 and Group 5 Classes” below),
- the principal then paid on the Group 2 MBS (the “Group 2 Cash Flow Distribution Amount”) plus any interest then accrued and added to the principal balance of the ZM Class (the “ZM Accrual Amount” and, together with the Group 2 Cash Flow Distribution Amount, the “Group 2 Principal Distribution Amount”),
- the principal then paid on the Group 3 SMBS (the “Group 3 Principal Distribution Amount”),
- an aggregate amount (the “Group 4 Principal Distribution Amount”) equal to the sum of the P2 Principal Distribution Amount and the Non-P2 Principal Distribution Amount (as defined under “—Group 4 Principal Distribution Amount” below), and
- the “Group 5 Principal Distribution Amount” calculated as specified under “—Certain Definitions Relating to Payments on the Group 1 and Group 5 Classes” below.

We will include principal prepayments (including net liquidation proceeds) on the FHA/VA Loans in amounts paid as principal of the Group 1 and Group 5 Classes as long as the Servicer provides us information about these principal prepayments in time for the published class factors to reflect these payments. See “Reference Sheet—Class Factors” in this prospectus supplement. If we do

not receive the information on time, we will pay those principal prepayments on the next Distribution Date.

Group 1 Principal Distribution Amount

On each Distribution Date, we will pay the P1 Principal Distribution Amount as principal of the P1 Class, until its principal balance is reduced to zero.

On each Distribution Date, we will pay the sum of the Group 1 Non-Discount Principal Distribution Amount and the Non-P1 Principal Distribution Amount as principal of the A1 Class, until its principal balance is reduced to zero.

} Pass-Through
Classes

For definitions of the terms “P1 Principal Distribution Amount,” “Group 1 Non-Discount Principal Distribution Amount and Non-P1 Principal Distribution Amount,” see “—Certain Definitions Relating to Payments on the Group 1 and Group 5 Classes” below.

Group 2 Principal Distribution Amount

Group 2 Cash Flow Distribution Amount

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

} Sequential
Pay Classes

Remaining Group 2 Cash Flow Distribution Amount and ZM Accrual Amount

On each Distribution Date, we will pay the Group 2 Cash Flow Distribution Amount remaining after giving effect to the preceding paragraph, together with the ZM Accrual Amount, sequentially, as principal of the VL, VM and ZM Classes, in that order, until their principal balances are reduced to zero.

} Accretion
Directed
Classes and
Accrual Class

Group 3 Principal Distribution Amount

On each Distribution Date, we will pay the Group 3 Principal Distribution Amount as principal of the FC 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 P2 Principal Distribution Amount (described below) as principal of the P2 Class, until its principal balance is reduced to zero.

On each Distribution Date, we will pay the Non-P2 Principal Distribution Amount (described below) as principal of the A2 Class, until its principal balance is reduced to zero.

} Pass-Through
Classes

The “Non-P2 Principal Distribution Amount” for any Distribution Date is equal to the principal then paid on the Group 4 MBS *minus* the P2 Principal Distribution Amount (described below) for that Distribution Date.

The “P2 Principal Distribution Amount” for any Distribution Date is equal to the aggregate of the P2 Percentage (described below) of the principal then paid on each Discount Group 4 MBS (described below).

The “P2 Percentage” for any Discount Group 4 MBS is equal to 6.50% *minus* the related MBS pass-through rate, *divided by* 6.50%, expressed as a percentage.

“Discount Group 4 MBS” means any Group 4 MBS having an MBS Pass-Through Rate lower than 6.50%.

Group 5 Principal Distribution Amount

On each Distribution Date, we will pay the Group 5 Principal Distribution Amount as principal of the A3 Class, until its principal balance is reduced to zero. } Pass-Through Class

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

Certain Definitions Relating to Payments on the Group 1 and Group 5 Classes

General

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

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

Liquidated Loan. A defaulted Group 1 or Group 5 Mortgage Loan with respect to which the Servicer has concluded that the full amount finally recoverable on account of that loan has been received, whether or not this amount is equal to the principal balance of that loan.

Net Mortgage Rate. For any Group 1 or Group 5 Mortgage Loan, the applicable Mortgage Interest Rate *minus* the sum of (i) the Servicing Fee Rate and (ii) the applicable rate at which the guaranty fee is calculated.

Servicing Fee Rate. The percentage identified for each Group 1 or Group 5 Mortgage Loan on the Mortgage Loan Schedule.

Stated Principal Balance. The unpaid principal balance of a Group 1 or Group 5 Mortgage Loan (or the scheduled unpaid principal balance thereof, in the case of Group 1 or Group 5 Mortgage Loans that are delinquent) as of the Issue Date reduced by all amounts representing principal received or advanced by the Servicer and previously paid to Certificateholders with respect to that loan.

Relating to the Group 1 Classes Only

Group 1 Discount Loans. Group 1 Mortgage Loans having Net Mortgage Rates lower than 6.50%.

Group 1 Non-Discount Loans. Group 1 Mortgage Loans having Net Mortgage Rates equal to or greater than 6.50%.

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

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

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

Non-P1 Percentage. For any Group 1 Discount Loan, the related Net Mortgage Rate *divided by* 6.50%, expressed as a percentage.

Non-P1 Principal Distribution Amount. For any Distribution Date, the aggregate of the following amounts for all Group 1 Discount Loans, without duplication:

- the Non-P1 Percentage of the monthly payment of principal due on each Group 1 Discount Loan during the related Due Period, *plus*
- the Non-P1 Percentage of the Stated Principal Balance of each Group 1 Discount Loan that is purchased by Fannie Mae or the Servicer during the related Due Period, *plus*
- the Non-P1 Percentage of the Stated Principal Balance of each Group 1 Discount Loan that was reported as having become a Liquidated Loan during the related Due Period, *plus*
- the Non-P1 Percentage of any partial or full prepayment of each Group 1 Discount Loan that was reported as received by the Servicer during the related Due Period.

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

P1 Percentage. For any Group 1 Discount Loan, 6.50% *minus* the related Net Mortgage Rate, *divided by* 6.50%, expressed as a percentage.

P1 Principal Distribution Amount. For any Distribution Date, the aggregate of the following amounts for all Group 1 Discount Loans, without duplication:

- the P1 Percentage of the monthly payment of principal due on each Group 1 Discount Loan during the related Due Period, *plus*
- the P1 Percentage of the Stated Principal Balance of each Group 1 Discount Loan that is purchased by Fannie Mae or the Servicer during the related Due Period, *plus*
- the P1 Percentage of the Stated Principal Balance of each Group 1 Discount Loan that was reported as having become a Liquidated Loan during the related Due Period, *plus*
- the P1 Percentage of any partial or full principal prepayment of each Group 1 Discount Loan that was reported as received by the Servicer during the related Due Period.

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

Relating to the Group 5 Class Only

Group 5 Principal Distribution Amount. For any Distribution Date, aggregate of the following amounts for all Group 5 Mortgage Loans, without duplication:

- the monthly payment of principal due on each Group 5 Mortgage Loan during the related Due Period, *plus*
- the Stated Principal Balance of each Group 5 Mortgage Loan that is purchased by Fannie Mae or the Servicer during the related Due Period, *plus*
- the Stated Principal Balance of each Group 5 Mortgage Loan that was reported as having become a Liquidated Loan during the related Due Period, *plus*

- any partial or full principal prepayment of each Group 5 Mortgage Loan that was reported as received by the Servicer during the related Due Period.

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

Structuring Assumptions

Pricing Assumptions. Except where otherwise noted, the information in the tables in this prospectus supplement has been prepared based on the following assumptions (collectively, the “Pricing Assumptions”):

- the Group 1 and Group 5 Mortgage Loans have the respective assumed characteristics set forth in Exhibit A and payments on all Group 1 and Group 5 Mortgage Loans are due and received on the first day of each month;
- the Group 1 and Group 5 Classes have the following assumed Original Class Balances:

A1	\$628,646,688
X1	633,787,528*
P1	5,140,840
A3	111,128,089
- * Notional principal balance.
- the Mortgage Loans underlying the Group 2 MBS and the Group 3 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 Group 3 SMBS”;
- the Mortgage Loans underlying the Group 4 MBS have the assumed characteristics set forth in Exhibit B;
- the 1 Year CMT is equal to 1.795%;
- the Mortgage Loans prepay at the constant percentages of PSA, CPR or Vector specified in the related table;
- the settlement date for the sale of the Certificates is September 30, 2002;
- each Distribution Date occurs on the 25th day of a month;
- in the case of the Group 1 Mortgage Loans, the Servicer does not exercise its option to purchase those loans; and
- in the case of the Group 5 Mortgage Loans, the Servicer does exercise its option to purchase those loans.

Prepayment Assumptions. Prepayments of mortgage loans commonly are measured relative to a prepayment standard or model.

The model used in this prospectus supplement with respect to the Group 1 and Group 5 Classes is the constant prepayment rate model (“CPR”) which represents the annual rate of prepayments relative to the then outstanding principal balance of a pool of new mortgage loans. Thus, “0% CPR” means no prepayments, “15% CPR” means an annual prepayment rate of 15%, and so forth.

The model used in this prospectus supplement with respect to the Group 2 and Group 3 Classes is The Bond Market Association’s standard prepayment model (“PSA”). To assume a specified rate of PSA is to assume a specified rate of prepayment each month of the then-outstanding principal balance of a pool of new mortgage loans computed as described under “Description of Certificates—Prepayment Models” in the REMIC Prospectus.

The model used in this prospectus supplement with respect to the Group 4 Classes is the Vector model. “100% of the Vector” represents a constant annual prepayment rate of 4% during the first month of the life of a pool of new mortgage loans and an additional approximately 1.27273% (precisely, 14/11ths expressed as a percentage) per year in each subsequent month until the twelfth month, and then, beginning in the twelfth month and in each month thereafter, a constant annual prepayment rate of 18%. Thus, 125% of the Vector (the “Vector Prepayment Assumption”) represents a constant annual prepayment rate of 5% during the first month of the life of a pool of new mortgage loans and an additional approximately 1.59091% (precisely, 17.50/11ths expressed as a percentage) per year in each subsequent month until the twelfth month, and then, beginning in the twelfth month and in each month thereafter, a constant annual prepayment rate of 22.5%.

It is highly unlikely that prepayments will occur at any *constant* CPR, PSA or Vector 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, Vector or CPR, as applicable, and, where specified, to changes in the Index. We calculated the yields set forth in the tables by

- determining the monthly discount rates that, when applied to the assumed streams of cash flows to be paid on the applicable Classes, would cause the discounted present values of the assumed streams of cash flows to equal the assumed aggregate purchase prices of those Classes, and
- converting the monthly rates to corporate bond equivalent rates.

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

We cannot assure you that

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

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

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

The 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 applicable 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 their original principal balance) are as follows:

<u>Class</u>	<u>Price*</u>
GS	2.25000%
MS	0.96875%
NS	0.25000%
SC	9.50000%
SG	12.25000%

* 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 GS Class to Prepayments and LIBOR
(Pre-Tax Yields to Maturity)**

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>250%</u>	<u>495%</u>	<u>750%</u>	<u>900%</u>
7.0% and below	44.5%	33.9%	20.2%	5.2%	(4.0)%
7.5%	19.0%	7.7%	(6.9)%	(23.2)%	(33.4)%
8.0% and above	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>250%</u>	<u>495%</u>	<u>750%</u>	<u>900%</u>
8.0% and below	40.8%	30.0%	16.2%	1.1%	(8.2)%
8.2%	17.2%	5.8%	(8.9)%	(25.3)%	(35.6)%
8.4% and above	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>250%</u>	<u>495%</u>	<u>750%</u>	<u>900%</u>
8.40% and below	39.2%	28.4%	14.6%	(0.6)%	(9.9)%
8.45%	16.4%	5.1%	(9.7)%	(26.2)%	(36.5)%
8.50%	*	*	*	*	*

* 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)**

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>250%</u>	<u>495%</u>	<u>750%</u>	<u>900%</u>
0.84%	69.5%	59.2%	46.1%	31.9%	23.1%
1.84%	56.7%	46.2%	32.9%	18.3%	9.4%
3.84%	31.9%	20.9%	6.8%	(8.7)%	(18.3)%
5.84%	7.4%	(4.1)%	(19.3)%	(36.4)%	(47.3)%
7.00% and above	*	*	*	*	*

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

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

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>250%</u>	<u>495%</u>	<u>750%</u>	<u>900%</u>
0.84%	61.5%	51.1%	37.8%	23.4%	14.6%
1.84%	51.7%	41.1%	27.6%	12.9%	3.9%
3.84%	32.6%	21.6%	7.6%	(7.9)%	(17.5)%
5.84%	13.8%	2.4%	(12.4)%	(29.1)%	(39.6)%
8.00%	*	*	*	*	*

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

The Fixed Rate Interest Only Classes and the X1 and X2 Classes. **The yields to investors in the Fixed Rate Interest Only Classes and the X1 and X2 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 yields to maturity on the Fixed Rate Interest Only Classes and the X1 and X2 Classes would be 0% if prepayments of the related Mortgage Loans were to occur at the following constant rates:**

<u>Class</u>	<u>0% Yield Prepayment Rate</u>
X1	27% CPR
IB	415% PSA
NI	317% PSA
X2	37% CPR
AI	328% PSA

For any of the Classes specified in the table above, if the actual prepayment rate of the related Mortgage Loans were to exceed the level specified for as little as one month while equaling such level for the remaining months, the investors in the applicable Classes would lose money on their initial investments.

The information shown in the yield tables has been prepared on the basis of the Pricing Assumptions and the assumption that the aggregate purchase prices of the Fixed Rate Interest Only Classes and the X1 and X2 Classes (expressed in each case as a percentage of their original principal balance) are as follows:

<u>Class</u>	<u>Price*</u>
X1	1.81250%
IB	31.87500%
NI	14.68750%
X2	1.15625%
AI	15.68750%

* 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 X1 Class to Prepayments

	<u>CPR Prepayment Assumption</u>				
	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>30%</u>	<u>45%</u>
Pre-Tax Yields to Maturity	27.7%	21.7%	15.6%	(3.9)%	(25.7)%

Sensitivity of the IB Class to Prepayments

	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>250%</u>	<u>350%</u>	<u>500%</u>
Pre-Tax Yields to Maturity	17.2%	16.7%	11.5%	5.2%	(7.8)%

Sensitivity of the NI Class to Prepayments

	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>250%</u>	<u>350%</u>	<u>500%</u>
Pre-Tax Yields to Maturity	32.3%	27.4%	9.6%	(4.9)%	(29.2)%

Sensitivity of the X2 Class to Prepayments

	<u>Vector Prepayment Assumption</u>				
	<u>50%</u>	<u>75%</u>	<u>125%</u>	<u>200%</u>	<u>350%</u>
Pre-Tax Yields to Maturity	40.0%	34.8%	24.0%	6.8%	(33.7)%

Sensitivity of the AI Class to Prepayments

	<u>PSA Prepayment Assumption</u>				
	<u>50%</u>	<u>100%</u>	<u>250%</u>	<u>350%</u>	<u>500%</u>
Pre-Tax Yields to Maturity	30.1%	25.7%	9.8%	(3.0)%	(24.7)%

The Principal Only Classes. The Principal Only 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 Principal Only 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 Principal Only Classes (expressed in each case as a percentage of the original principal balance) are as follows:

<u>Class</u>	<u>Price</u>
P1	70.0%
P2	72.0%

Sensitivity of the P1 Class to Prepayments

	<u>CPR Prepayment Assumption</u>				
	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>30%</u>	<u>45%</u>
Pre-Tax Yields to Maturity	3.7%	5.6%	7.9%	16.4%	27.3%

Sensitivity of the P2 Class to Prepayments

	<u>Vector Prepayment Assumption</u>				
	<u>50%</u>	<u>75%</u>	<u>125%</u>	<u>200%</u>	<u>350%</u>
Pre-Tax Yields to Maturity	4.3%	6.0%	9.5%	15.2%	27.7%

Weighted Average Lives of the Certificates

The weighted average life of a Certificate is determined by

- 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,
- summing the results, and
- 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 and
- the priority sequence of payments of principal of the Group 2 Classes.

See “—Distributions of Principal” above.

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

Decrement Tables

The following tables indicate the percentages of original principal balances of the specified Classes that would be outstanding after each date shown at various constant PSA or CPR rates or Vector Prepayment Assumptions and the corresponding weighted average lives of such Classes. The tables have been prepared on the basis of the Pricing Assumptions. However, in the case of the information set forth for each Group 2, Group 3 and Group 4 Class, we assumed that the underlying mortgage loans have the original and remaining terms to maturity and bear interest at the annual rates specified in the table below.

<u>Mortgage Loans Relating to Trust Assets Specified Below</u>	<u>Original Terms to Maturity</u>	<u>Remaining Terms to Maturity</u>	<u>Interest Rates</u>
Group 2 MBS	360 months	360 months	8.0%
Group 3 SMBS	360 months	359 months	8.5%
Group 4 MBS	(1)	(1)	(1)

(1) See Exhibit B to this prospectus supplement.

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, CPR or Vector 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, CPR or Vector 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	A1 Class					X1† Class					P1 Class					AE, NI† and AB Classes				
	CPR Prepayment Assumption					CPR Prepayment Assumption					CPR Prepayment Assumption					PSA Prepayment Assumption				
	0%	10%	15%	30%	45%	0%	10%	15%	30%	45%	0%	10%	15%	30%	45%	0%	100%	250%	350%	500%
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	89	84	69	54	99	89	84	69	54	99	89	84	69	54	99	91	81	74	64
September 2004	97	79	70	48	29	97	79	70	48	29	97	79	70	48	29	98	83	64	52	37
September 2005	96	70	59	33	16	96	70	59	33	16	96	70	59	33	16	97	75	49	35	17
September 2006	94	62	49	23	9	94	62	49	23	9	94	62	49	23	9	95	67	37	22	4
September 2007	93	55	41	16	5	93	55	41	16	5	92	54	41	15	5	94	60	27	11	0
September 2008	91	48	34	11	3	91	48	34	11	3	90	48	34	11	2	92	53	18	3	0
September 2009	89	42	28	7	1	89	42	28	7	1	88	42	28	7	1	91	47	11	0	0
September 2010	87	37	24	5	1	87	37	24	5	1	86	37	23	5	1	89	41	5	0	0
September 2011	84	33	20	3	*	84	33	20	3	*	83	32	19	3	*	87	35	0	0	0
September 2012	82	29	16	2	*	82	29	16	2	*	81	28	16	2	*	85	30	0	0	0
September 2013	79	25	13	2	*	79	25	13	2	*	78	24	13	2	*	82	25	0	0	0
September 2014	76	22	11	1	*	76	22	11	1	*	75	21	11	1	*	80	20	0	0	0
September 2015	73	19	9	1	*	73	19	9	1	*	72	18	9	1	*	77	16	0	0	0
September 2016	70	16	7	*	*	70	16	7	*	*	68	16	7	*	*	74	12	0	0	0
September 2017	66	14	6	*	*	66	14	6	*	*	65	13	6	*	*	71	8	0	0	0
September 2018	62	12	5	*	*	62	12	5	*	*	61	11	5	*	*	68	4	0	0	0
September 2019	58	10	4	*	*	58	10	4	*	*	57	9	4	*	*	64	1	0	0	0
September 2020	53	8	3	*	*	53	8	3	*	*	52	8	3	*	*	60	0	0	0	0
September 2021	48	7	2	*	*	48	7	2	*	*	47	6	2	*	*	55	0	0	0	0
September 2022	43	5	2	*	*	43	5	2	*	*	42	5	2	*	*	51	0	0	0	0
September 2023	37	4	1	*	*	37	4	1	*	*	37	4	1	*	*	46	0	0	0	0
September 2024	31	3	1	*	*	31	3	1	*	*	31	3	1	*	*	40	0	0	0	0
September 2025	24	2	1	*	*	24	2	1	*	*	24	2	1	*	*	34	0	0	0	0
September 2026	17	1	*	*	*	17	1	*	*	*	18	1	*	*	0	27	0	0	0	0
September 2027	9	1	*	*	*	9	1	*	*	*	10	1	*	*	0	20	0	0	0	0
September 2028	1	*	*	*	0	1	*	*	*	*	3	*	*	*	0	13	0	0	0	0
September 2029	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0	0	0	0
September 2030	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September 2031	0	0	0	0	0	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)**	17.1	7.4	5.4	2.7	1.7	17.1	7.4	5.4	2.7	1.7	17.0	7.4	5.4	2.7	1.7	18.4	7.2	3.4	2.5	1.7

Date	AG, IB† and AL Classes					VL Class					VM Class					ZM Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption					PSA Prepayment Assumption				
	0%	100%	250%	350%	500%	0%	100%	250%	350%	500%	0%	100%	250%	350%	500%	0%	100%	250%	350%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
September 2003	100	100	100	100	100	93	93	93	93	93	100	100	100	100	100	106	106	106	106	106
September 2004	100	100	100	100	100	86	86	86	86	86	100	100	100	100	100	112	112	112	112	112
September 2005	100	100	100	100	100	78	78	78	78	78	100	100	100	100	100	118	118	118	118	118
September 2006	100	100	100	100	100	70	70	70	70	70	100	100	100	100	100	125	125	125	125	125
September 2007	100	100	100	100	18	61	61	61	61	61	100	100	100	100	100	132	132	132	132	132
September 2008	100	100	100	100	0	52	52	52	52	0	100	100	100	100	55	139	139	139	139	139
September 2009	100	100	100	45	0	42	42	42	42	0	100	100	100	100	0	147	147	147	147	112
September 2010	100	100	100	0	0	32	32	32	0	0	100	100	100	97	0	155	155	155	155	76
September 2011	100	100	94	0	0	22	22	22	0	0	100	100	100	0	0	164	164	164	153	52
September 2012	100	100	21	0	0	10	10	10	0	0	100	100	100	0	0	173	173	173	117	35
September 2013	100	100	0	0	0	0	0	0	0	0	97	97	35	0	0	183	183	183	89	24
September 2014	100	100	0	0	0	0	0	0	0	0	74	74	0	0	0	193	193	163	68	16
September 2015	100	100	0	0	0	0	0	0	0	0	50	50	0	0	0	204	204	133	52	11
September 2016	100	100	0	0	0	0	0	0	0	0	25	25	0	0	0	216	216	108	39	7
September 2017	100	100	0	0	0	0	0	0	0	0	0	0	0	0	0	227	227	87	29	5
September 2018	100	100	0	0	0	0	0	0	0	0	0	0	0	0	0	227	227	70	22	3
September 2019	100	100	0	0	0	0	0	0	0	0	0	0	0	0	0	227	227	56	16	2
September 2020	100	59	0	0	0	0	0	0	0	0	0	0	0	0	0	227	227	44	12	1
September 2021	100	8	0	0	0	0	0	0	0	0	0	0	0	0	0	227	227	35	9	1
September 2022	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	227	198	27	6	1
September 2023	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	227	166	20	4	*
September 2024	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	227	136	15	3	*
September 2025	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	227	108	11	2	*
September 2026	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	227	81	7	1	*
September 2027	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	227	56	5	1	*
September 2028	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	227	33	2	*	*
September 2029	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	227	11	1	*	*
September 2030	24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	227	0	0	0	0
September 2031	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	127	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)**	27.9	18.2	9.6	7.0	4.8	6.0	6.0	6.0	5.4	4.4	13.0	13.0	10.9	8.4	6.1	29.1	23.0	15.7	12.4	9.0

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

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

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

Date	AH, AK and AI† Classes					FC, GS†, MS†, NS†, SC†, FD, FG and SG† Classes					A2 Class				
	PSA Prepayment Assumption					PSA Prepayment Assumption					VECTOR Prepayment Assumption				
	0%	100%	250%	350%	500%	0%	250%	495%	750%	900%	0%	75%	125%	200%	350%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
September 2003	99	92	82	76	66	99	93	88	82	78	99	89	83	73	52
September 2004	98	84	66	55	40	98	81	66	52	44	98	77	64	46	19
September 2005	97	76	52	39	22	98	68	46	28	20	97	66	49	29	7
September 2006	96	69	41	26	10	97	57	32	15	9	96	56	37	19	3
September 2007	94	62	31	16	1	95	48	22	8	4	95	48	29	12	1
September 2008	93	56	23	8	0	94	40	15	4	2	93	41	22	7	*
September 2009	91	50	16	2	0	93	33	11	2	1	92	35	17	5	*
September 2010	89	44	10	0	0	92	28	7	1	*	90	30	13	3	*
September 2011	88	39	5	0	0	90	23	5	1	*	89	25	10	2	*
September 2012	86	34	1	0	0	89	19	3	*	*	87	21	7	1	*
September 2013	83	29	0	0	0	87	16	2	*	*	85	18	6	1	*
September 2014	81	25	0	0	0	85	13	2	*	*	83	15	4	*	*
September 2015	78	20	0	0	0	83	11	1	*	*	81	13	3	*	*
September 2016	76	17	0	0	0	80	9	1	*	*	78	11	2	*	*
September 2017	73	13	0	0	0	78	7	*	*	*	76	9	2	*	*
September 2018	69	10	0	0	0	75	6	*	*	*	73	7	1	*	*
September 2019	66	6	0	0	0	72	5	*	*	*	70	6	1	*	*
September 2020	62	3	0	0	0	69	4	*	*	*	66	5	1	*	*
September 2021	58	*	0	0	0	66	3	*	*	*	63	4	1	*	*
September 2022	53	0	0	0	0	62	2	*	*	*	59	3	*	*	0
September 2023	49	0	0	0	0	58	2	*	*	*	55	3	*	*	0
September 2024	43	0	0	0	0	53	1	*	*	*	50	2	*	*	0
September 2025	38	0	0	0	0	48	1	*	*	*	45	2	*	*	0
September 2026	31	0	0	0	0	43	1	*	*	*	40	1	*	*	0
September 2027	25	0	0	0	0	37	1	*	*	0	34	1	*	*	0
September 2028	18	0	0	0	0	31	*	*	*	0	28	1	*	*	0
September 2029	10	0	0	0	0	24	*	*	*	0	21	*	*	*	0
September 2030	1	0	0	0	0	16	*	*	*	0	14	*	*	*	0
September 2031	0	0	0	0	0	8	*	*	0	0	6	*	*	*	0
September 2032	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	19.0	7.8	3.8	2.7	1.9	20.7	6.3	3.5	2.5	2.1	20.2	6.4	4.0	2.5	1.3

Date	X2† Class					P2 Class					A3 Class (CALL)				
	VECTOR Prepayment Assumption					VECTOR Prepayment Assumption					CPR Prepayment Assumption				
	0%	75%	125%	200%	350%	0%	75%	125%	200%	350%	0%	10%	20%	30%	50%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
September 2003	99	89	83	73	52	99	90	84	74	55	98	88	79	69	49
September 2004	98	77	64	46	19	98	77	64	47	20	96	78	62	47	24
September 2005	97	66	49	29	7	97	66	49	30	7	94	68	48	32	12
September 2006	96	56	37	19	3	95	56	38	19	3	91	60	37	22	6
September 2007	95	48	29	12	1	94	48	29	12	1	88	52	29	15	0
September 2008	93	41	22	7	*	92	41	22	7	*	86	46	22	10	0
September 2009	92	35	17	5	*	91	35	17	5	*	83	40	17	7	0
September 2010	90	30	13	3	*	89	29	13	3	*	80	34	13	0	0
September 2011	89	25	10	2	*	87	25	10	2	*	76	30	10	0	0
September 2012	87	21	7	1	*	85	21	7	1	*	73	25	8	0	0
September 2013	85	18	6	1	*	83	18	5	1	*	69	22	6	0	0
September 2014	83	15	4	*	*	81	15	4	*	*	66	19	0	0	0
September 2015	81	13	3	*	*	78	12	3	*	*	62	16	0	0	0
September 2016	78	11	2	*	*	76	10	2	*	*	58	13	0	0	0
September 2017	76	9	2	*	*	73	9	2	*	*	54	11	0	0	0
September 2018	73	7	1	*	*	70	7	1	*	0	49	9	0	0	0
September 2019	70	6	1	*	*	67	6	1	*	0	45	7	0	0	0
September 2020	66	5	1	*	*	63	5	1	*	0	40	6	0	0	0
September 2021	63	4	1	*	*	60	4	1	*	0	35	0	0	0	0
September 2022	59	3	*	*	0	56	3	*	*	0	29	0	0	0	0
September 2023	55	3	*	*	0	52	3	*	*	0	24	0	0	0	0
September 2024	50	2	*	*	0	47	2	*	*	0	18	0	0	0	0
September 2025	45	2	*	*	0	42	2	*	*	0	12	0	0	0	0
September 2026	40	1	*	*	0	37	1	*	*	0	6	0	0	0	0
September 2027	34	1	*	*	0	32	1	*	*	0	0	0	0	0	0
September 2028	28	1	*	*	0	26	1	*	*	0	0	0	0	0	0
September 2029	21	*	*	*	0	20	*	*	*	0	0	0	0	0	0
September 2030	14	*	*	*	0	13	*	*	0	0	0	0	0	0	0
September 2031	6	*	*	*	0	6	*	*	0	0	0	0	0	0	0
September 2032	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	20.2	6.4	4.0	2.5	1.3	19.6	6.4	4.0	2.5	1.4	14.8	6.8	3.8	2.5	1.4

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

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

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

Characteristics of the R, RL, RS and RD Classes

The R, RL, RS and RD Classes will not have principal balances and will not bear interest. 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 Holder of the RL Class the proceeds from those assets. If any assets of REMIC 2 remain after the principal balances of the Group 2 Classes are reduced to zero, we will pay the proceeds of those assets to the Holder of the R Class. If any assets of REMIC 3 remain after the principal balances of the Group 3 Classes are reduced to zero, we will pay the Holder of the RS Class the proceeds from those assets. If any assets of REMIC 4 remain after the principal balances of the Group 4 Classes are reduced to zero, we will pay the Holder of the RD Class the proceeds from those assets. Fannie Mae does not expect that any material assets will remain in any of these cases.

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, RL, RS and RD 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 (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 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 RL Class will be considered to be the holder of the “residual interest” in the Lower Tier REMIC, the Holder of the R Class will be considered to be the holder of the “residual interest” in REMIC 2, the Holder of the RS Class will be considered to be the holder of the “residual interest” in REMIC 3, and the Holder of the RD Class will be considered to be the holder of the “residual interest” in REMIC 4. 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, RL, RS or RD Class that may be required under the Code.

ADDITIONAL TRUST AGREEMENT PROVISIONS RELATING TO THE GROUP 1, GROUP 4 AND GROUP 5 CLASSES

Certain provisions of the Trust Agreement are summarized under the heading “The Trust Agreement” in the REMIC Prospectus. We summarize below certain additional provisions of the Trust Agreement applicable to the FHA/VA Loans and to Holders of the Group 1, Group 4 and Group 5 Classes.

Transfer of FHA/VA Loans to the Trust

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

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

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

Servicing Through Lenders

Under the Trust Agreement, we are responsible for servicing and administering the FHA/VA Loans. We are permitted, in our discretion, to contract with the originator of each FHA/VA Loan, or another eligible servicing institution, to perform those functions under our supervision as more fully described below (each, a “Lender”). Any servicing contract or arrangement by us with a Lender for

the direct servicing of FHA/VA Loans is a contract solely between us and the Lender. Therefore, Certificateholders will not be deemed to be parties to the contract and will have no claims, rights, obligations, duties, or liabilities with respect to the Lender.

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

Servicing Compensation and Payment of Certain Expenses by Fannie Mae

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

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

Collection and Other Servicing Procedures

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

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

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

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

Subject to the limitations discussed below, we may:

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

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

Each FHA/VA Loan provides that it will be assumable upon the sale of the related Mortgaged Property, subject generally to the purchaser's compliance with credit and underwriting guidelines.

Repurchase by Seller of Certain Delinquent FHA/VA Loans

Under the limited circumstances described above under “Description of the Certificates—The Group 1 and Group 5 Mortgage Loans (FHA/VA Loans)—*General*,” the Seller is required to repurchase from the Trust certain FHA/VA Loans that are 90 days or more delinquent.

Optional Repurchase of Certain Modified FHA/VA Loans

Under certain limited circumstances, the Mortgage Interest Rates on the FHA/VA Loans may be reduced. In the event of any such reduction, the Seller will be obligated to pay the difference between the original Mortgage Interest Rate and the Mortgage Interest Rate as modified. If the Seller defaults on this obligation, Fannie Mae, acting in its corporate capacity, will have the option of repurchasing from the Trust the related FHA/VA Loan. Any such repurchase of an FHA/VA Loan from the Trust by the Seller or Fannie Mae will occur at a price equal to its Stated Principal Balance plus one month’s interest at the applicable Mortgage Interest Rate.

Termination

The Servicer has the right to purchase:

- all of the Group 1 Mortgage Loans when their aggregate principal balance is less than or equal to 5% of their aggregate principal balance on the Issue Date;
- all of the Mortgage Loans underlying the Group 4 MBS when the aggregate principal balance of the Group 4 MBS is less than or equal to 5% of the aggregate principal balance of the Group 4 MBS on the Issue Date; and/or
- all of the Group 5 Mortgage Loans when their aggregate principal balance is less than or equal to 5% of their aggregate principal balance on the Issue Date.

The purchase price for any such optional purchase will be equal to the aggregate Stated Principal Balance of the Group 1 Mortgage Loans, the Group 5 Mortgage Loans, or the Mortgage Loans underlying the Group 4 MBS, as applicable, plus, in each case, one month’s interest at the applicable Mortgage Interest Rates.

If the Servicer’s option to repurchase the Group 1 Mortgage Loans is exercised, the A1, X1 and P1 Classes will be paid in full, and the Trust Agreement will terminate with respect to those Classes. If the Servicer’s option to repurchase the Mortgage Loans underlying the Group 4 MBS is exercised, the A2, X2 and P2 Classes will be paid in full, and the Trust Agreement will terminate with respect to those Classes. If the Servicer’s option to repurchase the Group 5 Mortgage Loans is exercised, the A3 Class will be paid in full, and the Trust Agreement will terminate with respect to that Class.

Additional Fannie Mae Matters

In the event that we are unable to fulfill our continuing guaranty obligations, the Trust Agreement may be modified to provide for monthly distributions to be made from then-available Group 1 or Group 5 Mortgage Loan payments, as applicable, and other recoveries in a manner similar to practices and procedures followed in the servicing of comparable whole loans for institutional investors. See “The Trust Agreement—Rights upon Event of Default” in the REMIC Prospectus.

CERTAIN ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES

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

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

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

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

REMIC Elections and Special Tax Attributes

We will elect to treat the Lower Tier REMIC, REMIC 2, REMIC 3 and REMIC 4 as REMICs for federal income tax purposes. 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. The Group 2 Classes will be designated as the “regular interests” and the R Class will be designated as the “residual interest” in REMIC 2. The Group 3 Classes will be designated as the “regular interests” and the RS Class will be designated as the “residual interest” in REMIC 3. The Group 4 Classes will be designated as the “regular interests” and the RD Class will be designated as the “residual interest” in REMIC 4.

Because the Lower Tier REMIC, REMIC 2, REMIC 3 and REMIC 4 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, RL, RS and RD 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 IB, NI, ZM, GS, MS, NS, SC, X2 and P2 Classes will be issued with original issue discount (“OID”), and certain other Classes of REMIC Certificates may be issued with OID. If a Class is issued with OID, a beneficial owner of a Certificate of that Class generally must recognize some taxable income in advance of the receipt of the cash attributable to that income. See “Certain Federal Income Tax Consequences—Taxation of Beneficial Owners of Regular Certificates—Treatment of Original Issue Discount” in the REMIC Prospectus. In addition, certain Classes of REMIC Certificates may be treated as having been issued at a premium. See “Certain Federal Income Tax Consequences—

Taxation of Beneficial Owners of Regular Certificates—Regular Certificates Purchased at a Premium” in the REMIC Prospectus.

The Prepayment Assumptions that will be used in determining the rate of accrual of OID with respect to the Group 2, Group 3 and Group 4 Classes will be as follows:

<u>Group</u>	<u>Prepayment Assumption</u>
2	250% PSA
3	495% PSA
4	Vector Prepayment Assumption

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 REMIC 2, REMIC 3, REMIC 4 or the Lower Tier REMIC that generally will not be treated as excess inclusions, the rate to be used is 6.14% (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 Class will be created, sold and administered pursuant to an arrangement that will be classified as a grantor trust under subpart E, part I of subchapter J of the Code. The REMIC Certificates that are exchanged for RCR Certificates (including any exchanges effective on the Settlement Date) will be the assets of the trust, and the RCR Certificates will represent an ownership interest in those REMIC Certificates. For a general discussion of the federal income tax treatment of beneficial owners of REMIC Certificates, see “Certain Federal Income Tax Consequences” in the REMIC Prospectus.

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

Combination RCR Classes. A beneficial owner of a Combination RCR Certificate will be treated as the beneficial owner of a proportionate interest in the REMIC Certificates underlying that Combination RCR Certificate. Except in the case of a beneficial owner that acquires a Combination RCR Certificate in an exchange described under “—*Exchanges*” below, a beneficial owner of a Combination RCR Certificate must allocate its cost to acquire that Certificate among the underlying REMIC Certificates in proportion to their relative fair market values at the time of acquisition. Such an owner should account for its ownership interest in each underlying REMIC Certificate as described under “—Taxation of Beneficial Owners of Regular Certificates” 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—Combina-

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

Taxation of Beneficial Owners of Certificates of the Group 1 and Group 5 Classes

Taxation of the Trust. Dewey Ballantine LLP, special tax counsel to Fannie Mae, will deliver its opinion that, assuming compliance with the Trust Agreement, the portion of the Trust with respect to the Group 1 and Group 5 Classes will be classified as a trust under subpart E, part I of subchapter J of the Code and not as an association taxable as a corporation.

The X1 and P1 Classes. A beneficial owner of a Certificate of the X1 or P1 Class will be treated as owning, pursuant to section 1286 of the Code, “stripped bonds” to the extent of its share of principal payments and “stripped coupons” to the extent of its share of interest payments. Fannie Mae intends to treat each such Certificate as a single debt instrument representing rights to future cashflows from the Group 1 Mortgage Loans for purposes of information reporting. You should consult your own tax advisor as to the proper treatment of a Certificate of the X1 or P1 Class in this regard.

Under section 1286 of the Code, a beneficial owner of a Certificate of the X1 or P1 Class must treat the Certificate as a debt instrument originally issued on the date the owner acquires it and as having OID equal to the *excess*, if any, of its “stated redemption price at maturity” *over* the price paid by the owner to acquire it. For information reporting purposes, we intend to treat all amounts to be distributed on each Certificate of the X1 or P1 Class as included in the stated redemption price at maturity and, as a result, each Certificate of the X1 or P1 Class will be treated as if issued with OID.

The beneficial owner of a Certificate of the X1 or P1 Class must include in its ordinary income for federal income tax purposes, generally in advance of receipt of the cash attributable to that income, the sum of the “daily portions” of OID on its Certificate for each day during its taxable year on which it held that Certificate. The daily portions of OID are determined as follows:

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

Final regulations issued by the Treasury Department relating to the tax treatment of debt instruments with OID (the “OID Regulations”) provide that a holder of a debt instrument may use an accrual period of any length, up to one year, as long as each distribution of principal or interest occurs on either the final day or the first day of an accrual period. We intend to report OID based on accrual periods of one month. Each of these accrual periods will begin on a Distribution Date and end on the day before the next Distribution Date.

Although the matter is not entirely clear, a beneficial owner of a Certificate of the X1 or P1 Class should determine the amount of OID accruing during any accrual period with respect to that Certificate using the method described in section 1272(a)(6) of the Code. Under section 1272(a)(6), the portion of OID treated as accruing with respect to a Certificate of the X1 or P1 Class for any accrual period equals the *excess*, if any, of

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

over

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

The present values of the remaining distributions with respect to a Certificate of the X1 or P1 Class are calculated based on the following:

- an assumption that the Group 1 Mortgage Loans prepay at a specified rate (the “Prepayment Assumption”),
- the yield to maturity of the Certificate giving effect to the Prepayment Assumption, and
- events (including actual prepayments) that have occurred prior to the end of the accrual period.

Each beneficial owner of a Certificate of the X1 or P1 Class determines its yield to maturity based on its purchase price. For a particular beneficial owner of a Certificate of the X1 or P1 Class, it is not clear whether the Prepayment Assumption used for calculating OID would be one determined at the time that Certificate is acquired or would be the original Prepayment Assumption for that Certificate. For information reporting purposes, we will use the original yield to maturity of that Certificate, calculated based on the original Prepayment Assumption. You should consult your own tax advisor regarding the proper method for accruing OID on a Certificate of the X1 or P1 Class.

The Code requires that the Prepayment Assumption be determined in the manner prescribed in Treasury Regulations. To date, no such regulations have been promulgated. For information reporting purposes, we will assume a Prepayment Assumption equal to 15% CPR. We make no representation, however, that the Group 1 Mortgage Loans will prepay at that rate or any other rate. You must make your own decision as to the appropriate prepayment assumption to be used in deciding whether or not to purchase a Certificate of the X1 or P1 Class.

The A1 and A3 Classes. Interest paid on a Certificate of the A1 or A3 Class is taxable as ordinary interest income. A beneficial owner of a Certificate of the A1 or A3 Class must report this income when it accrues or is paid, consistent with the beneficial owner’s method of accounting.

A beneficial owner that acquires a Certificate of the A1 or A3 Class for less than its principal amount generally has market discount in the amount of the difference between the principal amount and the beneficial owner’s basis in that Certificate. In general, three consequences arise if a beneficial owner acquires an interest in such a Certificate with market discount. First, the beneficial owner must treat any principal payment with respect to that Certificate as ordinary income to the extent of the market discount that accrued while the beneficial owner held an interest in that Certificate. Second, the beneficial owner must treat gain on the disposition or retirement of that Certificate as ordinary income under the circumstances discussed below under “—*Sales and Other Dispositions of Certificates of the Group 1 and Group 5 Classes.*” Third, if the beneficial owner incurs or continues indebtedness to acquire that Certificate the beneficial owner may be required to defer the deduction of all or a portion of the interest on the indebtedness until the corresponding amount of market discount is included in income. Alternatively, a beneficial owner may elect to include market discount in income on a current basis as it accrues, in which case the three consequences discussed above will not apply. If a beneficial owner makes this election, the beneficial owner must also apply the election to all debt instruments acquired by the beneficial owner on or after the beginning of the first taxable year to which the election applies. A beneficial owner may revoke the election only with the consent of the IRS.

A beneficial owner of a Certificate of the A1 or A3 Class must determine the amount of accrued market discount for a period using a straight-line method, based on the maturity of that Certificate, unless the beneficial owner elects to determine accrued market discount using a constant yield method. The IRS has authority to provide regulations for determining the accrual of market discount in the case of debt instruments that provide for more than one principal payment, but has not yet issued such regulations. In addition, the legislative history to the Tax Reform Act of 1986 states that market discount on certain types of debt instruments may be treated as accruing in proportion to remaining

accruals of OID, if any, or if none, in proportion to remaining distributions of interest. You should consult your own tax advisors regarding the method a beneficial owner should use to determine accrued market discount.

Notwithstanding the above rules, market discount on a Certificate of the A1 or A3 Class is considered to be zero if the discount is less than 0.25% of the principal balance of that Certificate multiplied by the number of complete years from the date the beneficial owner acquires that Certificate to the maturity of that Certificate (“*de minimis* market discount”). The IRS has authority to provide regulations to adjust the computation of *de minimis* market discount in the case of debt instruments that provide for more than one principal payment, but has not yet issued such regulations. The IRS could assert, nonetheless, that *de minimis* market discount should be calculated using the remaining weighted average life of that Certificate rather than its final maturity. You should consult your own tax advisors regarding the ability to compute *de minimis* market discount based on the final maturity of a Certificate of the A1 or A3 Class.

If a beneficial owner acquires a Certificate of the A1 or A3 Class for more than its principal amount, the beneficial owner generally will have premium with respect to that Certificate in the amount of the excess. In that event, the beneficial owner may elect to treat such premium as “amortizable bond premium.” If the election is made, a beneficial owner must also apply the election to all debt instruments the interest on which is not excludible from gross income (“fully taxable bonds”) held by the beneficial owner at the beginning of the first taxable year to which the election applies and to all fully taxable bonds thereafter acquired by the beneficial owner. A beneficial owner may revoke the election only with the consent of the IRS.

If a beneficial owner makes this election, the beneficial owner reduces the amount of any interest payment that must be included in the beneficial owner’s income by the portion of the premium allocable to the period based on the yield to maturity of that Certificate. Correspondingly, a beneficial owner must reduce its basis in that Certificate by the amount of premium applied to reduce any interest income. The amount of premium to be allocated among the interest payments on a Certificate of the A3 Class is determined by reference to an equivalent fixed rate debt instrument constructed as of the date the beneficial owner acquires an interest in that Certificate.

If a beneficial owner does not elect to amortize premium, (i) the beneficial owner must include the full amount of each interest payment in income, and (ii) the premium must be allocated to the principal distributions on that Certificate and, when each principal distribution is received, a loss equal to the premium allocated to that distribution will be recognized. Any tax benefit from premium not previously recognized will be taken into account in computing gain or loss upon the sale or disposition of that Certificate. See “—*Sales and Other Dispositions of Certificates of the Group 1 and Group 5 Classes.*”

A beneficial owner may elect to include in income its entire return on a Certificate of the A1 or A3 Class (*i.e.*, the *excess* of all remaining payments to be received on the A1 or A3 Certificate *over* the amount of the beneficial owner’s basis in that Certificate) based on the compounding of interest at a constant yield. Such an election for a Certificate of the A1 or A3 Class with amortizable bond premium (or market discount) will result in a deemed election to amortize premium for all the beneficial owner’s debt instruments with amortizable bond premium (or to accrue market discount currently for all the beneficial owner’s debt instruments with market discount) as discussed above.

Expenses of the Trust. Each beneficial owner of a Certificate of the Group 1 and Group 5 Classes may be allowed to deduct its allocable share of the expenses paid by the Trust, with respect to the related FHA/VA Loans. Each beneficial owner of a Certificate of the Group 1 and Group 5 Classes can deduct its allocable share of such expenses as provided in section 162 or section 212 of the Code, consistent with its method of accounting. Fannie Mae intends to allocate expenses to beneficial owners in each monthly period in proportion to the respective amounts of income (including any OID) accrued for each Certificate of the Group 1 and Group 5 Classes. A beneficial owner’s ability to deduct its share of these expenses is limited under section 67 of the Code in the case of (i) estates and trusts,

and (ii) individuals owning an interest in a Certificate of the Group 1 and Group 5 Classes directly or through an investment in a “pass-through entity” (other than in connection with such individual’s trade or business). Pass-through entities include partnerships, S corporations, grantor trusts, certain limited liability companies and non-publicly offered regulated investment companies, but do not include estates, non-grantor trusts, cooperatives, real estate investment trusts and publicly offered regulated investment companies. Generally, such a beneficial owner can deduct its share of these costs only to the extent that these costs, when aggregated with certain of the beneficial owner’s other miscellaneous itemized deductions, exceed 2% of the beneficial owner’s adjusted gross income. For this purpose, an estate or nongrantor trust computes adjusted gross income in the same manner as in the case of an individual, except that deductions for administrative expenses of the estate or trust that would not have been incurred if the property were not held in the trust or estate are treated as allowable in arriving at adjusted gross income. In addition, section 68 of the Code may provide for certain limitations on certain itemized deductions otherwise allowable for a beneficial owner who is an individual. Further, a beneficial owner may not be able to deduct any portion of these costs in computing its alternative minimum tax liability.

Sales and Other Dispositions of Certificates of the Group 1 and Group 5 Classes. Upon the sale, exchange or other disposition of a Certificate of the Group 1 and Group 5 Classes, a beneficial owner generally will recognize gain or loss equal to the difference between the amount realized upon the disposition and the beneficial owner’s adjusted basis in that Certificate. The adjusted basis of a Certificate of the Group 1 and Group 5 Classes generally will equal the cost of that Certificate to the beneficial owner, increased by any amounts of OID and market discount included in the beneficial owner’s gross income with respect to that Certificate, and reduced by distributions on that Certificate previously received by the beneficial owner as principal (or as amounts constituting stated redemption price at maturity in the case of an X1 or P1 Certificate) and by any premium that has reduced the beneficial owner’s interest income with respect to that Certificate. Any such gain or loss generally will be capital gain or loss, except (i) as provided in section 582(c) of the Code (which generally applies to banks) or (ii) to the extent any gain represents OID or accrued market discount not previously included in income (to which extent such gain would be treated as ordinary income). Any capital gain (or loss) recognized upon the sale, exchange or other disposition of a Certificate of the Group 1 or Group 5 Classes will be long-term capital gain (or loss) if at the time of disposition the beneficial owner held that Certificate for more than one year. The ability to deduct capital losses is subject to limitations.

Special Tax Attributes. A Certificate of the Group 1 and Group 5 Classes may not constitute:

- a “real estate asset” within the meaning of section 856(c)(5)(B) of the Code,
- a “qualified mortgage” within the meaning of section 860G(a)(3) of the Code or a “permitted investment” within the meaning of section 860G(a)(5) of the Code, or
- an asset described in section 7701(a)(19)(C)(v) of the Code.

In addition, distributions of interest may not constitute income described in section 856(c)(3)(B) of the Code with respect to a real estate investment trust. As a result, Certificates of the Group 1 and Group 5 Classes may not be a suitable investment for real estate investment trusts and generally will not be a suitable investment for REMICs.

Modifications of FHA/VA Loans. FHA/VA Loans that are in default (or FHA/VA Loans for which a default is reasonably foreseeable) may be modified. If a modification is a “significant modification” under section 1001 of the Code, the Trust will be deemed to have exchanged the old unmodified FHA/VA Loan for the new modified FHA/VA Loan. Gain or loss may be recognized by beneficial owners of the Certificates of the Group 1 Class, or Group 5 Class, as applicable, upon such exchange. Information will be made available to assist Holders in determining their share of any gain or loss due to a significant modification of an FHA/VA Loan or to enable Holders to make such

information available to beneficial owners or other financial intermediaries for which Holders hold Certificates as nominees.

Information Reporting and Backup Withholding. Within a reasonable time after the end of each calendar year, we will furnish or make available to each Holder of a Certificate of the Group 1 and Group 5 Classes that received a distribution on that Certificate during that year a statement setting forth such information as is required by the Code or Treasury Regulations and such other information as we deem necessary or desirable to assist Holders in preparing their federal income tax returns, or to enable Holders to make such information available to beneficial owners or other financial intermediaries for which the Holders hold Certificates as nominees.

Payments of interest and principal, as well as payments of proceeds from the sale of Certificates of the Group 1 and Group 5 Classes, may be subject to the “backup withholding tax” under section 3406 of the Code if recipients of the payments fail to furnish to the payor certain information, including their taxpayer identification numbers, or otherwise fail to establish an exemption from this tax. Any amounts deducted and withheld from a payment to a recipient would be allowed as a credit against the recipient’s federal income tax. The IRS may impose certain penalties on a recipient of payments required to supply information who does not do so in the proper manner.

Foreign Investors. Additional rules apply to a beneficial owner of a Certificate of the Group 1 and Group 5 Classes that is not a U.S. Person (a “Non-U.S. Person”). The term “U.S. Person” means:

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

Payments on a Certificate of the Group 1 and Group 5 Classes to, or on behalf of, a beneficial owner that is a Non-U.S. Person generally will be exempt from U.S. federal income and withholding taxes, provided the following conditions are satisfied:

- the beneficial owner is not subject to U.S. tax as a result of a connection to the United States other than ownership of that Certificate,
- the beneficial owner signs a statement under penalties of perjury that certifies that the beneficial owner is a Non-U.S. Person, and provides for the name and address of the beneficial owner, and
- the last U.S. Person in the chain of payment to the beneficial owner receives the statement from the beneficial owner or a financial institution holding on its behalf and does not have actual knowledge that the statement is false.

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

PLAN OF DISTRIBUTION

General. We are obligated to deliver the Certificates to Bear, Stearns & Co. Inc. (the “Dealer”) in exchange for the Group 1 and Group 5 Mortgage Loans, the Trust MBS and the Group 3 SMBS. 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 2, Group 3 or Group 4 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 Group 3 SMBS, as applicable, in principal balance, but we expect that all these additional Trust MBS or Group 3 SMBS, as applicable, will have the same characteristics as described under “Description of the Certificates—The Trust MBS” and “—The Group 3 SMBS” in this prospectus supplement. The proportion that the original principal balance of each Group 2, Group 3 or Group 4 Class bears to the aggregate original principal balance of all Group 2, Group 3 or Group 4 Classes, respectively, will remain the same.

LEGAL MATTERS

Sidley Austin Brown & Wood LLP and, with respect to federal income tax matters, Dewey Ballantine LLP will provide legal representation for Fannie Mae. Stroock & Stroock & Lavan LLP will provide legal representation for the Dealer.

Certain Assumed Characteristics of the Group 1 and Group 5 Mortgage Loans
(as of September 1, 2002)

Loan Group 1—Fixed Rate

Issue Date Unpaid Principal Balance	Weighted Average Net Mortgage Rate	Weighted Average Mortgage Rate	Weighted Average Remaining Term to Maturity (in Months) ("WARM")	Weighted Average Loan Age (in Months) ("WALA")
\$145,366,779.64	6.27013%	6.87607%	316	38
488,420,748.86	7.29276	7.89829	312	46

Loan Group 5—ARMs (1 Year CMT)

Issue Date Unpaid Principal Balance	Weighted Average Net Mortgage Rate	Weighted Average Mortgage Rate	Weighted Average Remaining Term to Maturity (in Months) ("WARM")	Weighted Average Loan Age (in Months) ("WALA")	Weighted Average Margin	Weighted Average Periodic Rate Cap	Weighted Average Lifetime Rate Cap	Weighted Average Lifetime Rate Floor	Weighted Average Months to Rate Change	Rate Reset Frequency (in Months)
\$34,683,076.58	6.3108%	6.9269%	299	61	2.593399963%	1%	11.4371%	2.5934%	1	12
27,270,833.04	6.3108	6.9269	299	61	2.593399963	1	11.4371	2.5934	4	12
20,169,748.15	6.3108	6.9269	299	61	2.593399963	1	11.4371	2.5934	7	12
29,004,431.23	6.3108	6.9269	299	61	2.593399963	1	11.4371	2.5934	10	12

Certain Assumed Characteristics of the Group 4 MBS
(As of September 1, 2002)

Group 4—Fixed Rate

Issue Date Unpaid Principal Balance	Weighted Average Net Mortgage Rate	Weighted Average Mortgage Rate	WAM (in months)	WALA (in months)	Weighted Average Original Term (in months)
\$13,721,301.47	6.0%	6.80609%	357	1	360
47,813,731.93	6.5	7.20687	357	1	360
49,092,850.79	7.0	7.72133	357	2	360
22,438,095.11	7.5	8.32393	358	2	360
17,769,866.47	8.0	8.75776	357	3	360
4,650,279.49	8.5	9.13254	358	2	360
1,123,337.62	9.0	9.69247	357	3	360
386,482.10	9.5	10.00000	357	3	360

Available Recombinations (1)

Trust Certificates		RCR Certificates						
Classes	Original Principal or Notional Principal Balances	RCR Class	Original Principal or Notional Balances	Interest Rate	Interest Type (2)	Principal Type (2)	CUSIP Number	Final Distribution Date
Recombination 1								
AE	\$127,483,000	AB	\$127,483,000	5.5%	FIX	SEQ	31392EY20	May 2030
NI	11,589,363 (3)							
Recombination 2								
AG	7,493,000	AL	\$ 7,493,000	5.5	FIX	SEQ	31392EY38	December 2030
IB	681,181 (3)							
Recombination 3								
AE	127,483,000	AH	\$134,976,000	5.5	FIX	SEQ	31392EY46	December 2030
NI	11,589,363 (3)							
AG	7,493,000							
IB	681,181 (3)							
Recombination 4								
AE	127,483,000	AK	\$134,976,000	5.0	FIX	SEQ	31392EY53	December 2030
AG	7,493,000							
Recombination 5								
NI	11,589,363 (3)	AI	\$ 12,270,544 (3)	5.5	FIX/IO	NTL	31392EY61	December 2030
IB	681,181 (3)							
Recombination 6								
NS	149,013,577 (3)	FD	\$149,013,577	(4)	FLT	PT	31392EY79	September 2032
FC	149,013,577							
Recombination 7								
MS	149,013,577 (3)	FG	\$149,013,577	(4)	FLT	PT	31392EY87	September 2032
NS	149,013,577 (3)							
FC	149,013,577							
Recombination 8								
GS	149,013,577 (3)	SG	\$149,013,577 (3)	(4)	INV/IO	NTL	31392EY95	September 2032
SC	149,013,577 (3)							

(1) Trust Certificates and RCR Certificates in any recombination may be exchanged only in the proportions shown above.

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

(3) Notional principal balance.

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

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

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

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\$1,209,925,139
(Approximate)



Guaranteed
Pass-Through Certificates
Fannie Mae Trust 2002-66

PROSPECTUS SUPPLEMENT

Bear, Stearns & Co. Inc.

August 22, 2002